



BAM Construction Payment **Action Plan**



Introduction

BAM Construction is a strong advocate of fair treatment for all our supply chain partners. BAM Construct trades with over 7,000 suppliers per year, and we are committed to meeting the objectives of paying 95%+ of suppliers within agreed payment terms.

We monitor our payment performance monthly, reporting in detail to senior management in the business.

As part of monitoring our performance, we also identify risks that prevent us from meeting our prompt payment objectives and we plan and implement mitigation to reduce the likelihood of these risks occurring.

There is always room for improvement in the prompt payment of invoices.













Our response is the creation of this payment action plan, the identification of risks, the mitigation measures we plan to take, and the current status of their implementation.

David Cade,
Interim Construct Finance Director
BAM Construct UK Ltd

Objective	Status
We endeavour to pay all suppliers within agreed terms	Improving
Give clear guidance to suppliers on terms, dispute resolution and prompt notification of late payment	Achieved
Support good practice throughout our supply chain by encouraging adoption of the Code	Achieved
The requirement that 95% invoices from small businesses (with less than 50 employees) must be paid within 30 days	Improving
Recognise the right of suppliers to charge late payment interest and charges if an invoice is paid late without justification	Achieved
Suppliers provided with a contact point for payment queries	Achieved

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Objective	#	Risks to success	Risk Status	Risk Mitigation	Risk Status	Status
Ensure that >95% of valid invoices payable to supply chain are paid within 55 days of date of invoice	1	Large volume of transactions from multiple suppliers requiring a three-way match in our Bought Ledger (Purchase order, Goods Received Note and Invoice) requires a high level of manual intervention to carry out the process.	 High	Upgrade invoice matching software, BASWARE and leverage e-invoicing technology to reduce the level of manual intervention when processing invoices for invoice matching. We can also notify suppliers of invoice issues at the earliest possible time from within BASWARE Implement SAP Materials Management, which allows the creation of purchase orders and record goods received electronically. This data is shared with BASWARE and allows for automatic three-way matching.	 Low	Implemented
	2	Analysis of supplier payment performance within the business lacks sufficient detail to identify poor performance.	 Low	We already carry out analysis of our payment performance, reviewed monthly and distributed to the wider business through presentations. By adding extra data, we can produce greater depth of analysis to identify poor payment performance.	 Low	Implemented
	3	Our supply chain is not always familiar with BAM's invoice matching process because we have a high number of single use suppliers, this results in processing delays.	 Medium	Suppliers can e-invoice BAM, see https://www.causeway.com/tradex-bam , for details	 Low	Implemented
	4	Our projects do not always process goods received notes in a timely manner leading to delays in the invoice matching process.	 High	In addition to detail guidance within our Business Management System, we have also created a toolbox talk for projects, we may also seek to create an e-learning module on prompt payment	 Low	In progress Q4,2024
	5	Our Vendor database is organised by business segment, which leads to inconsistency in the management of Vendor terms as well as duplication of administration across the division.	 High	Review and re-orgnise our vendor database. Verify existing data to ensure accuracy.	 Low	In progress Q4, 2024
	6	The sub-contract application for payment process is manually administered, leading to risk of late payments where payment requests are made <10 days from the final date for payment. This accounts for up to 80% of late sub-contract payments	 High	Identify business requirements, source and implement payment application and notification software to automate the payment application, certification and payment notice process which will reduce manual admin, improve payment accuracy and overall visibility of the payment process.	 Low	In progress Q1, 2025



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Objective	#	Risks to success	Risk Status	Risk Mitigation	Risk Status	Status
Ensure that >95% of valid invoices payable to supply chain are paid within 30 days of date of invoice for suppliers with <50 direct employees.	1	Large volume of transactions from multiple suppliers requiring a three-way match in our Bought Ledger (Purchase order, Goods Received Note and Invoice) require a high level of manual intervention to process.	High	Upgrade invoice matching software, BASWARE and leverage e-invoicing technology to reduce the level of manual intervention when processing invoices for invoice matching. We can also notify suppliers of invoice issues at the earliest possible time from within BASWARE. Implement SAP Materials Management, which allows the creation of purchase orders and record goods received electronically. This data is shared with BASWARE and allows for automatic three-way matching.	Low	Implemented
	2	Analysis of supplier payment performance within the business lacks sufficient detail to identify poor performance.	Low	We already carry out analysis of our payment performance, reviewed monthly and distributed to the wider business through presentations. By adding extra data, we can produce greater depth of analysis to identify poor payment performance.	Low	Implemented
	3	Our supply chain is not always familiar with BAM's invoice matching process because we have a high number of single use suppliers, this results in processing delays.	Medium	Suppliers can e-invoice BAM, see https://www.causeway.com/tradex-bam , for details	Low	Implemented
	4	Our projects do not always process goods received notes in a timely manner leading to delays in the invoice matching process.	High	In addition to detail guidance within our Business Management System, we have also created a toolbox talk for projects, we may also seek to create an e-learning module on prompt payment.	Low	In progress Q4, 2024
	5	Sub-contract order payment terms are mismatched for the supplier size, or a sub-contractor is paid later than maximum 30-day terms for a business with <50 direct employees.	Medium	In addition to detailed guidance within our Business Management System, we audit all new created Sub-Contract orders and highlight to the project, any potential discrepancies for them to resolve before payments are made. We also identify late payments in the business and require projects to explain the reasons which we collect and learn from to improve our payment process.	Low	Implemented
	6	Our Vendor database is organised by business segment, which leads to inconsistency in the management of Vendor terms as well as duplication of administration across the division.	High	Review and re-orgnise our vendor database. Verify existing data to ensure accuracy.	Low	In progress Q4,2024
	7	The sub-contract application for payment process is manually administered, leading to risk of late payments where payment requests are made <10 days from the final date for payment. This accounts for up to 80% of late sub-contract payments	High	Identify business requirements, source and implement payment application and notification software to automate the payment application, certification and payment notice process which will reduce manual admin, improve payment accuracy and overall visibility of the payment process.	Low	In progress Q1, 2025