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Coface's credit collection mettle has never failed DITH in 20 years

DITH (Duferco International Trading Holding Group) is an international trading company dealing in steel and related raw materials. Prices and customer demand fluctuate wildly, governed by the ups and downs of industries that use steel, including the automotive and construction sectors.

The problem

DITH sources from 430 steel mills around the world and sells 17 million tonnes of steel and raw materials annually to over 49,000 customers. Since 2016, when Chinese steel giant Heosteel took a 51% stake in the business, global turnover has risen to US\$ 7.1 billion. This is a complex global business operating in turbulent trading conditions. Occasional defaults and delayed payments are a fact of life.

"We called in the Coface collection team in August and the debt was recovered by early October."

Jill Shakes
Credit Manager, Duferco UK Ltd

Duferco



Company summary

International trading company dealing in steel and related raw materials.

Challenges

Steel prices and demand fluctuate wildly. Constant danger of customers defaulting.

Solution

Coface multi-country credit insurance including credit collection service.

Result

Simplified credit management and successful collection of overdue payments.

The solution

DITH sees credit insurance as a business essential, and has been sourcing this from Coface since 1998. In the words of DITH Group Credit Manager, Sergio Vignone, "If you want to trade you need a finance line and a credit insurer." Then he adds the clincher: "The banks themselves make credit insurance a condition for access to trade finance."

An enduring but closely monitored relationship

Since Duferco (as it was then) began working with Coface in 1998, the relationship has gone from strength to strength. However, this hasn't meant that DITH kept up with the insurance market and what Coface's competitor are doing regularly going back to the credit insurance market and benchmarking their policy against the competition.

Cool, calm, collected

DITH is particularly reliant on the Coface credit collection team, calling them in whenever they have exhausted their own payment chasing process. In one very recent case a £25,000 bill was overdue and the DITH team's phone calls and emails were being ignored. They made the call to Coface in August, and the debt was recovered by early October. In fact Coface has never failed to recover a debt from a non-liquidated customer after more than 20 years of working with DITH.

"The Coface policy is really straightforward for us to operate."

Sergio Vignone
DITH Group Credit Manager

Unwelcome advice turned out to be wise

Coface certainly can't be accused of only telling policy holders what they want to hear. With a global network of risk experts in 100 countries, and constantly updated information on 80 million businesses worldwide, they can very simply check the creditworthiness of any company. When they discovered that a major DITH customer with a £9.5 million credit line was having issues, they advised DITH that they were removing the facility. The DITH sales team were understandably unhappy about this, but the Coface policy provides for a 6-month transitional period, so they were able to reduce their exposure gradually. They now agree that it was the correct decision.



Strategic strength

This ability to spot payment issues before they become a problem is a particular Coface strength in the eyes of the DITH team. It enables DITH to make long-term plans, confident that they are minimising their exposure to debt.

Half a million reasons why

"In 2014 we made our biggest claim under the Coface policy for £500,000" says DITH Group Credit Manager, Sergio Vignone. "Everything went smoothly and we received payment 30 days after declaring the loss. That sort of sum will destroy a year's profit and it shows why we won't trade without cover – the risk is just too much, even for customers that we have known for the longest time."

Keeping life simple

Jill Shakes, Duferco UK Ltd's Credit Manager, reports that the Coface policy isn't only proving its worth continually, it is also "really straightforward to operate." and Sergio agrees, saying "I'm happy with the service support and credit limits we get from Coface and our Account Manager takes care of policy wording and negotiations for us." Having a single point of contact to keep credit management simple is central to every client's relationship with Coface.

If you want to know more about the "know more, grow more" effect a credit insurance policy can bring to your business, talk to the experts at Coface on **0800 0856 848.**