

EX-IM COMES TO THE RESCUE ON A CUSTOMER DEFAULT



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Last year, Scientific Glass International (SGI), a Sanford, Florida-based fabricator of custom-made quartz for the semiconductor industry, found itself in a situation every small business dreads—unable to collect payment from a negligent customer. Only because of its insurance policy with the U.S. Export-Import (Ex-Im) Bank was SGI able to recover what it was owed, and the saga ended well for all involved as eventually the bank was repaid in full.

A French customer that had ordered more than \$100,000 of SGI's quartz over the course of a year suddenly stopped making payments and owed SGI \$50,000. For SGI, a small firm with 30 employees and between \$3.5 million and \$5.5 million in annual revenues, a \$50,000 loss would have been significant. However, thanks to an Ex-Im insurance policy covering SGI's foreign accounts receivables, the company received 90% of the balance due. It is the only claim that SGI has filed in its 12 years as a bank user.

Eventually, the French customer came back into good standing and paid off the \$50,000 balance, which SGI promptly handed over to Ex-Im.

With Ex-Im's charter scheduled to expire at the end of September unless Congress votes to reauthorize it, SGI Controller Debra Harsh shudders to think of doing business without Ex-Im as a backstop for its overseas shipments, each of which are typically valued at \$5,000. "It would be really hard," she says. "I'd have to ask customers to prepay in full or at least pay 50% upfront because I can't float that kind of cash." Those payment terms, she adds, would likely cause the firm to lose customers.

Harsh attributes SGI's growing international business to the company's increased use of Ex-Im. When Harsh started at SGI twelve years ago, the company used Ex-Im to insure payment from just one international customer, a German firm. Today, all 35 of SGI's foreign customers in 16 countries—more than one-third of SGI's total customer base—are registered with the bank, and 100% of the \$250,000 to \$500,000 in annual exports is insured.

