

German Federal Minister for Economic Affairs, Sigmar Gabriel announces patronage: Euler Hermes Award for Best SME Financial Communications

- GE Capital, Commerzbank, industry association Bundesverband der Deutschen Industrie (BDI) and Ruhr University Bochum partner with Euler Hermes in communication award
- Federal Minister for Economic Affairs Sigmar Gabriel serves as patron
- The award is presented to unlisted SMEs that demonstrate transparent and confidence-building communications with their lenders

HAMBURG – 13 MAY 2014 – Bank loans play a vital role in the financing of small and mid-size companies (SMEs). The transparent, proactive communication of financial ratios, corporate planning and strategy is crucial when it comes to obtaining a loan, as well as during the loan term.

To recognize the best performing SMEs in this area, Euler Hermes, GE Capital, and Commerzbank have partnered to support the seventh “Best SME Financial Communications” award 2014, in collaboration with the BDI and Ruhr University Bochum. Participation in the award, which this year sees Federal Minister for Economic Affairs, Sigmar Gabriel as patron, is aimed at unlisted small and mid-size companies characterized by exemplary and transparent communications with their lenders.

“SMEs are the backbone of the German economy, collectively generating more than one of every two euros and providing more than half of all jobs in Germany. Fortunately, these companies are now assessing their business situation much more effectively than they have been doing for a long time,” said Federal Minister, Sigmar Gabriel. “In order to continue this positive trend, it’s important that these companies have adequate financial resources. And consequently, a good relationship with a bank is an essential prerequisite for sustainable business success. Good financial communications represent an investment in the future that can pay off precisely when businesses need it most. Therefore, I am supporting this business award with my patronage.”

The award, which comes with a prize of 30,000 euros, is judged across three categories: start-up companies and companies with up to 10 million euros in annual sales; companies with 10-100 million euros in annual sales; and firms whose annual sales top 100 million euros. The awards are open for entry until 9 July 2014, after which time a jury composed of representatives from the initiative’s partners will assess the submissions and award the prize to the winners on 22 October 2014 in Ludwigshafen am Rhein.

In good times and bad: honest, transparent communications ensure liquidity

“Often, companies do not co-operate in partnership with their funder, as communication is seen as a burden that is marked by a wide divergence in the needs and requirements on both sides,” says Ulrich Nöthel, Board Member at Euler Hermes Germany. “Many SMEs are still too cautious when it comes to their communications, only wanting to reveal as much as necessary while disclosing as little as possible.

“However, this can mean that lenders feel inadequately informed, and if banks have unanswered questions they may act with caution when making financial resources available, especially since the implementation of Basel III at the start of 2014, which has seen banks cast an even more critical eye on their lending activities in order to protect their equity. Open dialogue with lenders requires courage, but it can pay dividends in the form of continuous access to corporate funding and sufficient liquidity levels at all times – in good times, but, perhaps more importantly, in difficult times as well.”

Since 2007, the winners of the “Best SME Financial Communications” award have borne impressive witness to the fact that transparency pays off: as a trusted partner, they continuously communicate with their lenders, and redouble these efforts during crisis periods. In many instances, their open financial communications were the decisive factor that guaranteed that firms hit by crisis not only had the support of their main bank, but even received enhanced financing options.



Technology company, Münstermann: “Balance sheets were locked away in a safe.”

Previously, 2008 Fikomm Prize winner Bernd Münstermann, from specialist drying plants, conveying and de-dusting systems business, was not particularly keen on sharing his company’s financial information. “Balance sheets were sacrosanct and locked away in a safe. Even the banks only got to see excerpts,” he says. This worked well until he began racking up losses and the banks started asking uncomfortable questions. “2003 was the first time in 25 years that I was in the red for an entire year, and I quickly learnt that there’s nothing to gain by concealing anything from the bank.”

This proved to be a valuable lesson for Münstermann, who subsequently communicated his financial ratios in a transparent and proactive manner. His payoff: even during the severe economic crisis in 2009, which saw his company suffer a painful decline in sales, Münstermann was able to fully concentrate on the company’s operations. The confidence was there, and he knew he no longer had to worry about his funding security.

Textile company, Rösch: “Financial policy requires the same trust found in child care.”

Financial communications are conducted in a similar confidence-building manner at Tübingen-based family-run textile company Gerhard Rösch GmbH. “When it comes to confidence in our financial policy, the situation is basically no different from a company kindergarten,” says Roswitha Müller of Rösch. “The parents can trust that we’ll take good care of the children and have them home safe and sound by the afternoon. We apply this one-to-one approach in the area of financial communications as well. It’s a living, holistic thing, an exemplary system.”

Overview of winners:

<http://www.fikomm.de/award/gewinner-2007-2012/>

You can find more information on the initiative and awards presentation for “Best Financial Communications” on www.fikomm.de



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