



Short-term B2B financing.
Get paid faster. Smarter.

The SME Cash Flow Survival Guide

Practical tips to keep your business moving, even when payment challenges slow you down.



Mini Guide

Introduction

Cash flow is one of the biggest problems small and medium-sized businesses (SMEs) face. You need money to pay your teams, buy supplies, and keep things running. But customers often take months to pay you, and often pay late! So, things can get stressful.

This mini guide helps you to reduce cash flow stress.
We look at:

Cash flow is (still) king
4 common cash flow pain points
Cash flow health & tips
Short-term financing options
The right financing partner
Payment terms with BNPL for B2B



Cash flow is (still) king

Cash flow allows your company to honour its commitments and operate smoothly and continually.

Let's keep it simple: profit indicates long-term success potential, but cash flow looks at right now. Can you pay your bills? Can you pay your employees? Can you pay the companies you've been buying from?

What do European SMEs say about cash flow?

62%

of European SMEs cited delays and unpredictable cash flow as their company's biggest problem*

72%

of European SMEs accept payment after delivery, thus exposing themselves to the risk of late payment and cash flow challenges**

How do faster B2B payments improve cash flow?

3.69m

aggregate euro per day cash flow increase for SMEs in the EU for each day payment duration gets reduced***

4 common cash flow pain points

SMEs are often challenged by cash flow pain points. Do any of these sound familiar to you?

Late payments from customers or long wait periods to receive payment

The time to receive B2B payments in the EU is getting longer!****

2022 = 52 days

2024 = 62 days

10 more days!

Slow-moving inventory

Exaggerated forecasts by sales teams. Buying more supplies than needed. Physical space and storage costs. All these burn cash flow.

High upfront costs

Paying large bills to suppliers or logistics before you get paid quickly drains your cash reserves.

Mismatch between revenue and expenses

You're making sales, but the timing of getting paid doesn't match when you need to make payments. The point is this: revenue does not equal cash on hand.

*WUSME: European SMEs face challenges with payments speed, study shows

**AREA42: European SME Landscape 2024

***European Commission: Assessing the economic impact of faster payments

****European Commission: The 2025 Annual Single Market and Competitiveness Report

Know your cash flow health: 4 metrics* to watch



Cash Conversion Cycle

The time it takes to convert your company's investment in its inventory into incoming cash by making sales.



Operating Cash Flow

The amount of cash generated by your company's core business operations over a period of time.



Days Sales Outstanding (DSO)

The average number of days it takes your company to collect payment from sales on credit.



Burn Rate (for startups)

When your company is not making a profit yet, the burn rate is how fast you use your cash reserves.



5 practical tips to improve your cash flow

Tighten payment terms or offer early payment incentives

Merchants: decrease the time you expect your customers to pay. Or, offer discounts for quick payments.

Renegotiate supplier terms

Buyers: do you have a good track record? Can you negotiate a longer time to pay?

Delay non-essential expenses

Prioritise your outgoing payments. If it's not urgent or strategic, do you really have to spend it now?

Use digital tools to track inflow/outflow

Reduce human error. Increase efficiency. Software and apps can help you plan and keep an eye on your cash flow.

Consider short-term financing as a buffer

Merchants: waiting a long time to get paid?

Buyers: want to hold on to your cash but need supplies or goods now?

A quick cash boost can help meet immediate needs. But which types of short-term financing can you use?

*If you want to learn more about these metrics, we suggest looking at investopedia.com

7 short-term B2B financing options

Here's a quick breakdown of typical types of short-term B2B financing that SMEs can use to maintain or improve their cash flow:

Bank loans

Borrow money from a bank.

- ✓ Lower interest rates than other options
- ✓ Predictable payments over a set period
- ✗ Slow approval process, lots of paperwork
- ✗ Harder for SMEs to qualify. Often denied!

Factoring

Sell your unpaid invoices to a third-party, who pays you a percent of what you are owed now and collects from your customers.

- ✓ Get paid upfront for invoices
- ✓ No need to chase payments
- ✗ Customers deal directly with factor company
- ✗ Can affect client relationships and trust

Credit cards

Make purchases on a business credit card.

- ✓ Easy access to short-term funds
- ✓ Useful for smaller or urgent costs
- ✗ High interest if balance isn't cleared
- ✗ Can hurt credit if overused

Invoice financing

Borrow cash against your unpaid invoices.

- ✓ Keep control of customer relationship
- ✓ Fast access to cash from invoices
- ✗ Fees can eat into profits
- ✗ Still responsible if client doesn't pay

Offer net 30/60/90 days to pay from your own treasury

Allow your customers to pay 30-90 days later. Backed by your own cash reserves.

- ✓ No interest or outside fees
- ✓ Keeps full control over payment terms
- ✗ Ties up your working capital for too long
- ✗ Risky if clients pay late – or not at all!

Overdraft

Spend more money than you have in your bank account (to a limit).

- ✓ Flexible and fast cash buffer
- ✓ Only pay interest on used amount
- ✗ Can be expensive over time
- ✗ Limit may not meet business needs

Offer net 30/60/90/120 days to pay via third-party Buy Now, Pay Later for B2B

Get paid upfront by a third party BNPL service that lets your customers pay them back 30-120 days later.

- ✓ Extend payment terms without draining your own cash reserves
- ✓ Often easier and faster for SMEs to access than bank loans
- ✓ You don't sell your past invoices
- ✓ "All-inclusive" – a good BNPL provider takes on the risk and does the risk assessment of your buyers
- ✓ Promotes lower cart abandonment and higher purchase volumes
- ✗ Some "BNPL" providers are just factoring in disguise



What to look for in a financing partner

Picking a financing partner is a big decision. Choose the right one, and you could have a lucrative partnership that lasts for years. Some qualities to look for include:

Speed of set up & approval

How long does it take to set up and get approval for the financing you need? Days? Weeks? Months? How does a long wait further affect your cash flow?



Flexibility

Your financing should fit your needs. Not force you into long-term debt.

Right time, right place approach: is the financing you need available when you need it?



Stability / Trust

Where does the money come from?

Does the backer or underwriter have staying power and a strong track record?



Customer or supplier relationships

Will a third party contact your customers and/or suppliers? If yes, how will they do it? How will it affect your relationship with them?



Transparency

WYSIWYG! (What you see is what you get!)

You should always know the costs and how the process works, with no surprise fees nor fine-print shenanigans.



How Terms.Tech helps SMEs to thrive

Terms.Tech helps businesses to **improve cash flow** and **grow sales** by providing from **net 30 to net 120-day payment terms** via its pure Buy Now, Pay Later solution (BNPL).

Thanks to Terms.Tech's flexibility, B2B merchants and marketplaces can offer their customers an **offline solution**, **one-click e-commerce checkout**, or **custom solutions for complex B2B platforms**.

Terms.Tech funds smaller recurring transactions and larger purchases **up to €200k**. Terms.Tech efficiently provides **risk assessment**, **instant decisions**, **debt collection**, and **white labelling**.

Terms.Tech is the go-to choice for European businesses looking for an easy-to-integrate and **customer-friendly B2B short-term working capital financing solution**.

Available in the **entire EEA** and Switzerland.

AREA42

Terms.Tech is an AREA42 working capital solution.

What is AREA42? In 2019, Credendo launched AREA42 as its innovation vehicle to create trade finance and working capital products.

How? By identifying real B2B trade problems and crafting customer-centric TradeTech solutions leading to a fluid & risk-savvy trade environment.

You get paid upfront.

Your customers pay later.

It's that simple!



Speedy credit approvals



Robust risk assessment



30/60/90/120 days to pay



Secure checkout



Easy to integrate



Available throughout Europe



Want to improve your cash flow & the cash flow of your customers? Let's talk!

Get in touch & follow us:

 <https://terms.tech/contact-us/>

Let's talk about:

- your payment flow to identify pain points and possible solutions.
- how Terms.Tech can optimise your payment flow, strengthen your and your customers' cash positions, and mitigate collection risk.
- your specific questions.

 <https://terms.tech>

 [linkedin.com/company/terms-tech/](https://www.linkedin.com/company/terms-tech/)



Improve cash flow

Increase order frequency

No banks

Hassle free

Get paid fast