

Unilever CPO hits back at payment terms criticism

Unilever has defended itself from accusations by the *Financial Mail* over its decision to lengthen the payment terms of some of its suppliers by 60 days. The *Financial Mail* claimed that a small business, which wanted to remain anonymous, had received a letter from the consumer goods giant warning that from 15 July, invoices would be settled within 90 days. The previous agreed terms had been 30 days. But Marc Engel, CPO of Unilever (pictured), told *Procurement Leaders* that the article was misrepresenting the consumer goods giant.

"We are indeed, like everyone else, extending payment terms with our suppliers. But we do this in a responsible way," he said. "We generally do this at the request for proposal/request for quotation stage, giving the suppliers full transparency about the terms and allowing them to price this in and where we change existing contracts we always mutually agree this. **"Where the supplier has real issues with the balance sheet or cash flow, we offer supply chain finance as an option."**

Supply chain finance is a system which allows suppliers to be paid by a bank using the security of an invoice based on the credit rating of the buying corporation. It is usually a far cheaper source of credit for the supplier and is a process which Unilever has become extremely active in.

Financial Mail editor Lisa Buckingham, wrote that "bullying is never acceptable. That is why the swathe of big companies extending the time they take to pay small suppliers is so unpalatable, not to mention dangerous, as it risks draining the lifeblood of the economy at a delicate time."