

Thinking outside of the box



Bob Lester runs a successful packaging manufacturing business, Rogar Products, in Hertfordshire. His Euler Hermes credit insurance policy has given him the confidence to expand and diversify his business.

Rogar Products produces corrugated packaging materials - typically boxes - which after being converted, printed and finished end up being used by many of the High Street chains. Started originally in 1981, Rogar has been credit insured with Euler Hermes since 2001 as Bob explains: "We're a family-owned and managed business, and like many small businesses, especially those involved in the print and packaging industry, we suffered our fair share of late payment and bad debts. The fear of having a bad debt was always with you, so I looked into credit insurance and my broker recommended Euler Hermes.

"Since then I have never looked back. Our credit insurer effectively tells me who I should and shouldn't be trading with. They use their vast knowledge to write limits on my customers. If they take a customer off cover, then the alarm bells are ringing. Of course I can take a commercial decision to continue trading with them, but I can do that in the knowledge that forewarned is forearmed.

"Put another way, if I have a new customer that I may be anxious about, if the credit insurer is prepared to write cover then it gives me the confidence to proceed knowing that I will get paid.

"With one customer recently I was looking for cover of c£50,000 and Euler Hermes was prepared to extend this limit to £70,000 which meant I was able to take on more business. I could only have done that with the support of a credit insurance policy behind me."

Like any insurance policy, of course, the proof of its effectiveness is often only usually apparent at the point one needs to make a claim. Again Bob Lester has no complaints: "I have had to make three claims over the last few years, the largest being £55,000 (gross). Although this wouldn't have taken the business down, it would have had serious consequences on our cash flow and profitability, and as a family business that would have been very difficult to swallow."

The good news is that Rogar Products is a company that continues to grow. Some of its customers may have fallen by the wayside, but Rogar is planning to expand. It recently extended its offering beyond the supply of corrugated packaging materials and now assembles the POS displays once they have been converted. This can mean anything from the cut-outs of Hollywood stars at the nearby cinema, through to point-of sale, displays and dump bins in retail outlets.

"I would recommend credit insurance to any growing company," Bob concludes. "It takes the fear of bad debts out of my business, and gives us the confidence to grow."