

GET TO KNOW DSO

(DAYS SALES OUTSTANDING)



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risks? No there is not. However, there is a palette of instruments; and with the right mix and consequent usage of these instruments success may be more thoroughly attained and maintained.

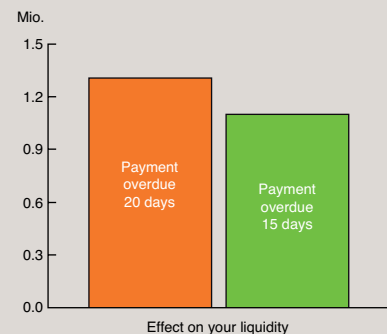
One important instrument is lowering Days Sales Outstanding or DSO. In contrast to turnover or margin the intrinsic value of DSO is all too often underestimated despite its substantial impact on business. It is not merely the extra burden on personnel and/or administrative functions to follow up on an unpaid invoice. More importantly, it means that invoices due are not being paid on time and that your company may be forced to find alternative sources of cash. Compounded by the current lack of liquidity on the marketplace, lack of capital may create a dire situation that could affect your company's bottom line results and ability to compete.

Before you embark on business abroad, investigate the ways of doing business in the country of your choice. What type

invoices as soon as possible in order to secure payment for sales and services rendered. Intrum Justitia can meet all your needs for international Credit Management Services and to minimize payment risks when doing business abroad. Thanks to our pan-European footprint and global partner network, Intrum Justitia's International Service Line can help establish a successful credit management strategy for your company's business around the world.

Even in times like now of global economic crisis and recession, the international business arena provides companies opportunities for growth and expansion.

Example calculation



Company E has a yearly export turnover of around 25 million EUR and every day generates a turnover of around 70 000 EUR. 20 day delay in payment means that 1.4M EUR is outstanding.

Reducing payment delay by just five days will improve the company's liquidity by 350 000 EUR. This is your money, money that can be re-invested to further increase sales or address other financial obligations. Keeping DSO at a low level helps your company stay competitive.

“Nothing can be considered sold until you have received payment. In the worst case, you’ve given a product or service away for free... Payment is completion of the sales cycle”

The marketplace has definitely changed; a more sober realism has replaced speculative euphoria. A re-focus on companies core competencies and classic tools to minimize risk and loss avail. Companies are simply focusing on what they do best to remain competitive in these demanding economic times.

Is there a ready recipe for conducting successful international business without

of contracts they use, what is the general payment term and delays in payment? It is important, that prior to accepting an order, the payment policy is discussed and agreed upon. Discuss interest percentages for late payments, use them and have action-plans for delinquencies.

The key to successful international credit management is to follow up on delinquent