



Firms losing profits through bad debts

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Europe's top 1,000 publicly-quoted businesses are losing €14bn of profit; and have €274bn of overdue debt owed to them due to disjointed customer service and poor collection practices.

A major survey by the Customer Value Group (CVG) also found that €37.6m in profits evaporates every day as 24% of outstanding invoices go unpaid and uncollected.

UK businesses are amongst Europe's worst for disgruntled, non-paying customers; France and Spain best performing of Europe's largest economies and even profitable blue-chips are losing billions in unpaid bills.

The news comes just a week after a UK Parliamentary report found that consumers are responsible for £1bn in unpaid water bills each year.

According to CVG's research, customer disputes due to poor customer service involving problems related to products, pricing, invoicing, delivery or documentation, result in €103.3bn in unpaid invoices. Furthermore, €82.6bn of accounts receivable goes uncollected because of customer queries and service issues that have not yet been identified by suppliers because of poor account administration.

"The disjoint between accounts receivable and customer service operations has a significant negative impact on profit and the value of customer relationships," said Dickie Bielenberg, CEO of the Customer Value Group. "Businesses need to think of customer relationships as an asset - 'Customer Value' - and take a holistic cross-functional management approach. Silo thinking and poor systems result in a considerable profit gap, as this research has revealed."