

CASE STUDY: HADCO METAL TRADING

Using Trade Credit Insurance to Increase Efficiency



In the competitive metal supply industry, the ability to make quick and accurate credit decisions can mean the difference between deals won and deals lost. Speed to market challenges within Hadco’s internal credit processes were becoming a competitive disadvantage until it found the support it needed with Allianz Trade.

The challenge

The top management at Hadco, an international metal supply company, knew the company’s growth potential was being held back by an inefficient credit management process. Its credit analysts – and often its executives – were wasting too much time evaluating customers. Despite this, they were still producing

inaccurate decisions that frequently left potential revenue on the table. With branches across the U.S. and Korea, Hadco’s diverse customer base led to more than 10 credit decisions per day, a volume that it was unable to handle efficiently.

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Founded: 2006

Started partnership with Allianz Trade: 2013

Region:

United States & Korea



Sector:



Metals

Challenge:



Comprehensive credit function support

Policy Benefits:



Comprehensive credit function support



Safer sales growth



Protection from catastrophic loss



Thorough customer insights and risk information

In cooperation with



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“This is a fast-paced business, and companies want an answer quickly. If you wait days or weeks, a deal can be gone,” said Ori Ben-Amotz, Chief Financial Officer of Hadco. “We were not able to make quality decisions, especially under pressure. We were over conservative and held back limits.”

Having already lost too many deals due to slow response time and conservative limits, Hadco needed a solution that would support its growth ambitions.

The solution

Hadco quickly learned that a policy with Allianz Trade offered more than just risk transfer – the robust credit support resources made Hadco’s internal credit department more efficient. Hadco also leveraged the risk protection of its Allianz Trade policy to begin offering open terms to buyers for whom it would have never previously dared.

“This can be a very competitive business,” said Ben-Amotz.

In the years since it purchased its credit insurance policy with Allianz Trade, Hadco has grown its sales from \$85 million to \$100 million. Allianz Trade has not only helped Hadco domestically, but also supported its international growth. Ben-Amotz attributes a large percentage of this growth to the company’s partnership with Allianz Trade, as it has empowered the company to provide more credit to its mid-tier customers.

The outcome

“Credit insurance has transformed the way we do business and make decisions,” said Ben-Amotz. “In the past, we would try to draw conclusions on the creditworthiness of a customer by using information from one of the big credit ratings agencies, which

wouldn’t give us an accurate answer. With Allianz Trade, we get comprehensive information and analysis, allowing us to know where to strategically grow our business.”

With the integrated access to global risk experts and credit function resources it gained with its Allianz Trade policy, Hadco’s once lengthy and inaccurate credit process has become streamlined and competitive. With fewer worries over credit function support, top management is free to focus on the business.

“We don’t have to waste time guessing and arguing internally about whether to give a customer more or less credit,” said Ben-Amotz. “Allianz Trade gives us an instant decision. We get a credit limit request from a customer, and 95% of the time we are able to give an instantaneous response. We know that with the help of Allianz Trade, we are making quality decisions to support our business and growth. This is insurance that goes beyond loss prevention.”

Having realized a significant return on its investment in credit insurance thanks to the myriad benefits the policy provides, Hadco now recognizes that there’s much more to the value equation.

“If we didn’t see a value that was much higher than the cost of the premium, we wouldn’t have taken it,” said Ben-Amotz. “When you weigh the cost against all the benefits it brings – the peace of mind that we’re protected against a big loss, the efficiency it brings to our credit department, the time I now have back to be proactive and focus on growth, the expansion of limits – the equation adds up. I am proud of my decision.”



With credit insurance, we don’t have to ask for cash up front or payment on delivery, which makes us much more competitive. This is the tool we needed to take more market share from our competitors.

Ori Ben-Amotz
Chief Financial Officer
of Hadco

