



Case Study

Industry: Manufacturing, Specialty Plastics
 Solution: Outsourcing of Accounts Receivable
 Results: Reduced delinquency, improved cash flow and internal controls

Summary

This multi-million dollar manufacturer of specialty polymers (plastics) approached RMS Mexico for assistance in reducing its delinquent account base and improving its cash flow. Their receivable portfolio consisted primarily of high balance key accounts, with a significant number in dispute due to invoice errors and other billing discrepancies. Delays in fulfilling customer requests for documentation further aggravated their customers and negatively impacted payment behavior.

Customer Profile

A strategic business unit of a world leading petrochemical and industrial manufacturer, this company supplies high-quality polymer industrial products that are fundamental to the quality of life in countries and communities around the world. They produce two major polyolefin derivatives, placing their parent company in the top 5 world polyolefins producers.



RMS Solution

After careful review of the existing practices, the RMS Mexico team initiated a series of actions to develop and implement standardized policies and procedures to guide collection activities company-wide. Among the actions taken were:

- Dispute resolution procedures created to ensure the prompt and effective management of disputes
- Customized, web-based database set-up to ensure all required documents are completed and included at the time the invoice is delivered.
- Implementation of Control Tables to schedule, track and verify the delivery of documents, and the pick-up of payments as required by each customer

Results

RMS Mexico provided the customer with an annualized \$84 mil (USD) cash gain and reduced their overall delinquency by over \$20 mil (USD). Improvements in document controls and the implementation of strict policies and procedures resulted in a reduction in customer disputes and improved customer relations. Among the key results:



- Decreased the 60+ past due amounts from \$26 mil to \$3.8 mil (USD) in the two years since inception
- Improved cash flow by \$7.0 mil per month, nearly doubling monthly cash intake versus prior periods
- Creation and implementation of policies and procedures governing dispute practices to eliminate customer frustration and thus improve their payment practices



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