



If there is one word that Peter Lassman of Lasgo Chrysalis would choose to explain the principal benefit that credit insurance brings to his wholesale distribution business it would be ‘certainty’.

“I have the certainty that companies I deal with are not an unreasonable risk, but that if they should fail then I have the certainty that any major claims will be paid so that my business will not be affected.”

Another word he might use is ‘confidence’: “credit insurance gives me the confidence to take on new customers, safe in the knowledge that I will be paid,” he says. “But it also gives confidence to my suppliers. They know that if I am paid, they will be paid, and that a major failure of one of my customers will not ultimately result in their own collapse.”

Peter Lassman set up Lasgo Exports in a basement office in Oxford Street in 1978, selling LPs and cassettes. The company was acquired by The Chrysalis Group PLC in 1985 and became Lasgo Chrysalis in 2002. It is now one of the largest wholesale distributors of CDs, DVDs, books and vinyl to the traditional and non-traditional music market worldwide.

Peter has been a champion of credit insurance for some 25 years, and in all that time has held his policy with Euler Hermes UK. He has, over the years, been obliged to make a number of claims and some of these have been significant: “Being part of a major PLC it is wholly appropriate that our

trade is underpinned by credit insurance,” he says.

Credit Insurance works at various levels, all with the underlying theme of protecting businesses. At its most fundamental it protects against commercial risk, such as a customer’s unforeseen insolvency or protracted default. Failure to pay can just as easily occur in dealing with long-established trading partners as well as with new customers.

But credit insurance is also proven to bring significant benefits to a company’s credit management processes. These include the early warning that a customer is in financial difficulty, allowing the business time to withdraw from the relationship on a structured basis; assistance with targeting sales effort, focusing on profitable buyers and markets, and avoiding financially weak customers or politically unstable export territories; and access to high quality credit opinions on companies both in the UK and internationally.

It is this latter point – the access to quality information – that is essential to Peter and his team. “Working with Euler Hermes UK doesn’t just give me cover,” he says, “it also gives me information, and a further insight into what is happening in our sector.

Customer focus:
Lasgo Chrysalis

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“There are some potential buyers that we think are a viable risk, but that our insurer thinks otherwise. This doesn’t mean that we won’t do business with them, but it does make us question what our insurer knows that we don’t, and that makes us cautious. When cover is available (around 70% of all applications for cover are granted) we still do not trade up to the limit. Indeed it would be imprudent to do so. A limit should not be a target.”

Peter is also an advocate of the need for buyers to share information with the insurers more willingly: “The idea that financial information is ‘private’ is a nonsense,” he says. “Sharing information creates a virtuous circle. It helps the strong get stronger.

“More communication means that better businesses are concentrated in fewer hands. Margins are stabilised, profits improve and balance sheets are strengthened, all as a result of sharing information,” he concludes.

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