

# Risk changes impact in a fast moving market



Economic scenario is now under pressure everywhere in the world due to COVID-19. This a fact that will influence overall growth for the next months, or, for less optimistic forecasts, for the next years too.

It means that companies are now facing new, tough and unexpected issues that could affect their capacity to continue to run the business and achieve results as in the past. Understand if and how a business partner changed something in own company's reliability and structure is always crucial task, not only in difficult timeframes like current period. But now it's mandatory.

Relationships between companies are in general continuous. It's very common deal with a customer buying product or services several times in a specified timeframe or have supplies coming from the same group of companies.

In fact, from one side, companies have as their specific target maintain customers' portfolio and of course not only find out new ones. Manage a customers' portfolio mean put in place cross sell and upsell activity is order to expand quantity of goods (or services) provided. In such scenario, as the customer is becoming more and more a revenue generator, it's necessary to know if company structure is stable, performance is running well etc. Differently, economic results can be vulnerable if a negative change occurs.

From supplier side, especially for strategic ones, as the scouting phase is very often complex and time consuming, is quite common re-confirm a supplier instead of identify a new one every time. Also in this case, with the aim to avoid interruption on production side, it's important to know if a change impact a company.

It's true than sometimes commercial relationship are based on one shot sales or buy with cash payment, but in general reality is more complex than this. It's the reason why follow development of a business partner is always a crucial asset avoiding to put at risk current scenario. It's not something related to crisis period, like the current one, but it's related to a good and effective business management.

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Changes affecting a company can be very different and involving all company's life.

Starting from information related to structure, ownership and shareholders is giving the view about governance itself of the business. Then, checks related to negative and relevant events, legal procedures or insolvencies give the perspective if the company is

suffering in term of liquidity and ability to continue with the business, like for example notifications related to closure like bankruptcy.

Financial indicators like balance sheet, index or other related information allow to build trend and understand in depth performance and perspectives. Firmographic information, like changes in address, or legal form, activity or number of employees variations provide important elements related to company itself. Of course have a view on risk assessment and credit limit is an important asset in having useful information on how to evaluate business partners.

Have the possibility to be updated on all the information described below that are related to the company is the right way to avoid unexpected bad changes. Information considered not so crucial considered in a wider scenario or in a longer timeframe assumes a different meaning. For example, a change in address at a first glance seems a useless information. But frequent changes in address or for example for a shop moving from a very prestigious area to a slum can hide very important information about the subject.

This is reason why the recommendation is to never underestimate any change coming from business partners and always contextualize them on the overall picture. All changes in management and company structure can underline an overall situation required to be deeply analyzed and take it under control.

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Considering current established economic environment, companies all over the world are moving very fast so it's required to adapt their profile to new needs. It's not something only linked to COVID-19 and crisis linked, but it's related to how companies have to act in achieving their targets. Only companies able to adapt themselves to a changing environment will be able to survive. Adapt means define internal changes decided to better suit market's request. On the other side, companies not ready or not aware of the required changes, could risk to be not in the position to continue with the business and negatively affecting market results. In any case it's a matter of know changes. In the first case they're driven by the company deciding better actions, like new company structure, investments and so on, in the second case is the market that imposing changes. In any case Business Partners must be updated on how it's happening.

Nowadays companies aren't static entities and be careful thinking in this way. Well-known companies with established relationship could suddenly change creating unexpected impacts. More and more frequently are reported issues coming from subjects, customers and suppliers considered as very well known and for this reason not checked with attention. In a fast moving and risky environment, it's strongly recommend to take decisions on facts not on past experiences. This is why all business partners must be closely monitored, despite the relationship current in place: consolidate, new, under evaluation.



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Changes are not necessarily negative, they can represent an opportunity, so not always a threat. But to take the opportunity is necessary to know it and also having in mind change is possible to proceed. In any case 'knowledge' is the central point giving the awareness in re-defining properly actions. Understand the impact of a particular change allows to be ready in designing a new processes to mitigate risk or to take a new opportunity. Know changes a prerequisite in revise decision flow, introduce new steps and consider business partner under a different perspective. Without this opportunity, actions cannot be revised knowingly and choices could be two. Maintain old decisions that with the new scenario aren't no longer useful or take decisions non linked to new reality. In both cases, impacts can be not efficient, putting at risk company itself in the worst case and lose opportunities for the best one.

For example, in a period of crisis like current one, changes in ownership, control, governance or shareholders can be taken in order to be more effective to face new business environment strongly restart. Sometime are tough decisions but necessary in order to mitigate losses and put in place new plans. It's clear that Business Partners must be aware of such change and decide how to proceed consequently.



After having understood the importance of being updated about a Business Partner, an additional challenge is connected: how to get updated and reliable information in a complex worldwide environment. Countries in fact are showing deep differences in term of data collection and updating.

It means there countries where public bodies are centralized, companies' updating is done automatically and available as soon it occurs and it's easy receive notification in line with change itself. On the opposite, other countries don't have any centralized body, information required to fill are very poor and in any case all the flows are managed manual. It's clear that two scenario are very different. This is the reason why it's mandatory have a Partner able to provide this kind of information as in the position to overcome difficulties in data collection, updating and availability.

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Considering the importance to know changes impacting companies and thanks to international presence and long-standing experience with local information providers, via SkyMinder, CRIF platform giving access to in-depth credit and financial data on companies all over the world, is possible to choose the best Monitoring solutions matching specific market needs.

Thanks to four different solutions, country specific available considering data process, collection and updating, it's possible to know changes affecting own Business Partners:

- Full Monitoring: detailed notification generated when any change affects a company.
- Alert: short notification generated when any change affects a company.
- China Monitoring service: detailed notification generated when a particular change affects a company.
- Planned Revision: worldwide available, allows to schedule in advance when receive an updated Report (monthly, quarterly, every 6 months or yearly).