

Consumer Durable Company

Issue: One of our consumer durables partner was facing lot of credit issues such as clients being suspended due to non-payment, non-payment due to clients going insolvent/bankrupt, wrong credit lines being assigned resulting in massive increase in Credit exposure. This had a material impact on our partner's revenue, profitability and overall stock price.

Process: Our Credit experts did a detailed study of end to end Order to Cash process. This lead to findings wherein we noticed that Credit was approved without doing proper analysis with respect to financials, management study of prospective clients before being these clients on board. Credit experts proposed changes and emphasize the needs to have standard operating procedure wherein Credit rating agency was appointed and all prospective client's were supposed to go through credit check process. Also, on a continuous basis, Credit experts recommended that on a monthly/quarterly basis, Outstanding were reviewed with respect to credit line approved and collections made from the clients.

With all the above changes, the days of sales outstanding were brought down by 35%. Bad Debts provisions reduced by 42%.