

**James O'Brien Associates**

**Regional General Agency for**

**coface** 

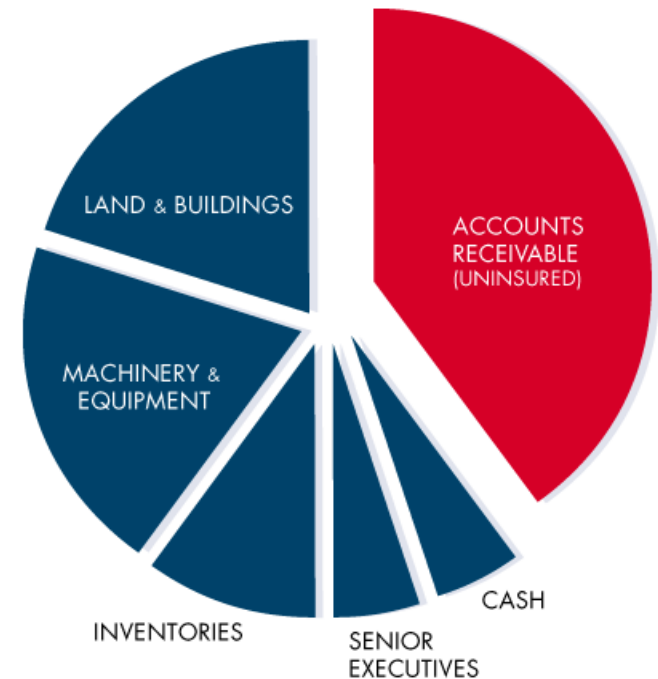
Leveraging Financial Strategies to  
Succeed in International Markets

# Leveraging Financial Strategies to Succeed in International Markets

- 🌐 Due Diligence Services
- 🌐 Global Debt Collection Practices

# A/R Represents 40 to 70% of a Company's Assets

- ❶ Few companies can compete without extending credit to their customers.
- ❷ A business files bankruptcy *in the U.S.* every seven minutes. The bankruptcy rate for businesses in most foreign countries is many times more likely than in the U.S.
- ❸ A company operating with a 10% margin would have to make ***an additional \$1 million in sales*** to make up for a \$100,000 credit loss.
- ❹ Experience shows that a business is more likely to suffer a credit loss than a loss due to fire and theft.



Can you afford not to invest in the prevention of non-payment?

# Bad Things Happen to Good Companies



You may know your customer; and they may pay *you* on time every month...

But how well do you know your customer's customers... and their customers?

How sure are you that you're not the only one being paid on time?

**"They were one of my best customers, right up until the day they stopped paying me"**

# International Trade = New Opportunities + New Risks

-  Far Distances
-  Different Time Zones
-  Different Languages
-  Different Economic Environment
-  Different Trade Practices
-  Different Legal System

**For those that take the risk, there can be great reward. Utilizing the right outside resources can help mitigate and reduce that risk.**

# There's No Silver Bullet

Credit information tools are not one size fits all.



No two organizations have the same needs, deal with the same customers, face the same challenges, or have the same internal resources in place.

What options do you have?

# International Credit Information Tools

Many of the products are the same or similar to what is used on the domestic side:

 **Credit Reports**

 **Credit Limit Recommendations**

 **Risk Scoring**

 **Monitoring Services**

In addition, you will need to find a resource that can help you to evaluate and monitor:

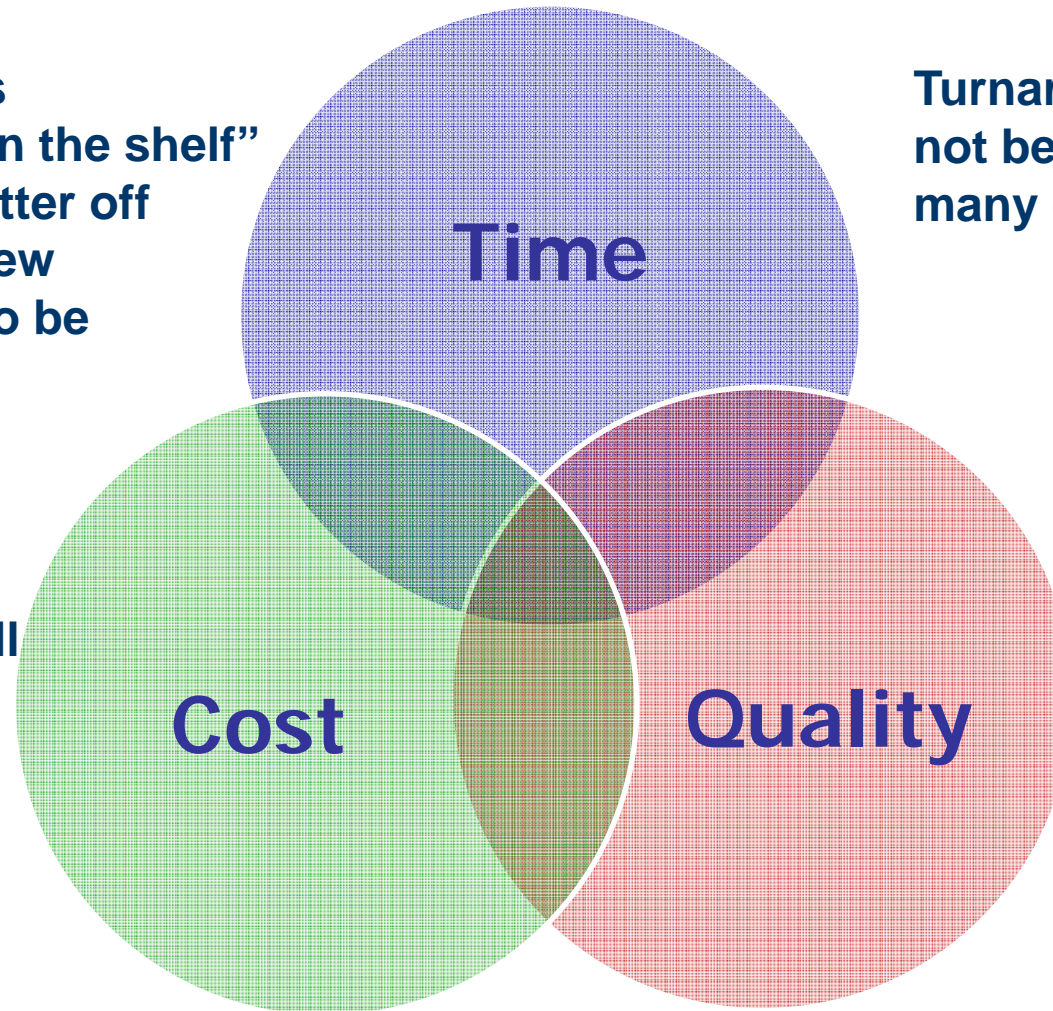
 **Country Risk Information**

# What's Different About International Credit Information

Even if there is information “on the shelf” you may be better off waiting for a new investigation to be completed.

Turnaround time will not be immediate in many cases.

International information will be more expensive.



Available data will vary from country to country based on local bus. environment

Expectations need to shift when purchasing international information



# When the Unforeseeable Happens...

Unless you insured your receivables or used some other form of guarantee, you will need to be prepared for the inevitable.

**What will you do when your international customer doesn't pay?**

- ❑ **In-house Efforts**
- ❑ **Outsourced Efforts**



# How do International Collections Differ from Domestic?

**International Collections have the added difficulties associated with:**

-  Time Differences
-  Language Differences
-  Cultural Differences
-  Legal / Business Differences

# What Should You Look for in a Collections Partner?



**Global Network.** Having the ability to work locally and understand the local environment is key



**Licensing, Bonding & Certifications.** Don't be left at risk and exposed to the actions of your collection agency.

Commercial Law League of America (CLLA)

Commercial Collection Agency Association (CCAA)

International Association of Commercial Collectors (IACC)







**Resources & Collection Tactics.** What abilities and tactics will be used- letters, calls, on-site visits, legal action. How will updates be reported back to you? How will money be remitted?

# Lowest Rate Isn't always the Best Choice

When looking for a collection company to handle your international collections, rate should not be the top criteria.

65% of Something > 85% of Nothing

## Factors that should Determine the Rate:

-  Specific Geographic Region
-  Balance Owed
-  Age of Invoice(s)
-  Context of Overall Placements

Typical Range for  
International  
Placements 25% - 40%  
Contingent on  
Recovery

*THANK YOU*

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