



Customer Focus: Gio-Goi



EULER HERMES

Style meets substance.

Being successful in the fiercely competitive world of fashion does not happen by chance. It means being at the cutting edge, producing designs that appeal to a core audience, and constantly being able to innovate and evolve.

It also means having a financially stable business from which to grow, and one that is underpinned by sound credit management strategies – including the use of credit insurance – that counter the vagaries of a notoriously difficult industry in which to survive and prosper.

A good example of one such survivor, indeed a business that continues to succeed after more than 20 years of trading, is the British fashion brand, Gio-Goi.

First launched in Manchester, Gio-Goi has always had strong links with the music scene and remains one of the most prominent labels on the high street.

Its success has been carefully engineered, according to Alan Swain, the company's Finance Director "In fashion you are only as good as your last range," he says. Happily, range after range continues to sell, winning awards and building a celebrity following.

But behind the scenes, and away from the shop floor, the ability to keep the cash flowing, maintain a healthy sales ledger and protect the business against the risk of non-payment is the result of credit insurance, and the strong relationship Alan has built between his team and his insurer, Euler Hermes UK.

At its most fundamental, credit insurance protects Gio-Goi against commercial risk, such as a customer's unforeseen insolvency or protracted default. Having worked in investment banking for more than 15 years, Alan is well acquainted with risk: "The failure to pay can just as easily occur when dealing with long-established trading partners, as with new customers," he says.

When Alan joined Gio-Goi, he carried out a thorough review of its debtor book and its credit insurance provider, Euler Hermes, with whom he had worked previously at World Design & Trade – the holding company for fashion brands, Firetrap, Full Circle, and Sonneti.

Alan believes that Euler Hermes is very well connected within the branded fashion market: "The Risk Underwriting Manager (Christine Brennan) knows the retail space very well," he says.

"All industry sectors are different but they have taken the trouble to learn about fashion, and have built many strong relationships with the key players in retail. This is important as it means the knowledge they have of our buyers and information on the market in general is even more relevant."

The market has changed significantly in the past six months, as Alan explains: "We have a number of large fashion buyers, which include multi-brand fashion retailers, department stores, as well as online retailers but we have hundreds of smaller accounts with independent fashion retailers which represent our bread and butter. Thankfully, as we move further out of the recession, there is less uncertainty surrounding trade. In line with this, Euler Hermes' appetite to insure has grown, which in turn means we now have 80% of our UK debtor book insured and can take on new buyers with confidence."

Alan believes that credit insurance is vital to the company's credit management strategy. "With Euler Hermes' intelligence we are better able to avoid financially weaker customers," he says, "and instead target our sales effort appropriately to focus on profitable buyers and markets."

"Euler Hermes' intelligence from its network of risk offices is such that it is exposed to the early warning signs that a customer is in trouble, which allows us in turn to withdraw from the trading relationship on a structured basis. It is this early warning system that has been so beneficial in the past."

For Gio-Goi, Alan says, credit insurance is used as a tool to provide confidence and security of the debtor book. "But more than that, credit insurance is bringing significant benefits to our planning and forecasting, particularly when discussing the company strategy with banks, who take much comfort from the fact that our debts are truly collectable."

Confidence and security are important factors for a fashion brand with ambitious plans to build on its strong foundations in the UK fashion retail market. On the strength of its brand and high street appeal Gio-Goi has recently opened its first UK store – in Aberdeen – and its next phase of growth includes a move to concentrate on overseas markets.

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For sales enquiries, call us on
0800 056 5452 or email:
enquiries@eulerhermes.com

To supply your up-to-date financial
information, call the Buyer Line on
08444 122041, or email:
moreinfo@eulerhermes.com

www.eulerhermes.co.uk

Euler Hermes UK
1 Canada Square
London E14 5DX
Tel: +44 (0)20 7512 9333
Fax: +44 (0)20 7512 9186
www.eulerhermes.co.uk

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