



U.S. Chamber of Commerce

Prompt Pay Pledge

How Large Businesses Can Support Their Small Business Suppliers

A critical aspect of the U.S. economy is the strong and supportive ecosystem that exists between large and small businesses. In fact, trillions of dollars are exchanged between the two each year. This reinforces that small business suppliers are a fundamental source of large companies' day-to-day operations, and in turn, these small businesses have their own suppliers and vendors who rely on them.

A point of friction in this ecosystem, especially during periods of rising inflation and interest rates, are extended payment terms when a customer doesn't pay a supplier for 60 or 90 days or more after being invoiced. This can be especially problematic for small businesses that are forced to finance the costs of goods and services until their customers pay them. Often small businesses are forced to turn to lines of credit or accounts receivable financing to bridge the gap. This has become even more expensive for the small business as interest rates rise. For example, financing a \$100,000 invoice for 90 days at 10% costs a small business an additional \$1,708.

For large corporations that cannot offer faster terms, offering supply-chain financing to vendors allows them to pay their bills later while providing suppliers with faster access to cash. Rising interest rates also drive demand for supply-chain financing programs, as the programs provide suppliers with a relatively cheap source of cash.

Informed by a discussion of the Leadership Council last November, the U.S. Chamber is launching the Prompt Pay Pledge during Small Business Week, the first week in May.

As a first step, we ask you to consider facilitating your company/organization being among the first to make the pledge.

Take the pledge:

Our business commits to helping lower the working capital cost of our small business suppliers by:

- Providing expedited or timely payment for invoice and/or enabling a private financing solution that helps small suppliers access working capital at a lower cost.
- Clearly communicating our payment policies and terms to small business suppliers.

To learn more, please contact:
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