

# Intrum

MAGAZINE

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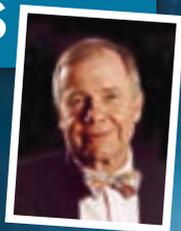
**MOBILISE  
YOUR CREDIT  
MANAGEMENT**

## **ACTING FAST ON LATE PAYMENTS**

Intrum Justitia improves the cash flow of leading gas company Primagaz

## **ICONIC INVESTOR JIM ROGERS**

"I don't think the Euro will survive in ten to twenty years' time"



# SAVING EUROPE

Can small firms pull us out of the crisis?





**Editorial:****The way forward for Europe**

**It is encouraging to** be able to note that there is increasing evidence that EU growth may be picking up some momentum. It's certainly encouraging that the EU's manufacturing and services output seems to be growing faster than expected, especially in Europe's economic powerhouse, Germany.

On the other hand, there is certainly no room for relaxation if Europe is to emerge successfully from the financial and economic storm that has swept fiercely from one end of the continent to the other, leaving too many national economies in a woeful position.

**In an exclusive** interview with Intrum Magazine, Singapore-based American investment guru Jim Rogers warns on page 12 that the only solution 'for Europe to get itself out of debt is to stop spending'. Blaming over consumption for the current debt crisis, he underscores the threat by observing that debt among European member states is higher than it was a year ago and the problem is still escalating.

On a more upbeat note, a survey by Intrum Justitia during the summer of 2010 revealed that Europe's small business owners and entrepreneurs are not sitting around waiting for the economy to

improve. All the evidence gathered points to them inventing new ways to create income and investigating new business models to accelerate growth.

**Our poll of** some of Europe's top economic brains, reported on page 6, reveals a strong belief in the ability of gutsy small business owners to provide the spark that will get Europe's battered economies moving again. There are an estimated 25 million small companies across Europe, which represent over 95 percent of all businesses and create up to 80 percent of all net new jobs, according to the European Commission.

Danish Primagaz is a great example of a mid-sized company that is expanding strongly beyond its own border, despite the recession. As you can read on page 15, one of the key factors behind the company's growth has been its pinpoint focus on speedily tackling late payment and debt as soon as it arises.

I hope you enjoy reading this issue of Intrum Magazine and trust it will provide insights that will inspire and help you.

Kind regards,

**LARS WOLLUNG, PRESIDENT AND CHIEF EXECUTIVE OFFICER, INTRUM JUSTITIA**

**IN THIS ISSUE:****RESCUE TEAM**

Europe's small businesses may be able to save us from the financial crisis.

**PAGE 6**

**ICONIC INVESTOR 12**

Financial analyst and investor Jim Rogers warns that a much worse recession could be on the way if governments do not stop overspending.

**FAST ACTION 15**

Credit management solution helps Primagaz, a Danish gas company, take quick action on late payments all over Scandinavia.

**SMOOTH CASH FLOWS 22**

Security corporation NOKAs, the third largest in the Nordic region, cooperates with Intrum Justitia to keep collection times as low as possible.

**THE IRRATIONALITY OF THE MARKET 05****ACADEMY: OPTIMISE YOUR INVOICING 18****INTRUM JUSTITIA SPONSORS IF STOCKHOLM OPEN 19****HOW CAN WE HELP YOU?**

We have several key reports, white papers and business cases that can give you insight into payment behaviour, trends and risks. We can also assist you in the acquisition stage.

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## Mobilise your credit management

**Advancements in mobile** technology, like the iPad, iPhone and Android phones, are creating new opportunities for credit management, as well as new risks. This year, for example, the first iPad app for loan documents was launched, enabling users to fill in and sign loan documents on their iPad. Created by Integrated Media Management, the app eliminates paper and enables the immediate archiving of signed documents.

**The CreditSafe Ltd app**, recently released in the UK, allows users to calculate debts

costs right on their iPhones. The calculator provides an overview of the amount of interest, late payment fees and collection costs that can be claimed from a debtor according to UK regulations.

**These new mobile tools**, however, can also generate unexpected costs. Users of the iPad, for example, can easily exceed their data usage limit without being aware of it until they receive their bill. Experts are therefore advising people to choose a pre-paid plan until they become more familiar with their data usage.



### More people struggling across Europe with debt

One European in six reports a constant struggle to pay household bills and three quarters believe that poverty has increased in their country over the past year. These are the key results from a new Eurobarometer survey on social impacts of the crisis, presented by the EU Commission in July. The survey, carried out in May 2010, marks the halfway mark of the 2010 European Year against poverty and comes after EU leaders agreed on 17 June to lift 20 million Europeans out of poverty and social exclusion over the next decade.

SOURCE [WWW.EUROPA.EU](http://WWW.EUROPA.EU)

### Royalty no exception to bad debt

News in August that Britain's Duchess of York – former wife of Prince Andrew – was facing possible bankruptcy prompted Louisa Parker, Head of Research and Policy at the Money Advice Trust, to comment: "Coping with unmanageable debt is a difficult experience no matter what your background." Some 70,000 people declared insolvent in the first half of this year in Britain, according to the British government-run Insolvency Service.

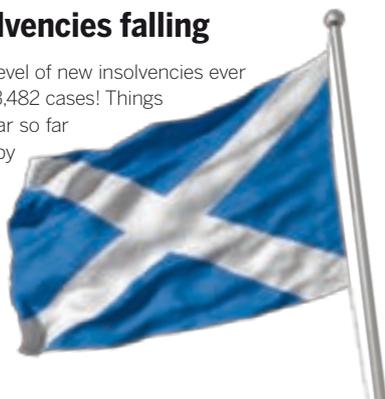
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## Scotland's insolvencies falling

2009 saw the highest level of new insolvencies ever recorded in Scotland – 23,482 cases! Things are looking better this year so far with bankruptcies down by 15.8% and personal insolvencies on the whole down by 14.6%.

SOURCE -WWW.THINKMONEY.COM



# Q & A

DAN ARIELY

Following the recent financial crisis, President Barack Obama – and numerous others – called for a return to common sense on Wall Street. Yet the research of behavioural economist Dan Ariely shows that people are in many ways fundamentally irrational. A professor at Duke University, Ariely has written two books on the subject, *Predictably Irrational: The Hidden Forces That Shape Our Decisions* (2008) and *The Upside of Irrationality* (2010).



**Q: What has your research revealed about irrational behaviour?**

A: What has surprised me the most is people's resistance to admit that they are irrational. We are willing to accept irrational behavior in other people, but not in ourselves. Wall Street trading is a perfect example of this. Traders think they will be able to exploit gaps and irrationalities in the market, when in fact in most cases there is no way that they can know more than the market.

**Q: What role did irrationality play in the financial crisis?**

A: It turns out that if you pay people to see reality in an incorrect way, they will be able to do it with no problem. Imagine I paid you five million dollars a year to believe that a mortgage-backed security was good product – it turns out you will be able to do it with no problem. What we find is that most bad behavior is done by good people who are cheating just a little bit but still feel good about themselves. One of the things that helps them to do this is seeing other people around them behaving in the same way. Another thing that helps is an ill-defined concept of what constitutes improper behavior. People are good at making ambiguities about rules benefit them personally.

**Q: What has changed after the crisis?**

A: In the last few years after the bailout, people feel differently about banks. They think, 'The banks have taken all this money from the government, and have fooled me into taking all this money, so screw them.' So the bank bailouts have created a new sense of justice among people about what's right and wrong. Bankers tell me that people used to not default enough. People would hold onto a debt when the best thing for them to do would have been to give it up. But not enough people did, because the idea of defaulting on your loan was morally reprehensible, though of course now it is much less morally reprehensible.

**Q: What can consumers do?**

A: People have gotten worse at financial management not because they have become more stupid, but because we have created new financial instruments, like credit cards and mortgages, that murky the water. I'm not a big believer in education as a solution, because I think it is going to be very tough to get people to be experts. Instead we need to develop instruments that are safer. For example, when you buy a house there are so many factors to consider. Everyone can't be experts, but we can create calculators to help them with these decisions.

Words Chad Henderson

# RESCUE TEAM



**SILJE VALLESTAD**  
Owner of Bipper



**THOMAS VAN DER JAGT**  
Owner of Fiscaliteiten  
& Jaarverslagen



**MICHAEL BREXENDORFF**  
Owner of  
Berlinerverhaeltnisse



**METTE PICAUT**  
Owner of M Picaut



**BETRAND LEPORT**  
Owner of Imhotep  
Design SARL





# LIFELINE TO EUROPE

Can Europe's 25 million small firms lift us out of the recession created on Wall Street? Intrum Magazine explores the role of small businesses in the Continent's economic recovery.

**WORDS:** DAVID NOBLE

**CONTRIBUTING WRITERS:** ANITA ARNTZEN, MAGNUS FALKEHED, GORM K. GAARE, JOOST VAN BRUG





**THOMAS VAN DER JAGT,**  
Owner of Fiscaliteiten  
& Jaarverslagen

“Without a healthy cash flow it's impossible to invest.”



**Why did you start your own company?**

“I started my own company in 2008 because I want to do things my way in the accountancy branch, since I feel a lot of things are being done wrong. I want to put my personality and ideas in

the business, which I can do with the total freedom of my own company.”

**How important is a healthy cash flow in your business?**

“Very important. Without a healthy cash flow it's impossible to invest in your company. Therefore you can't invest in your employees and customers, which means you can't invest in your future.”

**Have you had any problems with late payments?**

“I do have customers paying their invoices late, but I have no problem with it. As long as it doesn't affect your cash flow, which means that the percentage of late paying customers should be under 25 percent of the total, it shouldn't be a problem.”

**How do you handle that?**

“My relationship with my clients is based on trust. You can gain trust by standing next to your client instead of standing against them. It's not that clients don't want to pay, they just can't pay on time. As long as you make a payment plan and the client feels that you understand them, you gain more than by demanding payments.”

**What is your goal with the company?**

“My goal is to create a new discipline in the accountancy branch. This can be accomplished with the right company culture, with employees who understand how I want to do business with my clients.”

**W**

hen the recession hit Europe in 2008 it sent shares plummeting, bruised the banking industry, forced corporate insolvencies and left millions jobless when large companies sliced costs.

But a straw poll of Europe's top economic brains reveals strong belief in the ability of gutsy small business owners to provide the spark to get national economies going again.

“Small and medium-sized businesses constitute the vast majority of all European businesses, well over 95 percent, and they contribute directly to job creation, innovation, research and development in key sectors of the economy,” says Jay Mitra, founding professor of Business Enterprise and Innovation at the UK's Essex University. He told Intrum Magazine that “their growth and development is critical to any economic recovery.”

The European Commission (EC) for Regional Policy agrees wholeheartedly. Spokesman Ton van Lierop noted that up to 80 percent of all net new job creation in the EU came from small businesses. And he cited studies showing that high growth firms in particular account for between 50 – 80 percent of all new jobs created.

**Luca Iandoli**, professor of Innovation Management and Entrepreneurship at the University of Naples Federico II, also strongly

believes in the power of smaller entrepreneurial enterprises to help drive Europe out of the downturn, especially “if the innovative, high-potential enterprises get the right support.”

But Professor Iandoli does flag a warning: “Sadly, when it comes to creating an economic environment favourable to entrepreneurs, Europe still lags behind its international competitors, such as the USA, China, India and South Korea.”

The EC is acutely aware of the danger. EC spokesman van Lierop told Intrum Magazine: “It's true that SMEs in Europe experience less public backing than in many other parts of the world. For example, the difference in time it takes to form a company varies from one member state to another, stretching one hour to several weeks.”

**This summer saw** European Commission Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship, respond to criticism that not enough was being done to help SMEs (small to medium enterprises) by launching an EU initiative to promote entrepreneurship. Stressing that small and mid-sized firms run by dynamic entrepreneurs are the job generators of Europe, he said: “In rough times we need them more than ever to get the European economy going.”

Joanne Drake, director for the promotion of SME competitiveness at the Commission, says fresh impetus must be given to “the



**METTE PICAUT,**  
Owner of M Picaut

“If my retailers encounter problems with their cash flow, I’ll inherit their difficulties.”

**A few years ago** she conquered the world as a photo model. Now Mette Picaut is repeating her success with her own range of beauty products.

“Just like when I started as a model, I want to know how far I can go. France, the USA or Japan? The only thing I know is that the company both can and will grow.”

After her modeling career, Mette started experimenting with beauty products at home in her kitchen. The outcome is a line of ecological naturally clean products, packaged with a snazzy design that she produces and markets from an office in Gothenburg, Sweden.

“Ecological beauty products have been around forever. But they’ve always seemed a little fuzzy. I’m basing my products on Scandinavian design, and everything is produced here in Sweden.”

**What are the challenges?**

“The cosmetics sector comprises giants. Obviously it’s a challenge to compete with them. But it’s also an advantage. I can



quickly switch my production and marketing. I can respond to trends, and immediately adapt them into my products.

“Expanding rapidly is also a challenge. Sometimes you just don’t have the time. I need an external financial backer in order to grow further, but at the same time I don’t want to give away too much of my company.”

**What’s the aim of the company?**

“I want to take my products out into the world. During the time I was a photo model it was pretty cool thinking about just how far I could go – to France, the USA or Japan?”

**How important is cash flow?**

“It’s vital and that can be a problem. If my retailers encounter problems with their cash flow, I’ll inherit their difficulties. It’s happened but no one wants to get behind with their payments.”

**What do you do about it?**

“I’ve probably not been focused enough on the problem. I call or send a reminder, but I need a better solution.”



**SILJE VALLESTAD,**  
Founder of Bipper.no

“As a start-up, it is important to use both resources and capital wisely.”

**Why did you start your own business?**

“I was shocked to see that children as young as six were mobile telephone users, and I realized that my own six-year-old daughter would get her own mobile telephone much



earlier than I would have believed. I began to research the market for secure solutions for children, only to conclude that I was not satisfied with any of the few products that were available internationally. Therefore I started Bipper in 2007.”

**How important are healthy finances for your company?**

“As a start-up, it is important to use both resources and capital wisely. We are very conscious of keeping costs low and maintaining a low burn-rate. We made a fair amount of money recently, and this was also an important element for our new investors. Even if we now have a lot of liquidity, we have not changed the way we allocate these funds.”

**Have you had problems with customers who do not pay or pay too late?**

“Our business model protects us from this type of risk, because we offer a pre-paid subscription service. We hope to continue to avoid this problem.”

**What are the goals for the company?**

“Bipper was created with the international market in mind. Our goal is to become the leading, trusted supplier of secure solutions for children’s mobile phone services, and we are targeting parents directly and are working in conjunction with mobile telephone operators.”

Small Business Act, which sets a framework for rejuvenating the small business sector.” Yet, she admits there are limits to what Brussels can make national governments do to help SMEs get back to being job generators.

However, not all of the economic experts approached by Intrum Magazine believed that Brussels should help SMEs. UK Professor Ken O’Neill, Emeritus Professor of Entrepreneurship and SME Development and a holder of the Queen’s Award for Enterprise Promotion, is opposed.

“The EU should remove itself from interference and stop wasting huge sums of money on programmes that produce neither more nor better businesses,” he told Intrum Magazine.” The EU should concentrate on creating an enabling environment, not provider-led micro interventions replicated in every state.”

**Pasi Malinen**, Professor of Business and Innovation Development at Turku School of Economics, Finland, highlighted one major issue confronting smaller EU-based businesses that their counterparts in the USA do not face, for example.

“The USA is one big homogenous market, while the EU comprises masses of singular markets, each different in terms of culture, language and business activity,” Professor Malinen told Intrum Magazine.”

“SMEs are not bonsai Nokias where you only need add water and they will grow, they need help at EU level in areas such as being allowed to participate in bidding for public projects, something which only the bigger corporations are currently allowed to do. The EU must also make it easier for SMEs to obtain project funding faster than today where they can wait a year or more following approval of a grant.”



**MICHAEL BREXENDORFF,**  
Owner of communications agency Berlinerverhaelt-nisse

“One client didn't pay even half the bill after three years.”



**Why did you start your own company?**

“To have weekends off.”

**How important is a healthy cash flow in your business?**

“Absolutely crucial.”

**Have you had any problems**

**with late payments?**

“Yes, one of our clients did not pay even half of the bill after three years. The problem is that we had to pay tax for the whole revenue because he hadn't gone bankrupt yet.”

**How do you handle that?**

“After awhile of getting no money we agreed on payment in instalments. This worked out for over one year, but several months ago the payments stopped completely. He offered us a barter deal, so now we dine in his restaurant with important clients. Even though it is very painful, we understand his situation.”

**What is your goal with the company?**

“Money. Power. Fame.”

But Europe's small business owners and entrepreneurs are not sitting around waiting for official support or the economy to improve. They are inventing new ways to create income, looking further afield and investigating new business models to boost profitability.

For instance, in the UK the recession has already sparked a spike in interest in setting up small businesses according to Business Link in London, a government-funded body that provides free business advice. A Business Link survey revealed that the economic climate and redundancy has fuelled a 21 percent leap in new business start-ups in the British capital.

**Patrick Elliott**, Chief Executive at Business Link in London, comments: “The business world is filled with success stories born out of redundancy. In any economic downturn, redundancies become a fact of business life, but it often fuels a wave of new entrepreneurs as people look to take control of their careers, turning their hobbies or interests into viable businesses.”

It's a trend playing out across Europe. A European Commission survey in late 2009 revealed 45 percent of all Europeans would like to be their own boss if they could, especially in Cyprus and Greece.

So what makes small businesses success-

ful? Professor David Smallbone, Associate Director of the Small Business Research Centre in Kingston, England, surveyed 500 small companies in the UK and New Zealand. His study discovered that a significant number – 28 percent - had actually improved their performance during the recession by adapting creatively to the crisis to find new approaches to the problems confronting them.

“The companies that did best were ‘ambidextrous’ - succeeding in becoming leaner and meaner as well as more adaptable,” he told Intrum Magazine. “They approached things differently, diversifying in an effort to give their business room to grow, trying to get into new markets or into different countries to sell their goods and bring in additional income.”

**So what conclusions** emerge from the Intrum Magazine survey? All those experts participating agreed smaller businesses are contributing hugely to saving Europe from the downturn. And the consensus is that those smaller businesses succeeding did so because of tactical actions: closer and more personal involvement, more careful management of income and credit, expenses and inventory, exploring new opportunities and keeping a wary eye on pricing. ▀



Jay Mitra



Ken O'Neill



Luca Landoli



Pasi Malinen



David Smallbone



Thomas Cooney

## We turned to some of Europe's top business and economic brains to find out more about small businesses.

**Q: Are EU small businesses at a disadvantage compared to their counterparts in the USA?**

**A:** Yes, because of both the insularity of firms and the over-protectionist approach of most EU governments.

Professor Jay Mitra

**Q: What should the EU be doing more of to help small firms?**

**A:** There is a limit to what the EU can actually do today except deliver regulations that can be applied at a national level and spotlight issues that need addressing.

Professor David Smallbone



**BETRAND LEPORT,**  
President of Imhotep Design SARL

“You start pleasantly and gradually raise your voice.”

**Why did you start your company?**

“I worked as art director at Saveurs, a food and travel magazine. But since starting my own business, hiring in help from outside and working for a number of different clients, I’ve never had a boring moment. I also have time to devote to something really fun: rearranging the entire magazine and their visual identity. Today I work for some of the top magazines in France, simultaneously. But I also have customers in Morocco. I’m having more fun and earning more.”



**How important is a sound cash flow?**

“It’s totally necessary. But I always need to have funds in reserve. The French media world is incredibly unorganised at many levels, and it’s all about

being able to foresee things as much as possible.”

**Have you had problems with late payments?**

“France has legislation that is supposed to require people to pay within 45 days, but in reality few respect that. In reality it’s actually 60 days.”

**How do you cope with that?**

“I try to negotiate. Those that pay on receipt of invoice are offered a five percent discount, for example. Otherwise it’s about pushing for payment through phone calls or email, starting patiently and gradually raising your voice.”

**What’s the aim of your company?**

“Today I’m working for three of the six largest media houses in France. The aim is to work with all six. Maybe even launch my own magazine on the side.”

**EPI:**

“Europe’s SMEs suffer”

Europe’s small to medium enterprises are feeling the heat, according to Intrum Justitia’s unique annual survey, the European Payment Index. This means cash-flow management is increasingly important and under pressure.

**250**

European SMEs employing fewer than this number of people suffer the highest proportion of write offs.

**3%**

is the proportion of write offs for SMEs in Europe, compared to the average across all businesses of 2.6 percent.

**10%**

of businesses feel the situation is set to improve over the coming 12 months, meaning that for European SMEs the economic crisis is far from over.

**52%**

of respondents in Europe say banks are not helping them.

**A:** We need real integration beyond monetary union and creation of a more open, free economic space at the European level. There is still too much bureaucracy and evaluation systems that are more focused on formalities than on actual results.  
**Professor Luca Iandoli**

**Q: What lessons have small businesses learned from the recession?**

**A:** First, don’t become over-dependent on bank finance (but they will), and second, hopefully, they will seek to better understand what constitutes credit-worthiness.  
**Professor Ken O’Neill**

**A:** I question that any have learned any lessons. The brutal truth is that in areas like credit management nothing has changed and late payment is as rife as it has always been. We will only get people to pay on time

if we have the legislation in place to enforce payment.  
**Professor Thomas Cooney**

**Q: What are the most profitable areas for start-ups?**

**A:** If you look at surveys, you will find that the most profitable areas to start a new business are not necessarily in hi-tech industries, but in more or less traditional professional services like accounting and legal consultancy, specialized healthcare, engineering and so on. The least appealing areas were listed as recreation services, food and beverage manufacturing, and specialty retailing. But history is full of examples of how a new invention or idea revolutionized industries that were considered mature.  
**Professor Luca Iandoli**

**A:** There are many areas, from the highly technical ones of bio-technology, nano

technology, ICT, environmental technologies and new media to health care, eco-construction, professional services, food manufacturing and retail, clothing, and social enterprises.  
**Professor Jay Mitra**

**Q: What are the new areas for innovation?**

**A:** I believe you will find success where people with different backgrounds join forces – creating open innovation in practise. There are many cases of European SMEs using an open innovation approach, which big companies tend to ignore because they want to control the innovation process. My recipe is: combine different talent with different backgrounds, take advantage of new business models, and voilà: you’ll have hundreds of Skype-like innovations.  
**Professor Pasi Malinen**

# JIM ROGERS

## — INVESTMENT EXPERT

“The only solution for Europe to get itself out of its debt mess is to stop spending. And do it now rather than later,” says investor Jim Rogers. While this will cause a backlash of unrest, the consequences, he warns, will be much worse if governments continue on their spending spree.

BY ALANNAH EAMES PHOTO MUNSHI AHMED

Iceland and Greece shocked the world earlier this year when they teetered on the brink of bankruptcy, but on the surface this seems to have blown over as analysts talk about the “global economic recovery”. So, are the European states out of the doldrums yet?

“Definitely not,” says Jim Rogers, a US veteran investor with more than 40 years’ experience behind him. “The debt amongst European member states is much higher than it was a year ago and the problem is escalating. The politicians are just making the situation worse.”

He blames over-consumption for the current debt crisis. “Governments simply

can’t keep borrowing money. It was over-spending that caused this problem in the first place; borrowing more money won’t

**“NORMAL COMPANIES HAVE TO SORT OUT THEIR PROBLEMS THEMSELVES. WHY SHOULD THE BANKS BE TREATED ANY DIFFERENTLY?”**

improve things. If the governments don’t do this themselves, eventually the market will say ‘shape up or no more funding.’”

He also blames the Central Banks, especially the US Central Bank. “Alan Greenspan

started by bailing out the banks, and then the UK and others did likewise. If Greenspan hadn’t jumped in to save the banks, Lehman Brothers would still be in business. They would simply have had to lay off people, cut costs, and in worst-case scenario, go bankrupt.”

“Normal companies have to sort out their problems themselves and if they fail, they go bankrupt. Why should the banks be treated any differently?” Rogers says matter-of-factly.

**While, Greece and Iceland** are considered the hardest hit in Europe, Ireland, Spain, Portugal, Estonia and Latvia, he says, are



### JIM ROGERS

Born in Baltimore in 1942, Jim Rogers co-founded the highly successful Quantum Fund in 1970, one of the world's first international hedge funds. In the early 1990s, he rode his motorcycle around the world, resulting in the best-selling book *Investment Biker*. A guest professor of finance at Columbia University's business school and a popular media commentator, Rogers lives in Singapore with his wife and two children.

## "I DON'T THINK THE EURO WILL SURVIVE IN TEN TO TWENTY YEARS' TIME"

not far behind. "But it's the UK I worry most about. The UK has huge internal and external debts and has had a balance of trade deficit for over 25 years. The trade deficit is getting worse because the North Sea is drying up and the City of London is drying up. I see nothing to replace these two big gaps in the trade balance, so the situation will continue worsening."

"The previous government left a gigantic budget deficit so the internal debts continue rising at a serious rate. I see nothing that can bail them out. At least the Euro countries have someone to bail them out (even if it is wrong). The UK does not have anyone to bail them out."

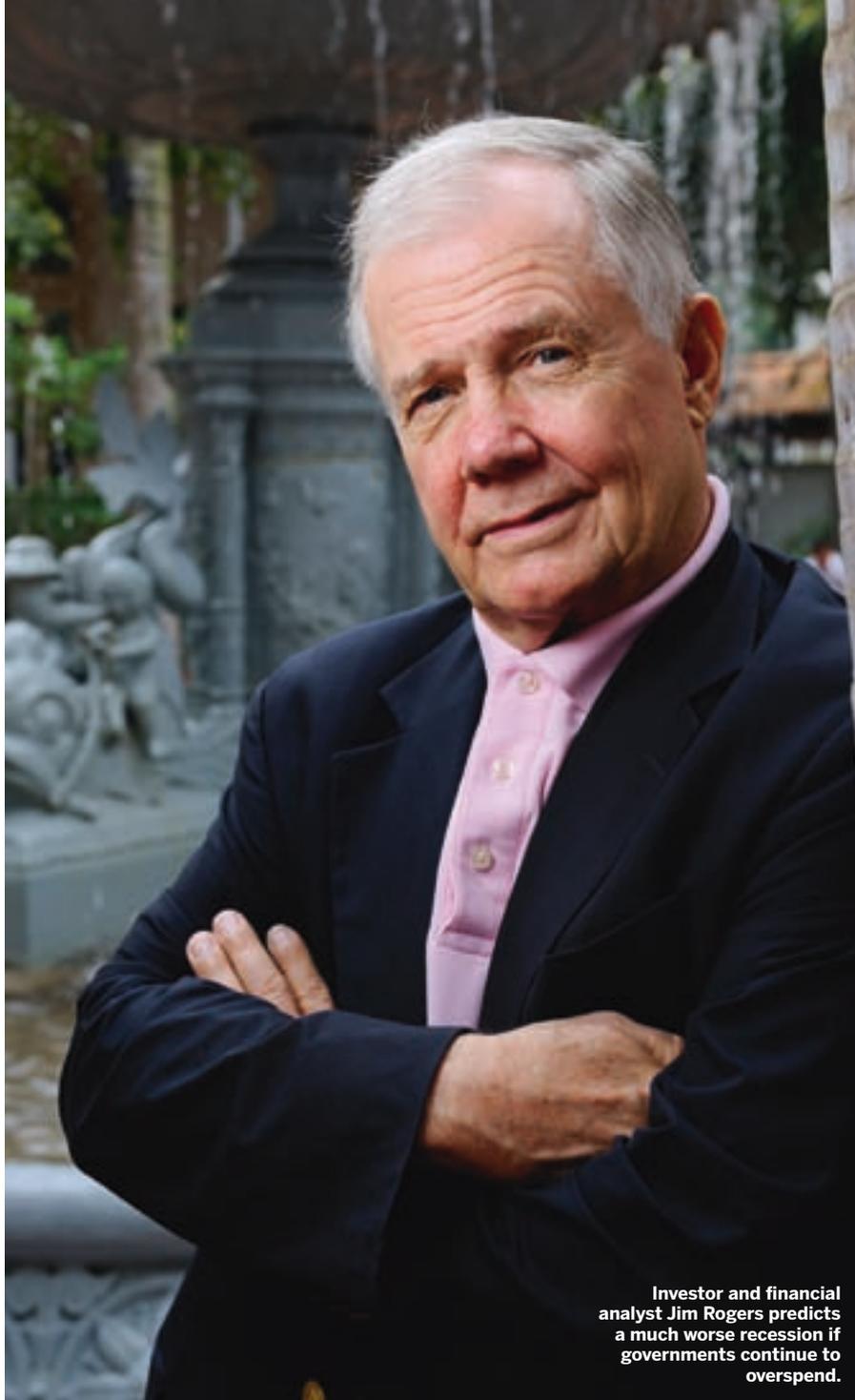
Rogers praises Ireland's harsh cost-cutting program. "They have approached their debt crisis far better than the US. Instead of implementing tax incentives and 'cash for clunkers' schemes, they have introduced an aggressive and proactive cost cutting program. I applaud what they are doing in cutting out things."

**European governments**, right now, he says have only one option if they want to become competitive again. "Just stop spending to get the economic situation back in order. They have to cut back now and face the backlash from the general public. If they carry on the way they were spending, the bond markets will crash and they will be in a much worse situation in a few years. The only other solution is to deflate the currency, but this will completely destabilize the Eurozone."

Looking ten years' ahead, Rogers says it's hard to say which countries in Europe will emerge "unscathed" from this crisis. "Traditionally, I would say Switzerland but the Swiss government took on a lot of debt when they bailed out UBS. The Nordic countries, maybe, but they have exposure in the Baltics. Central Europe has a lot of risk in East Europe. Turkey might come out ok."

In his opinion, it is the worst hit countries such as Estonia, Latvia and Iceland – "which has been through the ringer" – that will be doing better. "Let's face it, things can only get better in these countries as they can't get much worse, can they?" he says.

Does Rogers – who recently invested in



Investor and financial analyst Jim Rogers predicts a much worse recession if governments continue to overspend.

the Euro – see any future for the Euro? "To be honest, I don't think the Euro will survive in ten to twenty years' time as it is a political currency and is being influenced by too many bailouts. It's a shame because the world needs something like the Euro which could replace the US dollar in global trading."

**The economic crisis** has also resulted in an interesting swing of financial power, he says. "If you were smart in 1807 you moved to London, if you were smart in 1907 you moved to New York City, and if you are smart in 2007 you move to Asia."

So, it's no surprise then that this charismatic investor packed up his mansion in

Manhattan in 2007 and moved to Singapore with his family, where his elder daughter is currently learning Mandarin. "The best thing you can do right now is to learn about Asia and teach your kids Mandarin. That's the future," he concludes. ▀

### Jim Rogers' investment tips

"Buy low and sell high, always bear this in mind. Buy assets and real commodities as they will always hold their value regardless of whether the economy gets better or worse. Gold is high right now, but invest in more 'depressed' commodities like silver. And don't invest in failed or failing states or sell them short."



# Collecting late payments fast

Primagaz, one of Denmark's main suppliers of liquefied petroleum gas (LPG), has expanded its business across Scandinavia in recent years, aided by Intrum Justitia's credit management services. ▶

WORDS: CHAD HENDERSON PHOTOS: MARTIN OLSON ILLUSTRATION: JOHNNY DYRANDER

**W**hile other companies have been tightening their belts, Primagaz has continued to grow. In 2006 the Køge-based company opened an office in Sweden, and another in Norway in 2008, where it also acquired a cylinder company last year. Intrum Justitia's services and advice have played an important role in the company's expansion.

"You have to work fast and focus on bad debt as soon as it arises," says Jens-Anker Godtfredsen, CFO of Primagaz. "We haven't been hit hard by the financial crisis, since we focused on debtors and sent them earlier to collection."

This debt management policy combined with the growing popularity of LPG – one of the cleanest fossil fuels on the market – has enabled Primagaz to double its number of employees in five years, from around 40 to 80. Depending on the heating technology selected, liquefied petroleum gas produces 20-50 percent less CO<sub>2</sub> emissions than heating oil, and has hundreds of commercial uses.

"The gas is used in the plastics and automotive industries, in roofing projects and glass ovens, in restaurants – basically anywhere you need heat," says Godtfredsen. Though 90 percent of Primagaz's customers are businesses, the company also sells cylinders and products for personal use, such as camping equipment and heat lamps.

Primagaz is part of the much larger energy company SHV Gas, which has subsidiaries in 27

## "YOU HAVE TO WORK FAST AND FOCUS ON BAD DEBT AS SOON AS IT ARISES"

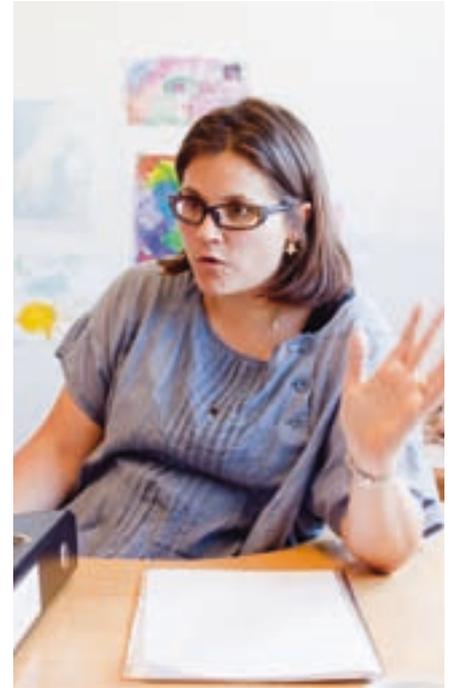
countries and is one of the largest LPG retailing companies in the world. SHV Gas is growing its business both organically and geographically, which is part of the reason behind Primagaz's expansion into Sweden and Norway.

"When we contacted Intrum Justitia we were looking for a Scandinavian solution," says Godtfredsen. Previously Primagaz's debt management was handled by a lawyer, but the company needed services that were faster, more efficient and could cover several countries.

**Primagaz found such** a solution in Intrum Justitia, which now provides credit management services for the company, including reminder and collection services, and debt surveillance.

"Everything we need is on the website," says Primagaz's Chief Accountant Lene Halling, referring to Intrum Web, a service that enables her to keep track of all the company's late payments. "We can see everything that is happening there, and communicate with Intrum about individual customers. It really works well."

Intrum Web also enables Primagaz to produce their own debt management reports and



statistics, based on whichever time frame and criteria they choose. In addition, Halling and Godtfredsen have regular meetings with Nick Hoffmeyer, Key Account Manager at Intrum Justitia, who provides advice and tips about their credit management processes.

"It's really perfect that we only have one contact person, who handles all three countries," says Halling.

Godtfredsen agrees. "We are very happy with it. The biggest advantage is we don't have to think about our debt management on a day-to-day basis. Intrum is taking care of it." ▶

## How the cooperation between Primagaz and Intrum Justitia works



1. When payment is past due, Primagaz sends a reminder letter requesting payment within 14 days.



2. If the debtor does not pay within 14 days, Primagaz sends the case to Intrum Justitia. Intrum Justitia then sends the debtor a reminder letter requesting payment within 10 days.



3. If no payment has been made within 21 days, the reminder case becomes a collection case. Intrum Justitia sends letters to the debtor and contacts them by phone.



4. If the debtor still does not pay, Intrum Justitia registers a bad credit rating for the debtor at a credit rating agency, contacts the debtor in person at their address and possibly initiates legal proceedings.



5. Primagaz monitors the reminder and collection processes through Intrum Web and can advise Intrum Justitia on how to proceed with individual debtors.



**Lene Halling, Chief Accountant at Primagaz, and Jens-Anker Godtfredsen, Primagaz's CFO, use Intrum Justitia's services to ensure rapid payment from their customers.**

# CREDIT MANAGEMENT ACADEMY

## LESSON 2



**Welcome** to the Intrum Credit Management Academy, where we and our virtual professor Mary Jensen provide great credit management insights that will help you develop the skills you need to succeed in making your business more profitable – absolutely free of charge! In upcoming issues of **Intrum Magazine** we will summarise core issues related to credit management. The full lecture series will be available on the Intrum website.



## OPTIMISE YOUR INVOICING SYSTEM

**Did you know** that an invoice is the most read document in a business relationship? Or that around three-percent of all invoices handled manually contain errors? The need for a well-functioning invoicing system cannot be underlined more forcefully.

A top-notch invoicing system allows you as someone sending a bill to simply choose how it should be sent, without you needing to make a major programming effort in the accounting system. Today there are four main ways to send an invoice:

- ▶ Traditional paper invoice
- ▶ E-invoice – an electronic invoice directed at a private consumer
- ▶ EDI invoice – a digitally managed invoice to another company
- ▶ E-mail invoice – an invoice sent as a PDF in an e-mail attachment.

More and more firms are demanding more of certain invoices during negotiations with new suppliers. A company that cannot manage to send an EDI invoice can lose a new client in some cases. What's more, moving to electronic invoices can save a lot of time and money for a company. A 25 percent reduction in time spent on invoicing is not unrealistic for larger corporations transiting from manual to electronic invoice management.

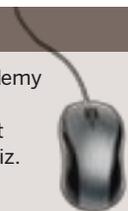
**Distribution is** therefore a key element of invoicing. The invoice's design is another very important element. In this

case clarity is the key aspect. It should be easy to see who the sender is, how much should be paid, the payment due date, OCR code and invoice number. Within the EU there are even directives stating which elements must be on the invoice to ensure its validity. When talking about design it is also vital to remember the next step: if a company has to send out a reminder it needs to have the same graphical design as the first invoice so that the recipient understands they are connected.

**A new trend is** to view the invoice as a way to reach out with a message to the supplier or customer. The concept is called "Transpromo", which means that you are not using the invoice merely as a way to get paid but even as a marketing message. In other words, an invoice is becoming an even more important part of a business relationship.

### LEARN MORE ONLINE

At the Intrum Online Credit Management Academy (IOCMA) you can learn more about credit evaluation, watch our expert interview and test your credit management skills in our online quiz.  
[www.intrum.com](http://www.intrum.com)



### IMPROVE YOUR CASH FLOW

Find out how credit management services can benefit your cash flow and improve customer relations. Go to [www.intrum.com](http://www.intrum.com)

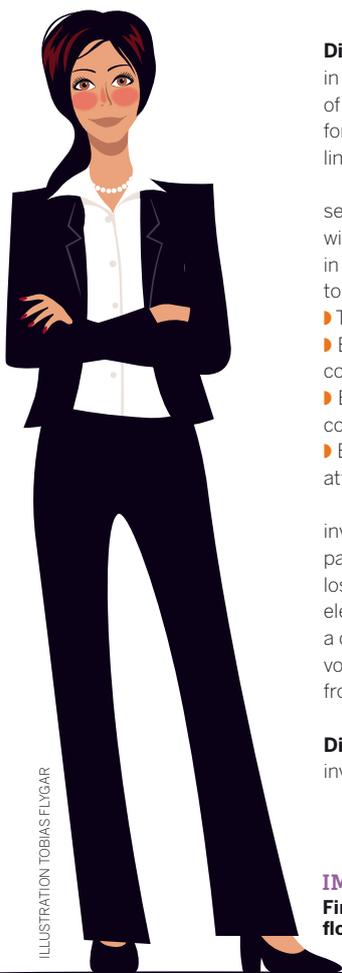


ILLUSTRATION TOBIAS FLYGAR

## A tournament by the stars – for the stars

**The renowned If Stockholm Open tennis tournament was visited by loads of stars this year – not least Roger Federer. One of the main sponsors was Intrum Justitia. “We wanted to give the event a real lift, both for the public and sponsors alike,” says former tennis pro Thomas Johansson, currently tournament director.**

**If Stockholm Open** is one of the world’s most prestigious tennis tournaments. It has been a regular event for the world elite for over 40 years. And in recent years Intrum Justitia has been a key sponsor.

The 2010 event was a star-studded occasion, with home favourite Robin Söderling and Wimbledon finalist Tomas Berdych as the prime challengers to Roger Federer – perhaps the world’s best player of all time – for the title.

Heading the tournament’s steering committee are two former members of the tennis elite, Jonas Björkman and Thomas Johansson. That is probably one of the reasons why so many top stars took part in this year’s tournament.

“After 15 years touring I’ve got the names of all the big names in my address book. We worked really hard to attract the top names,” says Johansson.

The Björkman-Johansson duo’s experience also helped to revitalise the whole event, both for the public and the sponsors.

“Above all we wanted to focus on creating a great tennis experience. We repainted the courts blue, which is a nicer colour for the audience. We also tried to accentuate the historically rich surroundings found in the Stockholm Royal Lawn Tennis Court, where the event was staged,” says Johansson.



PHOTO HENRY LUNDHOLM

“After 15 years touring I’ve got the names of all the big names in my address book. We worked really hard to attract the top names,” says Thomas Johansson, tournament director for If Stockholm Open.

“We also upped our focus on kids and youngsters. Tennis needs a new generation and we’re going to use the new ‘kids’ park’ to create an arena for the whole family.”

### What has the cooperation with Intrum Justitia meant?

“Without the commitment from sponsors it would have been difficult to succeed. We have had the

benefit of getting to know Intrum Justitia’s top management well, and they’ve shown huge interest in participating in the planning effort.”

**WORDS CHRISTOFER FAGER**

## EPI 2010

# Europe's shaky recovery

**Business confidence is still shaky, with differences between industry sectors.**

A major survey of over 6,000 companies, large and small, around Europe reveals an ongoing lack of confidence among businesses and further underlines the fragility of economic recovery from the worst recession in decades. The survey – implemented during the first quarter of 2010 by Intrum Justitia, Europe's leading provider of Credit Management Services – showed companies finding little support from their banks and having to work harder than ever before to implement efficient credit management processes to avoid liquidity problems. There is some good news from the survey, though. Europe's businesses have clearly learned from the recession the importance of fine tuning their credit management systems, with a large number of survey respondents reporting their firms are increasingly integrating credit evaluation into their sales operations. Each year Intrum Justitia surveys thousands of companies in 25 European countries on a variety of payment risk issues to better understand national and pan-European consequences of late payment by consumers and businesses.

**The latest EPI 2010** White Paper compares the various industry sectors in Europe, where strong differences can be seen. As in 2008 and 2009, the professional services industry suffers the highest written off percentage when compared to other industries. For more information request your report now. Send an email to [m.bosch@nl.intrum.com](mailto:m.bosch@nl.intrum.com).

Request your  
**FREE EPI 2010**  
Industry white  
paper now!



**Without support from banks, Europe's businesses are still feeling the weight of the recession.**

## Summary of the EPI results for 2010

**Although rates of growth** across Europe are subdued, with weak domestic demand, evidence of economic recovery is emerging if one looks hard enough, no matter how uneven. The overall conclusion of the latest Intrum Justitia European Payment Index (EPI) survey into business sentiment regarding payment risks is that the late-payment situation has generally stabilised since 2009, but business confidence remains extremely jittery. And in those countries that have suffered worst from the business downturn that started in 2008, there are few signs of any improvement in getting paid on time for services and goods supplied. Not surprisingly, business pessimism is highest in those countries suffering the worst from the financial downturn.

**Some good news:** The 2010 Intrum Justitia EPI survey reveals that the average delay across Europe in receiving payment beyond the agreed term has decreased by one (1) day to 18 days compared to the 19 days in 2009. This good news is somewhat countered by the fact that the 2010 survey revealed the average written off percentage increased to 2.6% from 1.9% in 2007, 2% in 2008 and 2.4% in 2009. Also worrying is the consistently long time lag it takes for companies to react to non-payment of bills. Despite the obvious downside of not seeking early payment, some 65% of businesses are still waiting an average 85 days before sending claims to a CMS company, according to the latest Intrum Justitia EPI survey.



# Experiences shared at debt-sale seminar

On Wednesday 30th of June, the Benelux region organized a seminar on debt sale/purchased debt. More than 80 key customers and prospects were present at this top seminar. Although the Belgian and Dutch markets are on different PD maturity levels, the first objective was to increase awareness of Intrum Justitia as an important PD solution provider.

The attendance was a great success especially since the interest from the wider business community increased compared to a few years back. Not only emerging sectors such as telecom and utilities were well represented, but also representatives from municipalities, the public sector and social welfare attended the seminar, sectors to which debt sale is totally new as a concept.

Issues such as optimising cash flow and working capital, reducing costs and workload and client retention are high on the agenda for many organizations in these economically difficult times.

The seminar was followed by an experience dinner. Each experience table was equipped with a captain who's objective was to lead the conversation in an informal way and to answer remaining PD questions. Each course the captains moved from one table to another, maximizing the exchange of experiences and capturing



Optimising cash flow and working capital were high on the seminar's agenda.



all possible market information on PD. The captains are former PD customers or specialists in PD. Sharing of these practical and useful experiences as well as the networking opportunities were well appreciated by all customers and prospects.

The general conclusion that all customers, prospects and IJ representatives took from the seminar is that debt sale is not a miracle solution, but it was clear to everyone that the opportunities to optimise cash flow, operating expenses and customer retention are huge. To conclude a good debt sale deal, one needs a thorough preparation both from the buyer and the seller, but once the deal is closed it will inevitably lead the company to strong simplified operational processes and financial management. When started debt sale is no "off the shelf" solution, but it gradually becomes "business as usual".

## Program of the Intrum Justitia debt sale seminar:

### Can debt sale be a solution for your company?

Rudy Aernoudt, a Belgian economist and professor at various universities

### Impact of debt sale on VAT

Peter Ackerman & Vincent Dielwart, KPMG Tax Advisors

### Debt sale in practice: conditions and key success factors

Gijsbert Wassink, Group Director Financial Services Intrum Justitia

### Business case Vodafone: how can debt sale influence your cash position?

François Zwarts, Manager Credit Vodafone

## Deadline set for late payment vote

European businesses can no longer wait for EU legislation on the regulation of late payments, say members of the Parliament's internal market committee. The vote on the proposed legislation has been delayed three times, in the hopes that the Parliament could form an agreement with the Council of Ministers before the vote.

Businesses have also been lobbying for a vote on the legislation, which they say is crucial in the aftermath of the financial crisis. Barbara Weiler, the German MEP in charge of the legislation, has therefore given member states an October deadline to vote on the proposal, regardless of whether

a pre-agreement with the Council is reached.

The proposed legislation stipulates that all governments within the EU must pay invoices to suppliers within 30 days or suffer fines. Though companies would be allowed to set their own payment deadlines to each other, the legislation would give companies the right to charge recovery costs for late payments.

According to Intrum Justitia's European Payment Index, the payment time for invoices varies greatly within the EU. In Finland, for example, the payment of business-to-business invoices takes an average of 27 days, while in Greece it takes 105 days.

## European small businesses rewarded

The winner of the 2010 European Enterprise Awards for success at creating small businesses in times of crisis was a project by France's Auvergne region called "Entrepreneurs in Residence." The project achieved impressive results in helping entrepreneurs, setting up over 200 businesses generating 600 jobs in tourism, trade and services. Five other initiatives from Austria, Germany, Poland, Slovenia and Sweden, also received awards. The European Enterprise Awards were launched four years ago to recognise and reward initiatives that support entrepreneurship at a regional level.

## IMF warns of Euro debt threat to world recovery

The condition of the global economy is improving but the European debt crisis is threatening the financial system, the International Monetary Fund warned in July. In its quarterly World Economic Outlook, the IMF raised its 2010 world growth forecast to 4.5% from 4.1% in April, but left its outlook for the Euro-zone nations unchanged at 1%. The IMF said that European leaders needed to act quickly to resolve debt problems and restore confidence in their banks.

(SOURCE: WWW.THISISMONEY.CO.UK)

## Debt sparks social unrest in Greece

Greece's recession plunged more than expected in the second quarter of 2010 due to the country's financial crisis and government austerity measures to slash public debt. Consumers and businesses alike are being hit by a public-sector pay freeze, a VAT rise, new laws making it easier for companies to lay off workers and a higher retirement age. The young are hardest hit with the jobless rate for 15- to 24-year-olds now standing at 32.5%, according to the International Labour Organisation (ILO).

(SOURCE - THE GUARDIAN, AUGUST 12)

## Brits raid savings

Almost a third of adults in the UK have raided their savings over the past year to cover shortfalls in their income, according to new research by investment firm Schroders, taking out an estimated total of £60 billion.

# Watching your cash flow

The third largest security corporation in the Nordic region, NOKAS AS, doesn't just guard other people's money and manage the circulation of cash in Norway. Their own accounts receivable and cash flow are monitored vigilantly to keep collection times as low as possible. For 15 years, Intrum Justitia has been a collaborative partner for monitoring requirements.

WORDS: KJETIL AAMBØ PHOTO: KJETIL AAMBØ

**"NOKAS has a high** turnover, but is in an industry with low margins. Therefore, every day that the collection period can be reduced is important. Every day that the collection time is reduced has large consequences in terms of our net financial results," says Niels Erik Feilberg, Finance Director at NOKAS AS. The corporation has approximately 90,000 customers and issues more than 154,000 invoices a year.

The focus on credit management has, for example, meant that while the financial crisis has raged for the past two years, NOKAS has been able to reduce collection times. At the same time, the group has very few defaults that can be written off as losses.

"This is due not least to the close cooperation with Intrum Justitia and the focus on improving systems and procedures. Intrum Justitia does a good and efficient job for us and delivers the best service in relation to price and service," Feilberg says.

**For approximately** 15 years, NOKAS, previously known as Vakt Service, has worked

with Intrum Justitia in connection with payment reminders, collections and claims connected with bankruptcies. NOKAS also uses Intrum Justitia for their own companies in Sweden and Denmark.

"We are very satisfied with the job that Intrum Justitia does for us. This cooperation plays a central role in our effort to collect on outstanding claims as quickly as possible," says Feilberg.

He views Intrum Justitia as NOKAS' collections department and points out that Intrum Justitia has a large organization, good competence and established systems, which are not possible for NOKAS. Intrum Justitia also has a strong and respected name in the market.

Eli Marte Glovigen, who is responsible at NOKAS for daily contact with Intrum Justitia, describes the credit management partner as follows:

"Intrum offers a high degree of resolution, good support tools and user-friendly web solutions, good overview and good service."

Recently, NOKAS extended its contract with Intrum Justitia.

"However this did not happen automatically," emphasises Feilberg.

NOKAS regularly benchmarks their subcontractors in different areas. This also applies to Intrum Justitia.

"However, we haven't seen any reason to change partners, as long as we feel that the partnership is working well under competitive conditions. In other words, Intrum Justitia has been generating and will continue to generate results for us."

He is also very satisfied that they can use Intrum Justitia for information about legislation and regulations overseas as well as debt collection overseas.

"This is a great help to us. Intrum Justitia



has valuable knowledge about local conditions. We know that we can get advice, tips and support when we need it.”

**NOKAS is growing** and expanding quickly. The unlisted corporation started in 1987 with three men, a dog and a contract. Last year, they achieved sales of NOK 1.3 billion, approximately EUR 163 million. NOKAS’ goal is to exceed NOK 3 billion, or roughly EUR 375 million, by 2013. Over the past 23 years since its modest beginning, the corporation has not just had strong, organic growth but also taken part in just under 50 acquisitions.

The head office is in Tønsberg on the west side of the Oslo fjord, about 100 kilo-

metres south of Oslo. In addition to local offices across Norway, the corporation also has offices in Stockholm, Gothenburg and Copenhagen.

Besides security and guard services, NOKAS also has contracts for counting systems and cash handling for banks in Norway and Sweden and handles over NOK 110 billion each year.

“Our sales goals make it clear that we will be expanding in Norway, Sweden and Denmark in the future – and even in other countries. However, during that time we will continue to keep the focus on collecting outstanding claims as quickly as possible,” says Feilberg. ▀

**“The partnership with Intrum Justitia is important for us to collect outstanding claims as quickly as possible,” says Finance Director Niels Erik Feilberg at NOKAS.**

### NOKAS facts

NOKAS AS has 48 offices in Norway, Sweden and Denmark. The company has approximately 2,500 employees with sales in 2009 of NOK 1.3 billion.

The company is organized into two divisions – Security and Money. The security division provides integrated guard and security solutions. The money division offers services for transporting money, cash handling as well as cash machine services for banks and financial customers.

