

# DO YOU REALLY KNOW IF YOUR CUSTOMERS ARE STRUGGLING



Each time a business grants credit to a customer, it is taking a chance that the debt will not be paid. This creates risks for the business's cash flow and profitability, since one large unpaid invoice may have the potential to destroy the bottom line, halt growth, or even trigger insolvency.

Do you have problem accounts?

**5 SIGNS** your customers may be struggling

1

## LATE PAYMENTS

Is your customer trying to change payment terms or failing to comply with your credit agreement? It's likely that they may be suffering from a volatile cash flow.

2

## QUESTIONABLE CREDIT DECISIONS

Did your customer just land an abnormally large sale with a suspect buyer? Be wary of downstream risk. If your customer is not practicing prudent credit management, its mistakes could become your own.

3

## NEW FINANCIAL PROCESS

Is your customer in the process of securing new financing or changing banks? They may be doing this because their current bank won't lend them additional funds, so it may be wise to treat them with caution.

4

## INCREASE IN CREDIT CHECKS

If your customer is experiencing a constant stream of checks from credit providers it may signify that the company is having trouble paying its current creditors or is desperate for credit to cover cash flow needs or recover from financial losses.

5

## EXCUSES, EXCUSES, EXCUSES

Non-stop excuses from your customer for not delivering payments are generally a tell-tale sign that trouble is on the way.

## Avoid problems before they start.

- ✓ Conduct a thorough review of new and existing customers – examine financial status, credit history, and relationship with other buyers and sellers.
- ✓ Strategically analyze the risk-reward scenario for every prospective customer to decide how detailed of an analysis to conduct and how often.
- ✓ Regularly review updated financial information for each customer with a frequency that aligns with the perceived risk that the particular buyer presents and its potential for default.

Even a well-defined strategy can't cover all unforeseen risks.  
**CREDIT INSURANCE FROM EULER HERMES CAN HELP.**

Euler Hermes provides your company access to the most accurate information on customers, prospects, industries and countries. Our team of experts provide:



Active monitoring on all insured accounts; we are alerted to changes that could impact your buyers' ability to pay you.



A structure and discipline for credit decision making.



Additional leverage over problem accounts by using our underwriters' clout and resources for collections.



When your insured customers fail to pay, we pay.

Credit insurance takes the guesswork out of your company's credit process, giving you the confidence to safely grow your business at home or abroad. For more information contact us today at [www.eulerhermes.ca](http://www.eulerhermes.ca).

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