altares

Part of Dun & Bradstreet's
Worldwide Network

Credit
Monitoring

**Identifying the risks and opportunities
for your organization**

A credit check upon customer acceptance is valuable, but it is also immediately out of date. The real credit risk actually only starts after you have accepted a customer.

The solution: monitor the financial health of your customers in real time using up-to-date credit information, predictive indicators, scores and alerts. Discover in this paper how the whole business can benefit from credit monitoring.

Reliable data: indispensable for a good credit management strategy

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Credit management is constantly changing. Finance departments have already switched from binders full of paper to spreadsheets, but now we are seeing fully automated credit systems taking over a large part of the tasks. One thing remains unchanged: in each process, the credit manager will always have to deal with customer and prospect data.

Automated solutions can be used to improve and speed up credit processes. Automation can be used in various areas. You can automate all the customer acceptance processes, for example, but automation also helps to provide the ultimate customer experience. For example, this could include automatic 'thank you' emails upon payment or automatically generated payment reminder emails to customers (i.e. lower DSO, higher customer satisfaction).

Due to the high degree of automation and digitization, data is playing an increasingly large role in today's finance departments. The traditional credit manager is suddenly being given responsibility for aspects such as data governance and data quality. After all, automated credit solutions base their decisions on data. The data on which these decisions are taken must therefore always be accurate, complete and reliable.

Credit data for the entire organization

The life of the credit manager is made a lot easier when other departments can also make credit decisions without your intervention. Take the sales department, for example: It's better to be too early than too late when it comes to decisions about the creditworthiness of a new customer. How ideal is it if sales teams themselves have access to data that allows them to see which payment terms are preferable?

Real-time data on customers and prospects offers a solution for this. With a data supplier such as Altares Dun & Bradstreet, you can realize customized scoring solutions. Such a solution not only puts historic credit data at your fingertips, but also predictive models and indicators.
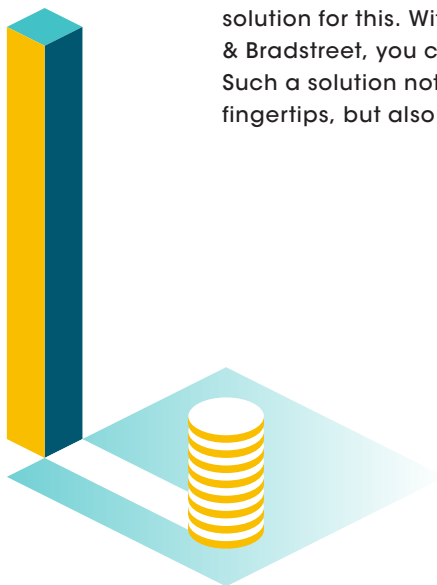
The next step: credit monitoring

Customer acceptance is certainly valuable, but see it only as a snapshot. The underlying credit check only says something about the here and now. Because the financial health of companies is constantly changing, a credit check is by definition immediately out of date.

Do you continuously monitor your customers? This prevents nasty surprises and enables you to take timely measures and reduce your DSO. Such as introducing payment terms when you see that the creditworthiness of a customer changes. If you are getting a positive signal, that means extra sales opportunities. Plus: if you really know your clients – including their creditworthiness – you can serve them much better.

Your customer's payment behavior is particularly important in monitoring. This is because, if all goes well, this involves real-time data that relates how a company is doing now. The D&B Payment Score, also known as the Dun & Bradstreet Paydex®, provides an objective assessment of the speed with which a company pays its invoices. The score is right up to the minute, because within the DunTrade® Program, Dun & Bradstreet receives payment experiences from independent companies each day.

How your business can benefit from monitoring

Do you have a constant financial finger on the pulse of your customers thanks to up-to-date and high-quality data, well-considered predictive indicators and smart scores? There are three advantages to this.

1 Avoid losing money

Many companies exert internal pressure to accept as many new customers as possible, and to sell as many products or services as possible. Nice, until – always too late – the alarm bells start ringing because no payment has been made. Monitoring enables you to predict which customers will go bankrupt or run into payment problems. So you can then adjust the credit limit or insurance cover. Or increase the price of your product or service based on the risk.

(2)

More business because customers turn out to be bigger

An alert for increased creditworthiness means a sales opportunity! Increase the credit limit, for example, so that sales gets more room to do business with a customer. It also means that this company is doing very well, so there are more sales opportunities. As an aside, are your sales people also involved in the credit check and monitoring? If they are, they will look more critically at new prospects and get a better picture of the risks and potential consequences for your organization.
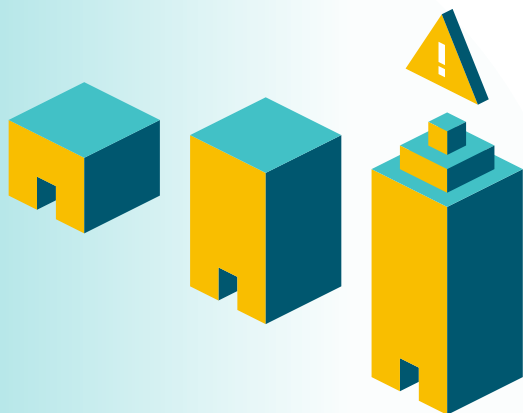
3 Commercial opportunities and reduced risks due to family structures

With monitoring, you can also look at the family structure surrounding a customer. Family connections can pose risks, but also offer opportunities. For example, a parent company that has issued a declaration of liability. Or a sister company of your client that is in financial problems. Especially in the case of international business structures, it is crucial to have and maintain a good overview of the family structure.

An additional advantage: if you research group structures, you may discover subsidiaries, branches or franchisees with which you can also do business – and with which you already have a good introduction.
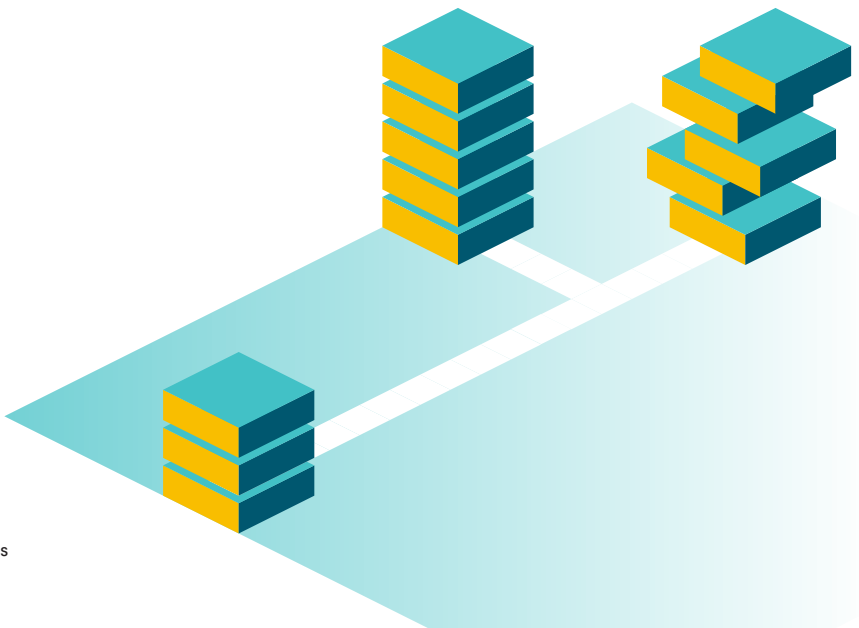
# Monitoring credit risks in practice

Do you want to get started with monitoring? First, we plug your systems (your CRM or ERP, for example) into the Altares Dun & Bradstreet Data Cloud, the world's largest corporate database with records of more than 400 million companies worldwide.

Altares has real-time data on, among other things, payment behavior, collection information, corporate structures, turnover figures and balance sheets. This data is processed into score models, which give a score per customer. This creates a business file of data, predictive risk indicators and scores on, for example, bankruptcy risks and payment behavior.

If there are negative or positive changes within your client portfolio, you receive an alert about them. Open door: only current and high-quality data leads to the right alerts. This is why we use the DUNSRight quality process, which guarantees the timeliness, completeness, reliability and consistency of the data from our 30,000 data sources worldwide.

If you are interested in the possibilities for monitoring credit risk within your company, please check out our solutions for credit risk management.

Data, Altares and innovation
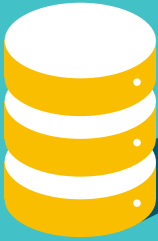
Altares Dun & Bradstreet is keen to help you with smart insights into your own and external data, to enable continuous innovation. We help organizations to create a corporate culture in which data as a strategic weapon is a top priority.

Why? Simply because we believe in the power of structured data that is used for a specific purpose. Our team is passionate about data, analytics and innovation. For this reason, we are not just advisors or helpers, but inspirers. Our Dun & Bradstreet data cloud is an inexhaustible source of information, with insights consulted daily by 90% of all Fortune 500 businesses.

Get inspired by the stories of our customers:

alpro

Efficiency through insights from the D&B data cloud

"We have full confidence in our many years of cooperation with Altares Dun & Bradstreet, and once again they have shown that this confidence is deserved. With Portfolio Manager, Altares Dun & Bradstreet has been able to help Alpro set up a sustainable business strategy from ad hoc to a continuous basis."

TO CASE ›

Manpower

Towards a data-driven approach: the renewal of Manpower

"Thanks to the close cooperation with Altares Dun & Bradstreet, my colleagues on the shop floor noticed as little as possible of the renewal process. This made it possible for us to introduce my colleagues at Manpower to our data-driven approach very gradually. It also reduced the complexity of the work and the required knowledge of the tool."

TO CASE ›

tyco
Security Products

Custom solution sharpens business orientation

"Our process of credit assessment is not only faster, we have more qualitative insight, it is universally usable and it enables optimal cooperation between credit management and sales. This makes it more than just a system for setting credit risks and limits. It really reinforces our business orientation."

TO CASE ›

Smart insights to shape your future

WE believe data is only valuable when it has a purpose

WE guide you through this ever-expanding data universe

YOU create a company culture where data is empowered to be a strategic growth change-driver

DATAaltares

Are you curious to
find out how we can
help your organization
innovate?

Please contact
our consultants.