

know more / grow more

Coface helps to keep Theory looking good, even when customers pay fashionably late

Theory is an international producer of luxury clothing, especially ultra-smart business wear for women. Founded in New York, Theory now operates worldwide with the EMEA division covering the UK, Europe, Russia and the Middle East.

The problem

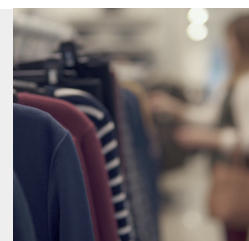
The company's main business challenge is an unavoidable one, because it is integral to the business model of its main customers, who are fashion retailers including some of the world's most famous names. As Syed Nauman, Theory's EMEA credit manager, puts it: "Retailers buy many months ahead of time, but there are many variables which can affect sales and have an impact on payment times."

"A boutique may struggle to sell winter clothes because it's 20°+ outside"

Summer fashion, wintry weather

He is referring to the industry's extreme sensitivity to factors beyond its control, above all the weather. Fashion stores have to order their stock months in advance, yet they know that an unseasonably mild winter or cool summer can always rain on their parade.

Theory



Company summary

International fashion house specialising in workwear for women.

Challenges

External factors such as weather can affect fashion retailers' ability to pay suppliers.

Solution

Coface enables Theory to deal with retailers who don't look creditworthy on paper.

Result

Theory has been able to grow its business by managing the risk inherent in its sector.

Suddenly their stock rooms and shop windows are full of gear nobody wants to wear, so sales fall and cash fails to flow.

The solution

When Syed joined Theory he was keen to bring Coface onboard, based on previous experience. "Coface had already shown that they really understand our business. It is really important that Coface is so attuned to the way we operate, because all fashion businesses and wholesalers are so different."

Credit insurance should be a suit, not a straitjacket

Theory really appreciate the flexibility of Coface credit insurance, because it enables them to deal with the right retailers for their products. “There might be an independent boutique in Italy that stocks all the top brands and we should be there too.” says Syed. “But their credit might not look good on paper for all kinds of reasons.”

Assessing risk, not shunning it

His point is that Coface don't shy away from risk. Their policy gives Theory the discretion to trade with customers up to an agreed amount without having to apply for a formal credit limit. Furthermore, Coface are happy to trust the Theory team's expertise and the relationships they have built. “Our sales team have known them for a while and know they are a good store.”

Responsibility rewarded

Coface are also happy to trust Theory's professionalism, confident that they will take full responsibility for their credit management decisions and carry out proper due diligence on every credit customer.

Insight and knowledge will never go out of fashion

As well as credit insurance, Coface provide Theory with a wealth of information about trading conditions in the many countries in which they operate. With up-to-the-minute financial information about 80 million companies worldwide, plus reports on nations, sectors and industries, Coface can provide a complete picture of the credit risk involved in any deal.

More growth, more stores

This has enabled Theory to make informed decisions, and to thrive as a result. As Syed concludes: “Coface credit insurance has opened the door for more business by giving us the confidence to accept more risk.”



“They provide a wealth of information about trade risk in different countries.”

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](tel:08000856848).
