



Euler Hermes UK

Westaway Sausages

A sizzling success

Client case study

Managing Director of Westaway Sausages, Charles Baughan, a self-confessed sausage evangelist, has become similarly enthusiastic about credit insurance since his company suffered a significant and unexpected bad debt. Since then his credit insurer Euler Hermes UK is now helping him to grow his business not just in the UK but also internationally.

Westaways produces more than 30 miles of sausages every week (including 'Mr Singh's Bangras' – a specialty joint venture), as well as pork ingredients (sausage meat, meat balls, cooked sausage, etc.) that go into prepared-meals. When Charles joined the company 10 years ago, it operated out of a single unit on an industrial estate in Newton Abbot. Today it occupies six units on the same site, processing something in the order of 3,500 pigs a week that become premium sausages. Charles estimates that he has himself eaten the equivalent of two miles of sausages in the last five years alone!

From small beginnings, Westaway Sausages now turns over more than £2.5 million and employs 20 staff – a comparatively small business but a highly successful one whose customers include nearly all of the major supermarket chains and a national wholesaler. Westaway still also supply direct to local catering businesses, pubs and other eating establishments and is a keen supporter of major County Shows: "It's about building the brand," Charles explains. "We don't just want people putting 'sausages' on their shopping lists; we want them to write 'Westaway Sausages'."



Charles Baughan - MD, Westaway Sausages, with Gregg Wallace



It is this drive to grow the business that prompted Charles to take greater steps to protect his company: "We suffered a serious bad debt early on and were determined never to let it happen again," he says. On the advice of his wife Ilona, Westaway's Finance Director, they began working with Euler Hermes UK.

The decision was almost immediately justified in the first year of the policy, when they suffered a further loss. This time they were credit insured. "The cost of the claim more than covered the cost of the policy in the first year," Ilona says.

Since that point, over five years ago, claims have been few and far between to the point of being virtually non-existent. Ilona puts this down to several things, not least of which is the rigour and discipline that credit insurance brings to the front end of the credit management process: "We were always good with the back end – the collecting part – but it is at the front end that we have seen a real difference".

"Now when we want to take on a new customer we ensure we have a limit from our credit insurer before we do business. The amount of credit we extend to customers is now much more tightly controlled; indeed we build up a trading history on all of our customers, even those below the insurer's threshold, and monitor them closely.

"It is not just about new business," Ilona continues. "Being credit insured also helps us monitor our existing customers. It is important to know, for example, if a balance is increasing whether it is because we are genuinely growing business volumes or whether there might be an issue with that particular customer."

It is perhaps in the international arena that Ilona believes credit insurance really scores, helped by Euler Hermes' network of global risk offices: "It is simple," she says.

If our credit insurer gives us a limit, then we will trade. If they do not, then we think again. We either do not do business with that customer, or we trade on different terms, perhaps asking for money up front."

The export potential for Westaway Sausages is considerable. Export already accounts for some 10 percent of sales to 14 customers in nine different countries all over the world. Customers are as far afield as the Falklands to Hong Kong, and many other points in-between, especially where there is a large ex-pat community. Turkey is a recent export market, and a good example of where working closely with Euler Hermes has been vital.

"An application for a limit on a new customer was declined recently and so we traded on a proforma invoice," Ilona explains. "The first consignment was paid for without issue, but with the new shipment there seems to be a delay and so we are of course refusing to ship the goods until we have the money in the bank.

Our credit insurer gave us a warning that we would not have previously had, to proceed with the utmost caution. It is their knowledge, information and perspective on buyers internationally that is important, and protects us doing business abroad.

There are many issues and challenges to face, but an issue that no longer concerns Charles is the thought of another major bad debt.

"They say that stress is only caused by a lack of knowledge," he concludes. "With Euler Hermes, at least some of that stress is taken away."