

know more / grow more

# Coface's "ear" for the cereal business helps to keep Origin growing

Origin Enterprises plc is a Dublin-based international agronomy company. Its core business is advising large cereal growers - helping them to make the right choices of fertilisers, seeds and crop protection. In 2015 they helped one UK farm to beat the world wheat yield record.

Since separating from the Irish Agricultural Wholesale Society and becoming Origin Enterprises plc in 2007, the business has flourished. Having expanded into Eastern Europe, it now has 46,000 customers in five countries and listed on the Irish and UK stock exchanges. Annual revenue in 2017 was €1.5 billion.

## The problem

Agriculture is a high risk business (ask any farmer, and prepare for a long conversation!). Pests, disease and/or adverse weather can all ruin any crop or diminish any yield at any time. Grain prices are famously volatile too, influenced by both local and global factors.

**"Credit terms are three to six months, rather than the conventional 30 days."**



### Company summary

International agronomy company, mainly advising cereal growers.

### Challenges

Customers' businesses are seasonal and subject to crop failures and volatile markets.

### Solution

Coface provides credit insurance flexible enough to work with the agriculture market.

### Result

Claiming is simple. Payment problems often solved without the need to claim.

### Slow to pay by nature

Even when nothing's going wrong, growers have to wait months between planting and harvesting for any kind of return on their investment. As Origin's Group Treasurer John O'Connell puts it "the farm cycle is spread over a year and the credit terms are three to six months rather than the conventional 30 days."

“Coface are a valuable source of information and will go out and meet a customer if necessary”



### Credit risks hard to assess

Then he adds another complication. “It can be difficult to evaluate credit risk in the sector because so many farms are sole traders and don’t file accounts.” In short, Origin’s customers don’t always pay promptly, there’s a high risk of default and their creditworthiness isn’t easy to evaluate.

### The solution

Despite so much risk and uncertainty, Origin proves that it’s possible to be highly successful in the agricultural sector, and their decade-long relationship with Coface is central to this. “Whenever we have had to make a claim under the policy, Coface has acted honourably and the process has been managed smoothly and expeditiously” says John. “The cover provided by Coface Global Solution is cost-effective, flexible and the terms and conditions are right for us.”

### Claiming is not always necessary

As all Coface customers know, the right result can often be achieved without the need to claim. “In one case” John O’Connell adds “the debtor had further assets and Coface was able to negotiate a settlement that reduced the amount outstanding to an immaterial level.”

### A good ear

In fact the relationship goes much deeper than just dealing with customer debt. “Coface has a very good ear for the agriculture market in the UK and Ireland,” says John. “Coface are a valuable source of information about potential and existing customers and will go out and meet a customer if necessary. That adds significant value for us.”

### Cutting down on admin costs

Flexibility is key. As John O’Connell also points out, it wouldn’t be realistic to apply for credit limits for every customer. Fortunately the terms and conditions of the policy allow Origin to only apply credit limits on new customers. After a year they switch to a formulated limit, but are still able to make claims as long as they have evidence of the customer’s trading history. “We only require dedicated limits for about 700 customers which helps us cut down on our administration.” says John.

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If you want to know more about the “know more, grow more” effect a credit insurance policy can bring to your business, talk to the experts at Coface on **0800 0856 848**.

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