

Accelerating business growth through a robust credit risk management process

At a glance

Company

Chong Cheong Foundry Works

Trade Sector

Construction

Market

Singapore

Challenge

The company had a time-consuming and inconsistent customer credit approval process that made it more difficult to win new customers and grow the business.

Results

A transparent credit assessment process that has helped deliver a significant revenue increase, and supported business expansion and acquisitions.

How we made it happen

We provide an objective assessment of buyers and the sectors in which the company trades and help it to align its credit management process.

Aims

Founded in 1963, Chong Cheong Foundry Works manufactures and distributes pipe systems to the construction, marine and industrial sectors in Singapore. The strong growth of these sectors means there are plenty of new commercial opportunities for the company. However, as Kelvin Teo, General Manager of Chong Cheong Foundry Works explains, the company was missing out on business due to its credit control policies: "Our challenge was we did not have a consistent approach towards assessing credit."

The need to consult different stakeholders with different risk considerations in every credit discussion meant that decisions took a long time to be agreed, which hurt the relationship with new and existing buyers.



We decided we needed a better way to decide what limits to set and whether or not we can take an opportunity. When we heard about Atradius' trade credit insurance and understood the company's international profile - how they are leaders in trade credit insurance and that they worked with a number of local banks - we knew they could provide a credible solution.

Kelvin Teo - General Manager, Chong Cheong Foundry Works Pte Ltd



Our role

We worked with Chong Cheong Foundry Works to introduce and implement a system for assessing the credit risk of new customers and managing credit limit decisions. Our support included evaluating and providing cover on the company's risk exposure so it could trade confidently through the pandemic and as it seeks to expand.

"The feedback from our sales and finance teams is that they have found Atradius very supportive – they are easy to work with, readily give advice and are always very responsive," explains Teo, adding, "the self-service digital platform is very user friendly. We get immediate feedback on whether the credit limit for a company is approved or needs further review, and if an appeal is needed, the process is seamless."

As a result of Atradius's support, Chong Cheong Foundry Works now experiences a more positive relationship with buyers, says Teo. "We now have healthier and more productive communication with our customers. We emphasize that we need to work with them to create a history of healthy payment behaviour in order to assess their credit and potentially provide better terms and limits."

Outcomes

"Our relationship with Atradius began in 2019 with a single policy and we are soon to take out a fourth policy," says Teo who adds that working with Atradius has helped the company grow its different businesses.

Teo explains: "The business unit which took out the first policy in 2019, securely navigated through the tumultuous period of pandemic and supply chain disruption. With improved market conditions, the team is able to trade with confidence and is on track to double revenues in 2022 compared to 2019, and we are projecting to continue that growth. In addition, having a more mature and credible credit control process has given our main investor the confidence to grow the business and invest more in us."

"Since working with Atradius, we have pursued new partnerships and invested into a number of companies knowing that we can expand our business activity with a consistent approach to credit management."



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About Chong Cheong Foundry Works Pte Ltd

Established in 1963, Chong Cheong Foundry Works Pte Ltd is a Singapore-based manufacturer and supplier of piping products to the construction, marine, oil and gas industries.

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