

## Case Study: Safe Sales Expansion

### Company:

Scrap metal broker serving steel mills and foundries

### Situation:

The Company had a new business opportunity for a significant dollar amount, but lacked substantial credit information in order to approve the requested credit limit. The Company's customer would not release any financial or banking information to them directly.

### Operating Facts:

- Requested Credit Limit: \$750,000
- Gross Margin: 4%
- Account Turns per Year: 8

Credit function handled by the Company's Credit Manager

### Objective:

The Company was trying to determine if it was prudent to do business at this level of exposure and needed a way to get a deeper understanding of their customer's credit profile.

### Results:

ProfitGuard acted on behalf of the Company and requested financial and banking information from the customer under a Confidentiality Agreement. The customer felt comfortable disclosing this information to ProfitGuard as a third party under this agreement. As a result, ProfitGuard was able to get a deeper understanding of their overall credit profile and, in turn, approve the requested credit limit in full. Upon ProfitGuard's recommendation, the Company was able to take on this new business. Additionally, the Company utilized ProfitGuard's Credit Alert Service, in order to monitor any changes in credit risk for a year. The Company not only secured the business, but was able to take advantage of ProfitGuard's relationship with the customer to proactively monitor the risk going forward.

### Profit / Payout:

Sales Opportunity:	\$750,000
By Account Turns per Year:	<u>8</u>
Incremental Annual Revenue:	\$6.0 million
By Gross Margin	<u>4%</u>
Incremental Gross Profit	<u>\$240,000</u>

**Full-Service Platinum Subscription\*** \$4,000

\*The Full-Service Platinum Subscription is not limited to one customer as portrayed in this scenario. To learn more about ProfitGuard and what our subscriptions include, please contact sales at 866-990-1099.