

INTERNATIONAL FLEET SALES: USING CREDIT INSURANCE TO DRIVE FUTURE GROWTH

Amid a short history of explosive growth, International Fleet Sales learned that its path to continued success would depend on its ability to reduce concentration risk with large clients and to confidently extend credit on larger deals. The company found a strategic solution to those issues with credit insurance.

THE CHALLENGE

International Fleet Sales (IFS) is a California-based international distributor of U.S.-origin GM vehicles with unrivaled expertise in export services, logistics, parts, service and training. The company has grown fast since its inception, nearing \$1 billion in sales in fewer than 16 years. With this rapid expansion came increasingly larger credit requests, leaving the company's leadership with difficult risk tolerance decisions. When company leaders realized their conservative approach to credit was restricting new revenue opportunities, they reached out to Euler Hermes for a solution to safely grow sales.

"We had a customer from South Korea that placed a very large order," said Mike Libasci, President of IFS. "I was convinced he was a good customer but he did not have enough working capital available. We felt it was too risky to extend the credit because we couldn't handle the loss if we took a hit, but we didn't want to lose the deal. That's when we made the call to Euler Hermes to secure a credit insurance policy."

Years in Business: 19
Years with Euler Hermes: 5

Region:



Worldwide

Sector:



Automotive

Challenge:



Concentration risk

Policy Benefits:



Increased sales growth



Protection against catastrophic loss



Increased competitive advantage



Export protection

THE SOLUTION

Euler Hermes was able to insure the transaction and give IFS the coverage it needed to land the new customer. This initial success story was just the beginning. IFS found credit insurance to be invaluable in managing risk in its overall export portfolio. The company exports to diverse customers in 80 countries worldwide. Credit insurance has empowered IFS to maximize its global revenues not only among its current customer base, but to new buyers as well.

IFS' success is due in large part to its competitive edge—an edge that its credit insurance policy helps to sharpen. With the ability to approve credit limits faster and offer open terms where its competitors can't, IFS enjoys a major advantage in the marketplace.

"Credit insurance puts us in a better position than the competition," said Libasci. "Most of our competitors are manufacturers that require guarantees or letters of credit. Credit insurance eliminates the need for those tools and lets us concentrate our efforts on what we do best."

"Credit insurance has allowed us to take on customers and transactions we wouldn't have felt comfortable taking on by ourselves. It has not only allowed my company to take on larger deals, but be more liberal in terms, and the result has gone straight to our bottom line. Euler Hermes has been a great partner in helping increase our sales."

– Mike Libasci, President of IFS

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THE OUTCOME

Euler Hermes collaborated with IFS' leadership to craft a flexible policy that reflected its unique business structure. IFS began to rely on Euler Hermes as an extension of its internal credit team. With economists and expert underwriters present in more than 50 countries, Euler Hermes is close to IFS' risk, thus able to make quick and reliable credit decisions for the company's multinational portfolio.

"We had considered this product in the past but could not find a policy that fit our needs," said Amy Schweng, Chief Financial Officer of International Fleet Sales. "It was very clear from the start that Euler Hermes really understood our business. Our agent showed us how we could benefit from a policy and collaborated with us to put the pieces together of this great tool. They have been a great partner ever since."

The threat of a bad debt loss is a risk for every business, especially for companies buying and selling internationally. Credit insurance mitigated that threat for IFS while empowering its growth. The company's leadership has enthusiastically leveraged its Euler Hermes policy by making it a central pillar of its growth strategy.

"In the short time we've been with Euler Hermes, we're already seeing a great return on investment," said Libasci. "We've brought in deals we would have turned down before our policy was in place. Before credit insurance, I was not sleeping at night. This product is changing the way we do business."



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