

2ND DEBT MANAGEMENT SEMINAR Presentation by:

CCP Zipporah Njoroge CEO Credit & Debt Management Services Ltd, Wednesday, 20th September 2017

Theme

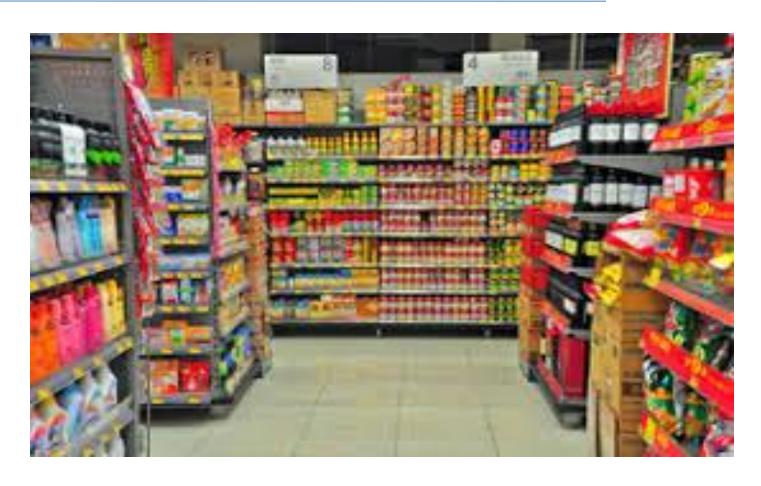


The Role of Trade Credit as an alternative Financing Solutions in the Post Capping Era



CAUSAL FACTORS TO DELAYED PAYMENT IN KENYA RETAIL SECTOR & HOW TO ENFORCE PROMPT PAYMENT SYSTEM







What comes to your mind when you see this photo?????



Suggestions;

- Successful business
- Cash business
- Convenience
- Bad payer
- Business fro crooks



In the recent past, bad news has been in the media on retail stores, ranging from;

- family wrangles,
- closing down of branches,
- killing of staff,
- staff strike,
- court battles with the taxman
- Lease disputes etc.
- Mergers & acquisition

Causes of Delayed Payments



- Retailers treating suppliers like beggars, who are at their mercies
- over-expansion; use of cash meant to pay suppliers to open new businesses
- Theft by employees which negatively affect the cash flow.
- Extended credit days; the retailers by holding too much cash end up investing elsewhere,

Causes of Delayed Payments



- Renting out premises at very expensive rates to beat competition.
- paying Leases before buildings are habitable.
 Working capital is tied up.
- Meager margins and high costs of operation.
- Blotted work force that is very expensive for the business (union staff)
- Poor stock management system leading to overstocking and dead stock

Ways of Enforcing Prompt Payment



- Suppliers should not accept to change credit days as requested/demanded by retailers.
- Contract between supplier and retailer should be water tight.
- Hold supply's whenever the retailer fails to pay.
- Supplier to change perception

Ways of Enforcing Prompt Payment



- Suppliers to form an association and agree on terms to be extended.
- File an involuntary bankruptcy petition before things get out of hand.
- Government to enact laws to protect suppliers from unscrupulous traders.
- Have a regulator to enforce prompt payment within the sector

Ways of Enforcing Prompt Payment



- Suppliers should adopt load over load terms of payment.
- Chasing payments aggressively
- Negotiate payment plan with the retail stores
- Pre-agree on credit terms and strictly adhere to terms.
- Suppliers to obtain directors guarantee due to limited assets

Way Forward for Retail Business



- Use of information technology; online shopping, stock management
- Focus on supplier relationship
- Focus on customer care/service
- Invest on research and Development (R&D)
- Franchising of their stores to bring in independent investors.
- Drive-in shopping concept

Question Time







CREDIT & DEBT MANAGEMENT SERVICES LTD

Our Services in Credit Managen

- Training Consultancy
- Debt Collection
- Hr Outsourcing & Recruitment S
- Credit Reference Bureau Agency

Contacts

P.O. BOX 26296 - 0054, Nairobi, Ke Tel: 0722-681 114 | 020-3556676 0774-556 676

Email: info@creditmanagement.co.

www.creditmanagement.co.ke