

The New York Times

THE COUNT

Later Payments Are Jamming the Economy's Gears

By PHYLLIS KORRKI

Published: January 2, 2010

What's one sign of a weak economy? People take longer to pay their bills. As a result, those who await payment have less money to pay their bills, and a cycle of slowness sets in, gumming up the economic works.

Days before payment was received by:

INDUSTRY	2008	2009*
Architectural, engineering service firms	45.4	50.1
Management, scientific, and technical consulting	35.8	43.2
Advertising	34.0	37.0
Computer systems design	37.9	36.7
Accounting, bookkeeping and payroll	24.7	34.5
Services to buildings	23.9	34.0
Other services	20.5	22.2
Legal services	12.4	15.8

*Through Nov.

Source: Sageworks THE NEW YORK TIMES

An analysis by Sageworks, a financial information company, shows that a range of privately held businesses waited longer for payment last year than in 2008 or 2007.

Legal firms, for example, waited an average of three days longer in 2009 than in 2008 to collect money due. Architectural and engineering companies waited an average of about five days longer. It took accounting tax preparation, bookkeeping and payroll services about 10 days longer to receive their money, along with companies that service buildings and dwellings.

“When people are holding onto their cash, they’re feeling less confident,” said Drew White, chief financial officer of Sageworks. Once bills start being paid faster, the economy is more likely to behave like a well-oiled machine.