

Credit management policy at Silver

Giuseppe Marzo

Introduction

Silver is a small-medium sized enterprise operating in the industry of food packaging. It has grown very fast during the last years, acquiring each year some new clients. However, it has never put attention to the creditworthiness of them.

Mr. Who, the Director of Finance, realized that Silver needed a sound credit policy.

To that end, he collected some information (See file: *CS2 - Silver Credit Management.xlsx*; Sheet: *Data*) about 2017 revenues and trade credits reported for each customers. He also collected information on agreed DSO and delay on agreed terms. He added to the above information, some financial figures coming from the 2017 financial statements of Silver's customers (values in k€):

- Sales turnover
- EBIT
- Net Working Capital
- Fixed assets
- Total Assets
- Share Capital
- Retained Earnings
- Book Value of Equity
- Book Value of Total Liabilities

He has also prepared Silver's reclassified Financial Statements for the year 2017 (See file: *CS2 - Silver Credit Management.xlsx*; Sheet: *Silver FS*)

His goal is to start setting a sound credit policy, and for this purpose, he has scheduled a meeting with Mr. What, the Director of Sales, and with some other colleagues.

Your goal

Your goal is to help Mr Who to analyse all the data he has collected, and to set the trade credit policy for Silver. In particular, using all information contained in the file *CS2 - Silver Credit Management.xlsx* you are expected to suggest a viable methodology for designing such a policy.

How to enrol

Application. The representatives of the groups willing to enrol on the case discussion must send an email to mrzgpp@unife.it (Object: **CS2 – Application**), specifying the name of the group. Deadline: 18 November 2019, 1:00 PM

Report. The representative must send the (draft of the) presentation in PowerPoint format to mrzgpp@unife.it. Deadline: 20 November 2019 1:00 PM

Presentation. Presentations will be delivered on 22 (and 28 November 2019, depending on the number of applications). Each student of each group is expected to present. Time allowed for each group: 15 minutes for presentation and 5 minutes for Q&A.

For each presenting group, a group discussing the presentation will be indicated. The list of the groups presenting and discussing the case study will be sent to the representatives of the groups and each representative is also requested to send the draft of the presentation to the representative of the group acting as a discussant.

The order of presentations will be communicated by email.

Special Points: Students can earn up to 3 special points.