

# Shell Chemicals Roadmap for value-added Credit Management

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## Quick Temperature check

- Who has a Credit policy?
- Do you have Management Information and KPI's to track performance?
- What is the number of Credit Staff in your organisation: who has more than 30? more than 20? Less than 10?
- How many ERP systems do you work with? (>10; >3; who has 1?)
- Is Credit perceived in your organisation as a back office function? Or a “Front office” partner with Sales?
- Rate your Credit performance: thumbs up? Thumbs down?

# Agenda

- Where can Credit add value?
- Our experience: where we started
- What does the journey look like?
- Steps to value-added Credit Management

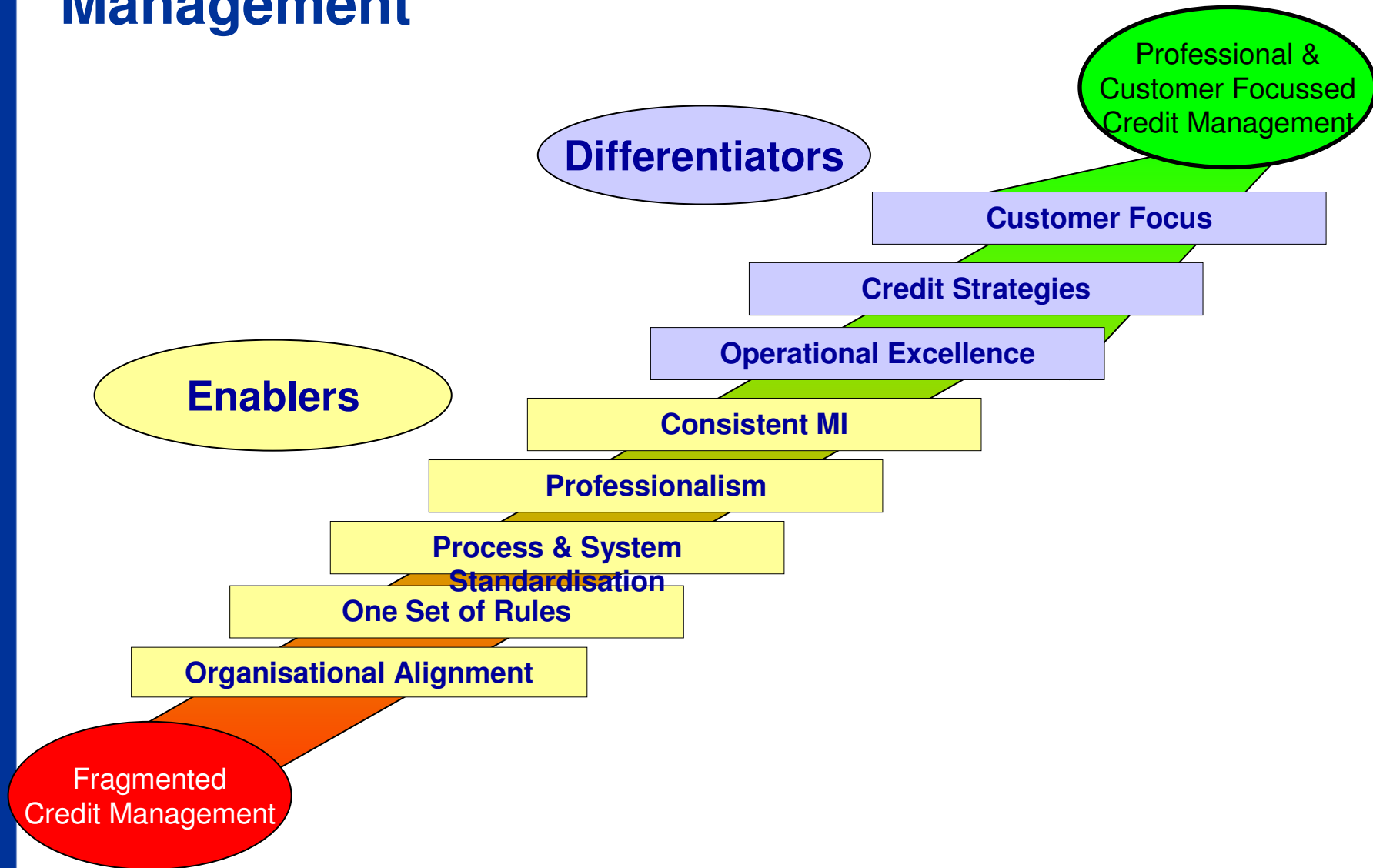
# Where Credit Can Add Value

- Reduce Trade Debt Overdues
- Structurally Reduce Customer Credit Terms
- Improve quality of the customer portfolio
- Mitigate Customer/Counterparty Risk
- Manage the Cost of Credit Management Operations
- Advise business on Risk versus Reward opportunities
- Help the business to Grow !!!

## Where we started

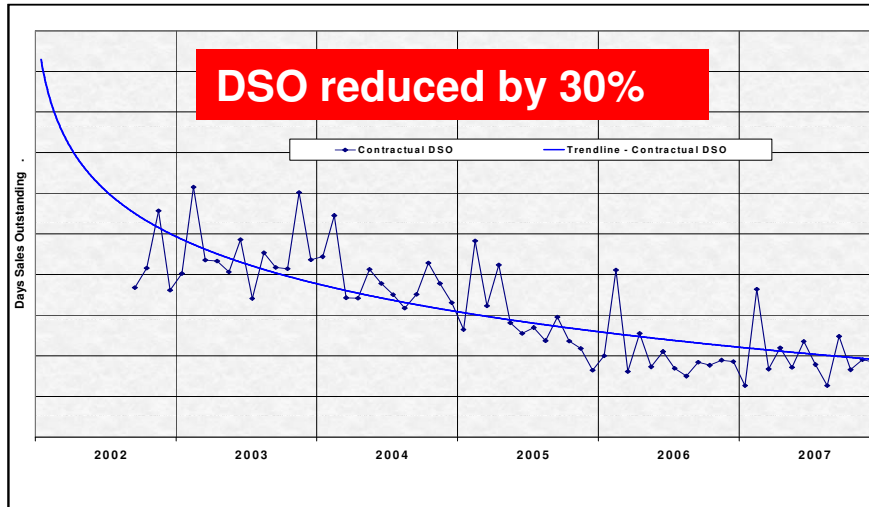
- ✓ Local & fragmented processes
- ✓ Decentralized approach
- ✓ Multiple ERP systems
- ✓ Internal focus
- ✓ Relatively isolated from Business
- ✓ No Credit target in Sales staff goals or performance appraisals
- ✓ Silo'd Credit Organisation

# The journey to Value-added Credit Management



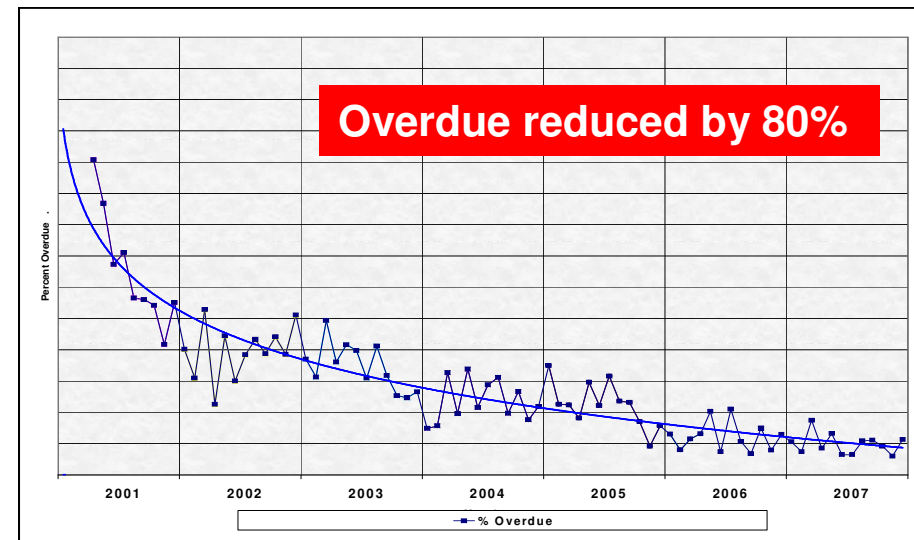
# First step - build the foundations

*'Top 10 actions with results...'*

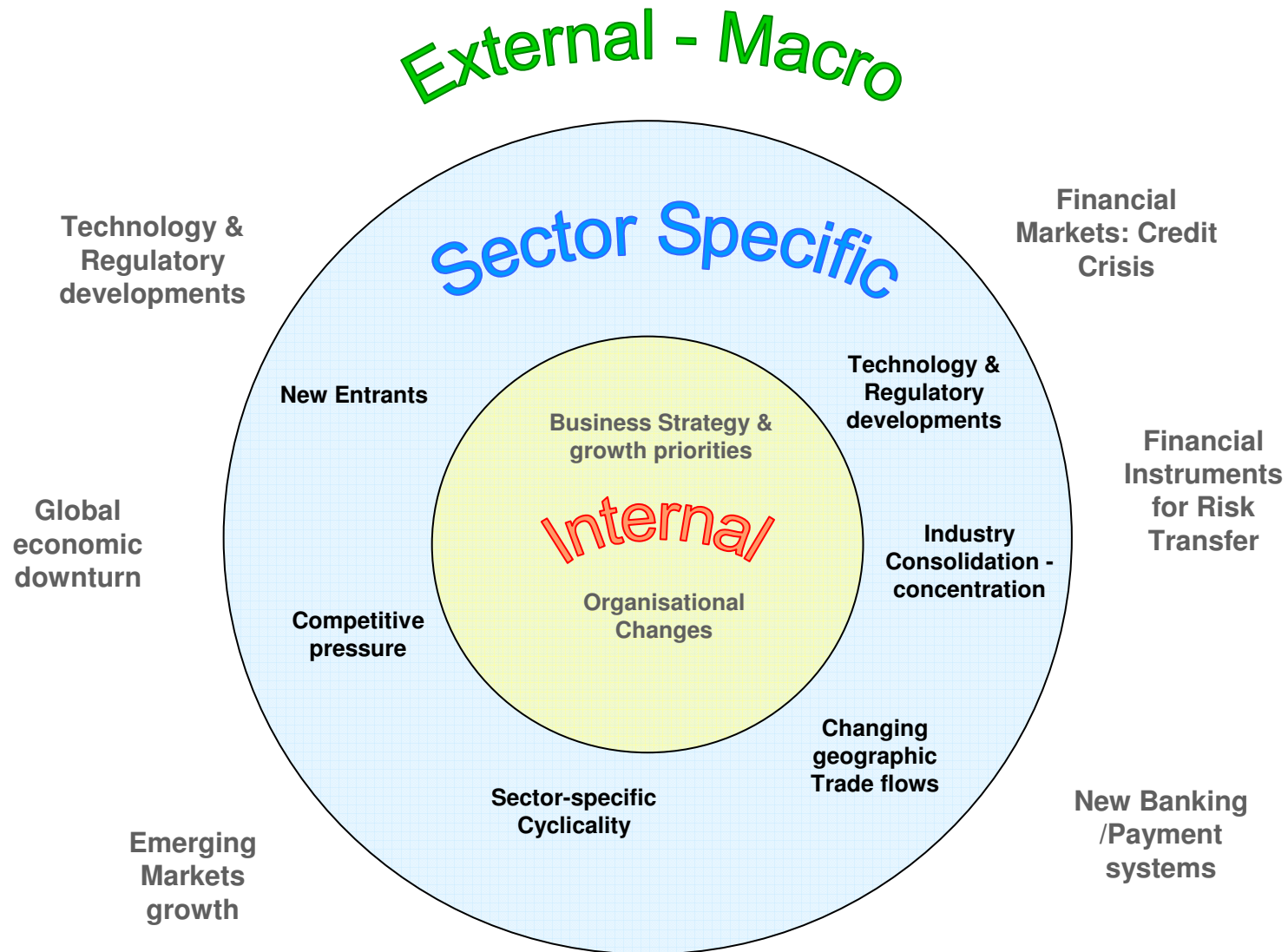


1. Ownership of OVERDUE KPI targets
2. Global system & standard processes
3. Focused Credit & Business Actions
4. Integrated Credit, Sales & Contracts process
5. Reliable, consistent, detailed MI and targets

6. Reporting matches Business Structure
7. Close co-operation with Customer Service Centres
8. Active pre-chasing & debt monitoring
9. 'Cost of Credit' Reporting
10. Training in Credit Process & Policies (incl. Sales, CSC and Legal)



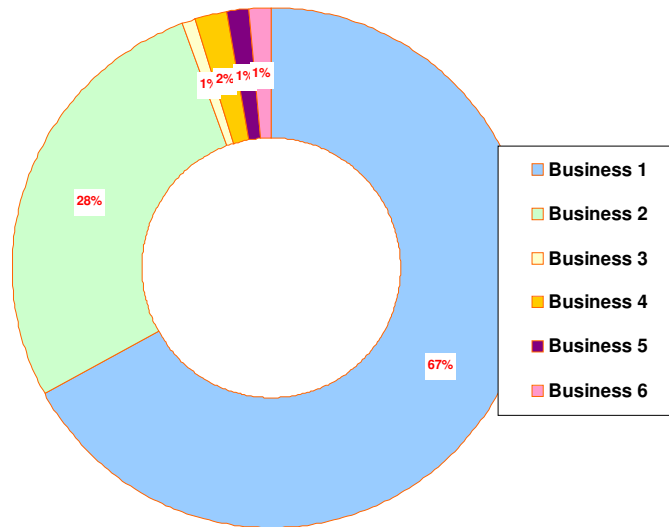
# Changing Environment



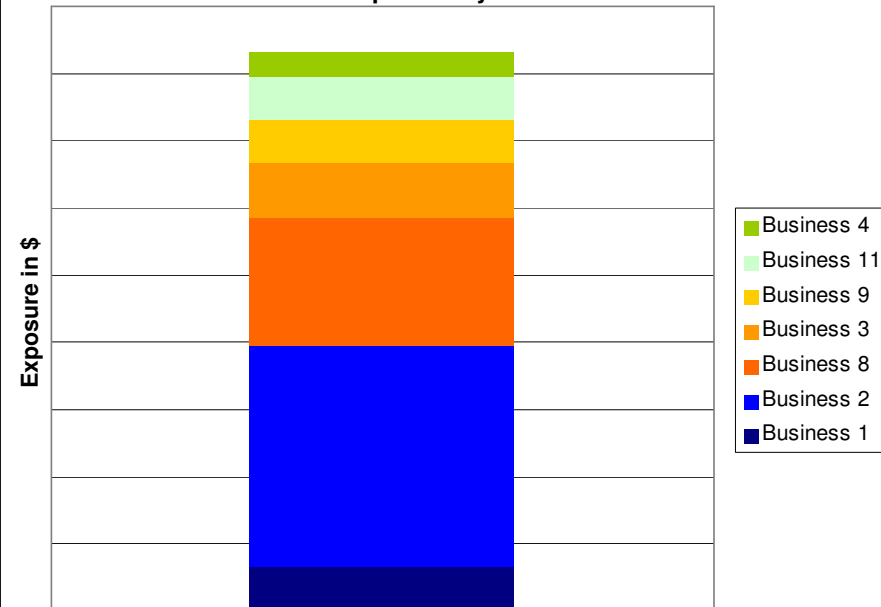


# Starting point is the Credit Portfolio

Portfolio analysis by Business Unit



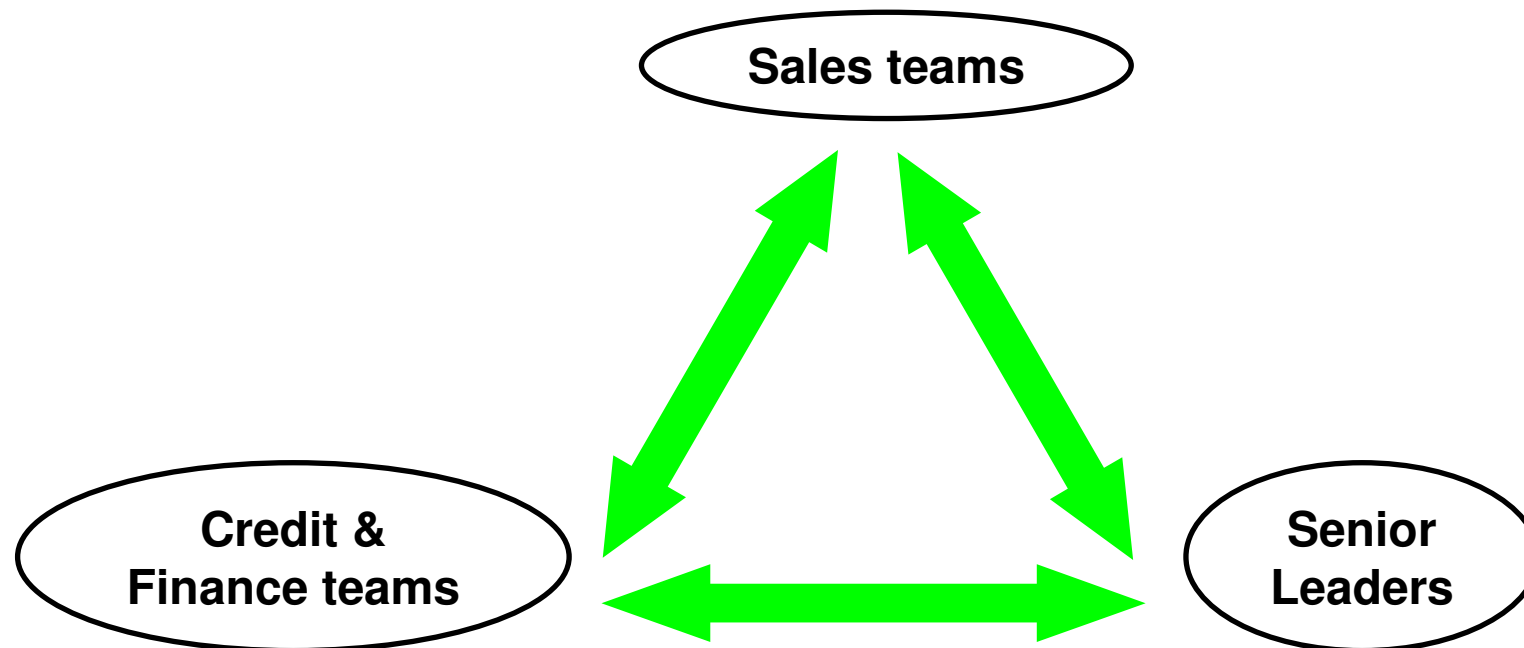
Credit Exposure by Business



Portfolio analysis drives focus on highest value areas:

- Concentrations of risk
- Growth opportunities

# Implementation - a joint responsibility across functions!



# Roadmap to value-added Credit Management

- **People** – Develop competences of your staff and recruit to build the right skills profile
- **Trade Receivables** – Take critical steps to get the basics right
- **Credit portfolio** understanding, and knowledge of wider business objectives and external dynamics
- **Partnership** with rest of the organisation to implement strategy – not just a Credit responsibility
- **Mindset:** Move from risk avoidance to “risk versus reward” approach