



Customer Focus: Westbridge Foods



EULER HERMES

An appetite for growth.



Ever since Westbridge Foods was founded in 1998, it has believed in the value of credit insurance. And today, as the business continues to expand internationally, the true importance of credit insurance is even more apparent.

In limiting its exposure to risk, a credit insurance policy gives the sales team at Westbridge greater confidence to grow and take on new customers and suppliers, safe in the knowledge that they are covered should something go wrong.

Not that much has gone wrong for Westbridge Foods in recent years. Indeed quite the opposite. In a fiercely competitive marketplace it is one of the true success stories. From relatively modest

beginnings, Westbridge Food Group can now boast sales in excess of €200 million and has operations as far afield as Thailand and China.

Primarily an importer of raw and cooked poultry and other food-related products, its presence spans some 13 different countries from Eastern Europe to South America, and it supplies some of the UK's best-known fast food outlets and supermarket chains. To give some idea of its size, in 2010 it imported more than 42,000 tonnes of product from around the world.

The principal advantage to credit insurance, according to Operations Manager Yvonne Ford, is the protection against customer insolvency. It also keeps the banks happy as an additional guarantee. But it is as much about securing new trading relationships: "If the credit insurer is comfortable in giving us a limit on a new customer, even in some of the more difficult markets in the world, then we are able to get on with growing our business," she says.

Day-to-day, the relationship between Westbridge and its credit insurer, Euler Hermes UK, is managed most effectively and efficiently through the broker EFCIS (ICBA UK). The broker is able to pick up the phone to the Euler Hermes' Risk team and have an open dialogue with the decision maker and a full and frank exchange of information. If needs be, Yvonne can also have direct access to the underwriters via a dedicated Account Manager – a major advantage. In the majority of cases, applications for limits are granted, indeed up to 85% of the company's commercial risk is covered at any one time. There are occasions, however, when a limit is declined, in which case a dialogue is immediately started:

"Sometimes a limit on a new customer is refused, or cover on an existing customer is revised or not at the level we require, in which case we have several options available to us," she says. "We will nearly always challenge the decision and the refusal is most often because of a lack of sufficient information. In such cases, we will encourage our customers to talk to Euler Hermes and provide them with the additional information they need for a positive outcome."

Even when further information is forthcoming, the answer may still be 'no', usually because of proprietary information that Euler Hermes has gleaned on the company and the market from risk underwriters 'on the ground' in local risk offices that suggests the risk is still too great: "It does not happen very often," Yvonne continues, "but when it does we would look to deal with the customer on different terms, perhaps on the basis of a pro-forma invoice or managing one shipment at a time. We would adapt our credit management strategy accordingly.

"We don't see a refusal as negative," she adds. "We see it as an 'alert' to look more closely at the company with whom we want to do business."

Westbridge Foods has strict policies and procedures on credit control, and it is an approach that pays – quite literally. The company has not had to make any claims against its policy in recent history, and Yvonne can recall only a handful of small claims in the past – a fact she puts down both to the rigour that credit insurance brings to their credit management team but also an instinct for when something isn't right:

"We are pragmatic in our decision making," she continues, "and actively encourage our sales teams to ask the right questions of any potential new business before placing an order. We will also seek the view of the underwriter before applying for a limit online, so that we have some idea in advance of whether we will be successful, or what further information may be required."

In terms of working with Euler Hermes specifically, Yvonne is impressed with its professional approach: "There have been issues with credit insurers in the past," she admits, "but Euler Hermes has clearly taken customer feedback on board with the launch of new initiatives such as the 30-day Delayed Effect clause that will give us more time to find different ways of doing business with a buyer if their limit is withdrawn."

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