

# The Prompt Pay Playbook

Suggested steps a company can take to pay small business suppliers faster.

**INTUIT**

 **turbotax**

 **creditkarma**

 **quickbooks**

 **mailchimp**



## ABOUT INTUIT

Intuit is the global financial technology platform that powers prosperity for the people and communities we serve. With approximately 100 million customers worldwide using TurboTax, Credit Karma, QuickBooks, and Mailchimp, we believe that everyone should have the opportunity to prosper, and we never stop working to find new, innovative ways to make that possible. From the beginning, Intuit has always put customers at the center of everything we do.

With [10 million](#) small and mid-market customers, Intuit is the center of small business success. Our solutions aim to address cash flow and credit access for our partners that need it the most. The time is now to activate support from like-minded organizations to accelerate payments for sustained growth and impact.



## ABOUT THE US CHAMBER OF COMMERCE

The Chamber of Commerce of the United States is the world's largest business organization. Members range from the small businesses and chambers of commerce across the country that support their communities, to the leading industry associations and global corporations that innovate and solve the world's challenges to the emerging and fast-growing industries that are shaping the future. The US Chamber of Commerce advocates for policies that help businesses create jobs and grow our economy in a complex and constantly changing macro environment.

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## INTRODUCTION

Small businesses drive the US economy. America's 33.2 million small businesses employ nearly half of our workforce, representing 43.5% of our country's GDP. Small businesses are a critical part of the US economic ecosystem, where big and small businesses alike are suppliers, partners, and customers to each other. Access to capital is a critical component of small business success.

Yet small businesses wait, on average, 29 days [to get paid](#).

Other surveys have found that half of all invoices are unpaid by their due date. Any delay in payment may have significant consequences on a small business' operations, the people they employ, and can impact the broader economy.

To encourage more companies to pay their small business suppliers and partners promptly, the US Chamber of Commerce launched the Prompt Pay Pledge in 2023 with Intuit as an original cosigner. The Prompt Pay Pledge

asks companies to commit to providing quicker payment for invoices or enabling private financing solutions and communicating accelerated payment terms to their small business suppliers. Dozens of companies, large and small, and across sectors, have joined the Prompt Pay Pledge. But we know the work does not stop here.

## ABOUT THIS PLAYBOOK

Recognizing the need for a resource that guides companies in initiating prompt payments to their suppliers, Intuit developed this playbook with contributions from the US Chamber of Commerce. The Prompt Pay Pledge is a program created by the US Chamber of Commerce and in this playbook, we walk business leaders through step-by-step instructions on how Intuit implemented accelerated payment terms for small businesses. Staying true to our mission to power prosperity, Intuit's goal is to help business leaders understand the steps necessary to gain organizational buy-in, scale the prompt pay process, and share best practices for operationalizing a Prompt Pay Program.

## WHY PAY PROMPTLY?

Each year, trillions of dollars are exchanged between large and small businesses in the US. This means that small business suppliers are essential to big companies' day-to-day operations, and they, in turn, have their own suppliers who rely on them.

When large businesses pay small business suppliers promptly, it strengthens their supply chain by keeping their suppliers healthier. Healthy suppliers can make improvements like faster shipping and better materials and products, which will benefit large companies in the long run and avoid suppliers going bankrupt mid contract.

Getting paid promptly can also help ensure small business suppliers build cash reserves.



According to the [Intuit QuickBooks Small Business Insights](#) survey, maintaining a healthy cash flow is key to small business longevity.

Whether earmarking enough cash to cover overhead costs if payments are late, paying for unexpected expenses and emergencies, or surviving economic downturns, having cash reserves on hand is survival-critical for small businesses.

The longer the payment terms (some companies have 60-day, or even 90-day, terms), the more problematic it may be for small companies, which are often forced to finance the costs of goods and services until their customers pay them. Small businesses may be forced to turn to lines of credit or accounts receivable financing to bridge the gap. Prioritizing prompt pay is a great first step in making sure that your organization is creating a healthy business ecosystem.

## WHERE TO BEGIN: INTUIT'S STORY

Intuit's goal is to help put more money in the pockets of businesses, saving them time by eliminating work and ensuring they have confidence in every financial decision they make.

All the work we do starts with our mission of powering prosperity around the world. Prosperity may mean something different for each person, but finances often sit at the core of living the life you want. Today, though, too many struggle with debt, and too many small businesses fail. We believe that everyone should have access to the expertise, tools, and resources they need to take control of their financial lives and pursue their dreams.

We are focused on helping customers grow their businesses by offering a broad, seamless set of tools designed to help them acquire and retain customers, get paid promptly, manage and access capital, and pay employees with confidence.

As the backers of small businesses globally, Intuit recognizes that small businesses and our suppliers share a need for faster access to capital. We

are committed to accelerated payment terms for small business suppliers in support of our mission to power prosperity around the world.

## Intuit pays small business suppliers in ten days or less

Our success in maintaining prompt pay is rooted in a comprehensive change management plan. In this section, we will share our five steps to accelerating payment terms for small business suppliers.

Before beginning the steps below, make sure you sign on to the US Chamber of Commerce's Prompt Pay Pledge and visit the Prompt Pay Pledge [website](#) to access additional resources and information on accelerated payments.

## The Prompt Pay Pledge information will be useful as you build your business case and gain executive leadership buy-in.

## INTUIT'S FIVE STEPS TO ACCELERATE PAYMENT TERMS

### 1. Strengthen lines of communication with your suppliers:

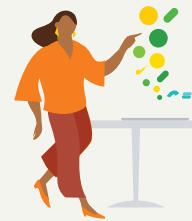


Our work starts by putting customers first in everything we do. This customer obsession begins with listening and paying close attention to our customers' lives so we can understand both their dreams and the challenges they face. We then measure success by the only metric that matters—how much we've improved their lives: have we saved them time and money, and are they more confident in the financial decisions they make?

Through one-on-one conversations with our small business suppliers, who are often also our customers, we know that one of their biggest pain points is the length of their payment terms, which may strain their business operations and the overall health of their business. From these conversations,

we recognized the value of shorter payment terms to our small business suppliers.

### 2. Collect data to prove your business case:



Securing approval within your organization to accelerate payment terms is a cross-functional process. At Intuit, we took a databacked approach to support this decision including understanding the overall impact on cash flow.

Determining the overall impact on cash flow involves the number of small business suppliers and their approximate spend. Gaining this clear picture helps build the business case for change and gain approval from key leaders such as Treasury. We also surveyed our industry peers to understand how other companies of our size were addressing prompt pay within their organizations.

### 3. Secure necessary approvals:



Obtaining executive leadership support is critical to successfully implementing prompt pay.

At Intuit, our Prompt Pay Program is housed within the Finance organization, specifically Global Sourcing & Procurement led by our Chief Procurement Officer (CPO). So, our first level of approvals began with sharing the business case and getting approval from our CPO. With CPO support in hand, teams will need to earn support and guidance from internal Treasury teams and potentially from Financial Planning & Analysis (FP&A) and/or the Chief Financial Officer (CFO). These are critical approvals needed as many large companies like to keep cash on hand to earn as much interest as possible.

Finally, teams will need to partner with their Procure-to-Pay counterparts on the system enhancements and

internal invoice handling procedures that enable prompt pay. This step is crucial, as this is most likely the team that will operationalize accelerated payment terms. Procure-to-Pay teams will need to ensure that suppliers are appropriately categorized as small, and begin the internal process of automating accelerated payments to these businesses.

### 4. Update supplier contracts and guidelines:



Once all approvals have been secured and relevant teams are on board, you'll need to develop and deploy updated contractual guidelines so that suppliers know about the change and ensure consistent organizational support. Updates to contract language should clearly articulate your organization's new prompt pay approach.

We recommend that companies review all contract language for suppliers and



determine which documents or guidelines need to be updated. Secondly, teams will need to create a communication change management plan to ensure affected suppliers and relationship owners are aware of the change and who they should contact if they need help.

## 5. Track your progress:



As mentioned above, our teams needed to take a data backed approach. We wanted to ensure the accelerated payment terms process was implemented successfully before making an external announcement about the changes. This meant we needed to speak confidently to show that our small business suppliers were being paid within our aggressive goal. Our data analytics team developed a dashboard to track and audit small business payment terms and turnaround times.

Clean data is essential, meaning suppliers must be

appropriately categorized as small. We recommend meeting with supplier data management teams to ensure data is accurate, considering third party solutions that can validate small business certified supplier data, conducting data quality assurance on a quarterly basis to ensure ongoing accuracy, and developing automation where applicable. From there, we suggest creating a plan for how the team will track payments. We built an internal dashboard that shows the average payments for the month and quarter.

## A SMALLER COMPANY'S APPROACH

Accelerated payment terms aren't just for large companies like Intuit. Several small business owners have signed on to the Prompt Pay Pledge and are paying their suppliers and partners quickly or are passionate about advocating for prompt payment terms.

While the buy-in and approval process may have fewer steps for a smaller business, the motivation for improving service relationships with their providers is the same. Additionally, many small businesses enjoy premium

discounts when they pay faster. The US Chamber of Commerce has developed a content-rich digital platform that empowers growth at all levels known as "CO-." By following the tips below from CO- any small business can set up fair and fast payment terms for their partners or for themselves.

### Consider the customer history and long-term value

Often, B2B customer relationships are the backbone of sustainable growth. The better partnerships you're able to build with B2B clients, the more likely they are to stay with your company over a competitor.

Consider how you can offer payment terms that account for the history you have with a customer and the lifetime value you hope they will bring. Some B2B companies offer

early payment discounts to build favorable customer relationships. Others will offer payment plans as a benefit to prevent someone from leaving for a competitor. Payment terms can be used as a customer retention tool to show clients how much their continued service is valued.

The US Chamber's CO- platform has several resources to help small businesses set up payment terms for B2B and B2C transactions and determine when extending a line of credit to a customer makes sense. For more information, visit <https://www.uschamber.com/co/>.

If you're willing to begin this journey and join a coalition of businesses committed to helping small business suppliers find economic success by pledging to pay invoices promptly, [click here](#) to sign the Prompt Pay Pledge. For more information on the Prompt Pay Pledge, visit the [website](#).

## ADDITIONAL RESOURCES

[Everything You Need to Know About the Prompt Pay Pledge](#)

[Why Is Prompt Payment Important for Small Businesses?](#)

[Why Paying Small Business Suppliers and Vendors Quickly Matters](#)

[5 Things Large Companies Can Do Right Now to Help Small Businesses](#)

[Intuit Small Business Data](#)

[Intuit QuickBooks Small Business Annual Report 2023](#)

If this playbook provided you with the resources needed to implement prompt pay, contact us. We'd love to hear about your journey. For more information about Intuit's Supplier Engagement programs, visit our [website](#) or contact us at [supplierconnect@intuit.com](mailto:supplierconnect@intuit.com).

