

# Citi® Supplier Finance puts P&G's suppliers in control

P&G is one of the world's leading global consumer product companies. It wanted to improve its working capital by extending its days payable outstanding. However, it knew that longer payment terms could undermine its supply chain stability – a risk the company was unwilling to take. Instead, P&G decided to use Citi® Supplier Finance to help it achieve its goals while strengthening its supply chain by improving critical suppliers' liquidity, and deepening its relationship with them.

## Recognizing an opportunity

P&G selected Cloostermans, which designs and manufactures customized machinery for P&G entities in multiple countries, to join its supply chain finance (SCF) program. "Our senior managers rapidly concluded that SCF was attractive," explains Brecht Vanpoucke, finance and administration manager at Cloostermans. "We saw we could get paid quicker and access finance at a lower cost than our regular bank borrowing."

SCF enables suppliers to receive payment faster and uses the buyers' superior credit rating to offer low-cost funding. The award-winning secure web-based Citi® Supplier Finance solution gives suppliers greater visibility of payment process flows and helps them plan their working capital because it enhances control over when they are paid. "As a manufacturer of customized machinery, our business is highly capital intensive," says Vanpoucke. "So the ability to use P&G's program as a flexible buffer is welcome. In addition, it enables us to optimize our financial ratios, as we have lower levels of receivables."

## Swift onboarding

Citi's onboarding of Cloostermans to P&G's SCF program was straightforward and smooth and took just two weeks. Citi worked with Cloostermans to help it review and execute streamlined documentation. Once this process was completed, P&G was notified and amended its system to upload invoices to Citi Supplier Finance. "Citi was available

by phone or e-mail and responded to queries rapidly," says Vanpoucke. "There was no need to open a Citi account; we could simply nominate our existing account."

## Greater control and lower financing costs

Citi Supplier Finance offers visibility of outstanding invoices with details of currency, amounts, maturity dates, buyers' details and discount terms. Suppliers can automatically discount all invoices at a fixed time in the invoice's life with a fixed discount. Alternatively, suppliers can select individual invoices for discounting when they choose. "The discount depends on when we choose to draw down payments," explains Vanpoucke.

Vanpoucke says the portal is simple to use and offers useful functionality such as reporting. "It has also helped us to follow-up open invoices," he adds. "In the past, we often didn't spot problems until a due date had passed, which might be months after it was submitted. With Citi Supplier Finance, if it's not on the portal in 15 days, something is wrong and we investigate. Consequently, we can better manage our global P&G receivables."

Cloostermans has used the early payment facility extensively. "Of course, we always have access to existing straight credit lines from our banks, but the supplier finance facility is cheaper and easier to use because we don't have to worry about tenor," says Vanpoucke. "Moreover, when we discount an invoice, payment is made in less than a day – it's extremely efficient."