



In the past few years the funding requirements of the animal rearing solutions company INVE in Dendermonde (Belgium) grew faster than its business. In 2006 the company once again had to sit down with a banking consortium that included ABN AMRO and Rabobank. The banks were positive about the multinational, but required the company to better substantiate its funding requirements and focus on working capital management. Zanders was called in during the negotiations.

François van Caesbroeck, financial director at INVE: “We ourselves saw the priorities differently. But in retrospect it was absolutely worth the effort.”

Better insight into working capital management for INVE

Zanders – expert in the area of working capital management – was called in at the banks’ recommendation. “Using a short scan we demonstrated that the cash conversion cycle (CCC) could be optimised considerably”, says Bas Rebel, manager at Zanders. The scan highlighted that substantial liquidity could be unlocked from the working capital, as long as the focus was shifted and incentives were better coordinated. “But we also noticed that the immediate

need for working capital financing was greater than estimated; you do not realise improvements overnight and the growth in turnover was real. We helped INVE to understand its need for working capital finance. INVE shared our observations with the banks, which improved mutual understanding and trust. The banks provided the credit needed to produce for and service a growing list of clients.”



▲ From left to right: François van Caesbroeck (finance director INVE), Maud Delrue (treasury manager INVE) en Bas Rebel (manager Zanders).

Better relationship with banks

The involvement of Zanders certainly helped improving the mutual trust between INVE and the banks. “We ourselves knew that this company was worth the effort to invest in, but now the banks recognise this as well.” Financial director François Van Caesbroeck elaborates: “You actually don’t hear from the banks anymore and that gives us the time to work out the recovery of the INVE group.”

Improving mutual understanding was not the only challenge Zanders found itself faced with. The scan highlighted a number of areas where working capital management could be improved. Together with INVE the findings were translated into a project aimed at the creation of awareness, setting real targets and introducing adequate reporting. The result is that INVE now has insight into the actual need for working capital financing at every location and is now able to access this at any time.

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Workshops on working capital management

A large group of general, finance and sales managers was confronted with INVE’s need for working capital during three types of workshop. Zanders opened every workshop with a ‘lecture’ on working capital management. “We used the knowledge obtained during the scan to explain to participants to what degree they could improve the operating result by optimising the cash conversion cycle”, says Rebel. “Everyone can work out that a CCC shortened by ten days will save EUR 2.7 million in funding requirements on every EUR 100 million turnover. The key question is how to shorten the CCC without damaging the business. Without the people in the company that is impossible,” Rebel says.

The drivers and reporting needs were determined together with the executive management. The Business Unit managers were asked to set real targets and think of concrete measures that would fit in with executive management’s overall objectives. The third type of workshop focused on sales and finance managers of local companies. This workshop was also aimed at the people whose work create the need for working capital funding. Local sales and finance managers were not only given targets, but also informed how they could contribute to improving the funding position of the company.

There was a hesitant attitude at the start of each workshop. But this reluctance soon made way for enthusiasm. “After each wrap up

participant enthusiastically continued discussion at the bar. And that is a good sign of course. It means that the topic is close at their hart and they feel committed to the result,” says Maud Delrue, treasury manager at INVE and project leader. Rebel says that the spotlight was on exchanging ideas. “We deliberately opted for participation and the individual’s creativity. This creates ownership of the solution.”

WCM Tool

At the same time a special WCM (Working Capital Management) tool has been implemented. INVE takes information from the local systems and now has insight into the costs of trade credit and overdue payments on a daily basis. “This information is not only used for reports, but is also instrumental in adjusting the working capital,” says Delrue.

The project on working capital management is as good as completed and the first results are very promising. The Aquaculture division in

particular has made great progress in the area of working capital management. Van Caesbroeck says an important step has been taken, but INVE still has a long way to go: “It is actually an ongoing process. There will probably be a second round of workshops to further increase awareness.”

Standing on its own two feet

Although there was some scepticism at first, Van Caesbroeck is highly positive about the cooperation with Zanders. “It was forced upon us to some extent. We ourselves saw the priorities differently at the time. But in retrospect it was absolutely worth the effort, for Zanders has the expertise. Moreover, it is easier for an external party to convey certain topics to the staff. And they succeeded excellently in doing so.” For the time being both parties will remain connected via the banks. Zanders will submit reports as part of the loan agreement on working capital management at INVE. “That is maintenance work rather than anything else.” says Rebel. <

► FOR MORE INFORMATION ON INVE GO TO WWW.INVE.BE. CONTACT BAS REBEL FOR MORE INFORMATION ABOUT ZANDERS’ SERVICES IN THE AREA OF WORKING CAPITAL MANAGEMENT, TELEPHONE + 31 (0)35 – 692 89 89.