

CASE STUDY

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SJØRRING MASKINFABRIK A/S

Located in a small Danish village with a population of 800, Sjørring Maskinfabrik A/S is a small machine factory and engineering sub-supplier to Danish and foreign producers of finished goods.

Founded in 1946, its remote location near the North Sea does not prevent this company from achieving an international reach. Its key clients include Volvo Wheelloaders, Volvo Articulated Haulers, F.L.Smith & Co., Atlas Copco and Vestas A/S.

Sjørring Maskinfabrik's core services include sheet work, welding, machining, surface treatment and mounting for global companies.

Today, the family-owned company employs 230 people. The former blacksmith shop has expanded into a company with annual revenue's of almost DKK 250 million (approximately EUR 34 million).

CHALLENGE

Through quality, flexibility and the ability to keep up with customer requirements at all times, Sjørring Maskinfabrik has become one of Volvo's long-term suppliers. In late 2007, Sjørring Maskinfabrik learned that Volvo wished to extend payment terms with its supplier base.

“We could not afford to extend terms due to the limits we had with our bank, so extending payment terms was going to be a problem,” explains Otto Ekmann, Financial Manager.

SOLUTION

Sjørring Maskinfabrik valued its 35-year relationship with Volvo, and wanted to ensure that they could find a way to improve cash flow in the face of payment terms extension—while preserving its positive relationship with this principal client.

“During a meeting with Volvo, we learned about the Supply Chain Finance (SCF) Programme offered through PrimeRevenue, and it seemed like the solution to our problems,” says Mr. Ekmann. In addition, Sjørring Maskinfabrik anticipated the effects of the global economic downturn and felt that SCF would improve their cash flow planning initiatives.

RESULTS

Sjørring Maskinfabrik has been trading on the SCF platform since 2007, and opted to enroll in both trading options—the automatic trading program, which offers a more competitive rate on invoices traded daily; and a more flexible option, which allows them to select particular invoices that they wish to trade sporadically.

“Since using the SCF platform, we have experienced a decrease in debt with our relationship banks,” says Mr. Ekmann. “This program has caused us to flourish in a time of serious financial crisis for many companies, and become less dependent on the lines of credit we had relied on in the past.”

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