Balancing the Impacts of Insolvencies: Why Visibility Over Payment Behaviours and Trends is Critical

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US bankruptcy filings surged by 18% last year, according to data from bankruptcy data provider Epiq AACER. Higher interest rates, rising material costs and historically high levels of household debt contributed to a challenging year for many businesses. While some types of companies have fared better than others, the reality is that insolvencies can have a domino effect, impacting the flow of cash across sectors.

For instance, in the UK, recent statistics from the Insolvency Service paint a concerning picture for the construction industry: in November of last year alone, construction firms accounted for 17% of all insolvencies in England and Wales. With 4,370 construction firms becoming insolvent, the field is facing significant challenges. Bad news for construction, but what does this mean for companies in interconnecting industries, or other parts of the sector?

Take manufacturing as an example. Manufacturers are integral parts of supply chains that span various industries, including construction. When an industry like construction experiences financial turmoil, the effects reverberate throughout the entire chain – from manufacturers to transport and logistics companies, all the way to retailers. Similarly, if a retailer fails, the logistics company may incur...

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