

How proactive solutions transformed the cash flow management of a thriving manufacturing business

A Client Success Story from GH Technologies

As a manufacturer and distributor of machine tools that was steadily gaining traction in the UK market, Harvey Tooling approached GH Technologies for assistance in managing their increasing number of customer credit accounts.

The Problem

An increasing amount of bad debts to the business.

- **Nature of the problem**

More of Harvey Tooling's smaller customers were struggling financially and going into liquidation (the amount written off as bad debt in 2013 was £14,000, compared to only £8,000 in 2012), and if they did so with outstanding debts, the amounts had to be written off as uncollectible. By not pro-actively monitoring their customer's accounts, Harvey Tooling was risking increased financial losses.

- **Scope of the problem**

As well as having a negative impact in financial terms, the issue was affecting morale of the credit control team, as extra work was required to deal with customers who had gone into liquidation, and legal action was often being taken before it got to that stage.

- **Impact of the problem**

The financial impact of the problem was measureable in terms of the amount of bad debt that was written off in 2013, and also in terms of solicitors' fees, credit checking and the daily phone calls made to customers.

The Solution

Harvey Tooling was already using GH Technologies' ERP software for the day to day management of the business, so the implementation of our credit reporting add-on package, GH Vision, was the obvious solution. GH Vision uses real time information from credit agencies to provide up to date financial and commercial information about customers. Reports can be tailored to the user's specific needs, and 'warning' information can be emailed directly at certain trigger points.

The Results

Following implementation of GH Vision in January 2014, Harvey Tooling's objective was to reduce bad debt write off to under £8,000, with quarterly targets set to measure progress based on previous years data and trends – £2,000 or less at the end of Q1, £1,000 or less at the end of Q2, £2,000 or less at the end of Q3 and £3,000 or less at the end of Q4.

The benefits of GH Vision were immediate, with £840 bad debt written off at the end of Q1, and less than £500 written off at the end of Q2. The credit control function are now able to proactively monitor their customer's accounts, manage credit limits with the help of real-time financial information and minimise risk at the first sign of financial problems by

"Our credit control function has gone from being reactive to proactive, and the project was a total success in terms of team morale, as well as having huge financial benefits to the business."

Richard Harvey, MD

- Reduced debtor days
- Reduced bad debt
- 4 month ROI
- Increased customer satisfaction
- Streamlined credit control process

working with customers and placing accounts on stop. An improvement in relationships with customers has also occurred, as customers who are struggling appreciate Harvey Tooling being able to work with them from the outset.

Harvey Tooling's MD Richard Harvey said, 'I was expecting to see results, but I wasn't expecting to see them so quickly. We're delighted with the positive impact GH Vision has had on our accounts department'.