

Late payments an assault on SME owners' mental health

ADAM ZUCHETTI

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The stress of late payments is adversely affecting the mental health of business owners, demonstrating the widespread impacts this ingrained problem is having on the SME community.

Speaking at a seminar in the recent B2BExpo in Sydney, corporate psychologist and founder of Insight Matters, Stephanie Thompson, said cash flow is a major cause of stress for four out of the five executive coaching clients she sees on a regular basis.

“As a small business owner, I think the major issue is that the buck stops entirely with that person or with just one or two people, whereas in a larger business, whatever the issue is, there is usually a department for that,” she said.

“So I think small business owners feel a tremendous amount of pressure.”

How bad is the problem?

Quoting research conducted by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO), Anne Scott – principal business adviser at the ASBFEO – said its research found that half of all SMEs have at least 40 per cent of their invoices being paid late at any given time.

“Alarming, 28 per cent said 60 per cent of their invoices were paid late,” she said.

Those payments owed, Ms Scott added, are often not small amounts either – half of respondents said their outstanding invoices were worth at least \$20,000.

“Three quarters of the respondents said they had serious mental trauma from having to chase these late payments all the time,” she said.

Help is at hand to resolve late payments

Ms Scott says there are places, such as the ASBFEO, where business owners struggling with unpaid invoices can turn to for help to resolve the issue.

She said the ombudsman regularly intervenes in chasing outstanding payments for SMEs. Often, their mere involvement spurs the late paying business – often a larger business – into making a prompt settlement of the overdue amount.

However, the ombudsman also offers mediation services for hard-to-resolve disputes, and can refer struggling business owners to a range of other government and not-for-profit services that offer free advice and expertise.

Other advice for dealing with late payments and minimising the risk of them happening, include:

- Negotiating payment terms with the customer in question, such as drawing up a repayment plan or at least agreeing an extension date to provide both parties with some budgetary certainty.
- Negotiate with your own suppliers, to get flexibility on when your own bills become due.
- State clearly on your invoices when the due date is.
- Be proactive in chasing overdue invoices – the sooner you chase them when they become overdue, the better the outcome generally is.
- Consider these seven tips to [get a hold of your own cash flow](#), to minimise the damage from late payments

Why mental health matters as a business owner

The loneliness and sense of isolation this pressure presents, Ms Thompson suggested, is very similar to that of a single parent looking after a large family.

She said that in many cases, clients come to her in a state of crisis and panic, and it becomes essential to address the physiological manifestations of this stress first before the business owner can actually address the cause of the stress.

These manifestations can include exhaustion, inability to sleep, depression, anxiety, loss of appetite, aches and pains and high blood pressure, among others.

“For example, a client in recent months was having great difficulties in his business, and he was stressed to the point that he was no longer really functioning,” Ms Thompson said.

“The part of his brain that is needed for logical decision-making had cut out because his fight or flight system was so engaged and stuck in the on position, and so he wasn’t able to problem solve ... around his issues.”

Read more: [Why mental health matters for business owners](#)

How to look after your mental health

When it comes to looking after your own mental health and your ability to make clear, rational decisions, business owners should turn to specialist help just like they would for any other problem they face in their business.

She said that receiving business coaching and mental health support is just the same as sourcing the expertise of any other consultant, and as such should not have any associated stigma attached to it.

Check out some of the advice My Business has on the site, including:

- [Addressing mental health in the workplace](#)
- [Mastering stress](#) to achieve at a high level of performance
- [How to build resilience](#)
- Inspiring stories of [overcoming adversity despite all odds](#)

If you feel you are really struggling, help is available. See your local GP or reach out to:

Lifeline Australia - 13 11 14

Beyondblue - 1300 22 4636

ASBFEO - 1300 650 460

How big a problem are late payments in your business? What impact has this had on not just your business but also on your own health and wellbeing?

Share your story below or email us at editor@mybusiness.com.au