

## At Food Service Giant Sysco, CreditRiskMonitor Is the Essential Ingredient for Managing Public Company Risk



When Robin Walters, Manager, Corporate Credit Risk at Sysco Corporation goes out to eat, you can be sure of one thing: She knows every piece that went into preparing and presenting that meal. From ingredients to hair nets, candles, silverware, sugar packets and to-go-packages, anything that's needed for superior food service is supplied by Sysco.

Headquartered in Houston, Fortune 100 company Sysco is the largest food distributor in the world. The company began with a promise: To assist food-service operators in providing consumers with solutions for meals consumed away from home.

Tastes have changed since 1970 when Sysco first went public with \$115 million in sales, but the company's mission hasn't—and appetite for its offerings has only grown. Today, Sysco is a \$48 billion giant in an industry that has also expanded dramatically, from \$35 billion in the 1970s to more than \$700 billion today. It's the largest non-oil related company in Houston and the third largest company in Texas.

Sysco services customers as diverse as schools, hospitals, hotels, movie theaters, even casinos. The company has relationships with more than 425,000 customers and operates from 194 locations around the world.

### MANAGING THE RISK OF RECEIVABLES: A "HUGE RESPONSIBILITY"

Robin manages the credit risk associated with all those customers and suppliers. Reporting to the Senior Director of Credit, Robin and her team run a credit function focused on very large accounts, supporting Sysco's global operating companies. They also service a highly decentralized organization, including multiple smaller credit departments around the world.

"We have a huge responsibility," Robin says. "Our accounts receivable is the 2nd largest line item on Sysco's balance sheet."

Guarding such a significant asset means setting corporate credit policy, negotiating vendor pricing and monitoring bankruptcies—and reporting on the status of accounts receivable to executive management, including the board of directors. Accuracy is non-negotiable. "What we report goes to the SEC and the public," Robin says. "It must be accurate."

Given the variety of their customers and suppliers—Sysco works with companies from "mom and pop" shops all the way through the world's largest corporations—Robin

### AT A GLANCE

Sysco Corporation, a \$48 billion Fortune 500 company—the largest food distributor in the world

#### User:

Robin Walters, Manager, Corporate Credit Risk

#### Challenges:

- Guard the health of the accounts receivable, a huge asset, and report to management on it
- Assess the upfront and ongoing risk of large customers
- Set overall credit policy, negotiate vendor pricing and monitor bankruptcies
- Support a decentralized organization

#### Solution:

- Uses a variety of commercial credit and business information services, targeted to account size
- CreditRiskMonitor is her go-to source for public company information.

#### Key Uses:

- Timely financials
- Alerts to material company news and changes to the FRISK® score, along with other scores
- Contributes trade receivable data to analyze their own accounts, providing visibility into "hidden slow payers" and risk levels

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and team use a number of credit and business information services to stay on top of their ever-changing risk levels. If it's public, there's no question in Robin's mind what to use. "If it's public, I won't bother with anything other than CreditRiskMonitor," she says. "I use the site any time I have a new customer, problem or issue. I love the tool and I tout it every chance I get."

## A RECIPE FOR MONITORING LARGE COMPANY RISK

Robin's process for public companies centers on a few key ingredients: financials, alerts, scores and risk analysis of her own trade receivables file.

Given Sysco's focus on quality and accuracy, timely, certified financials are a must. CreditRiskMonitor is her go-to-source for public financials, and she and the team also collect financials directly from customers and suppliers. She loves that CreditRiskMonitor "spreads" financials over time without her and the team having to do it manually, saving them hours of time and presenting a consistent, easy-to-read format.

"I fell in love with it," Robin says, referring to the spreads. "It helped me make the case to my upper management—we don't have to spread them ourselves. Use the tool—it's already done and already standardized."

Alerts keep her current to new financials, critical news updates and score changes. "I get alerts every day and look for anything I didn't know, particularly material information," she says. "I look for the financial statements as soon as they come out. I also watch the FRISK® score changes of companies I follow and look to see why they are changing. On big companies, we use both the FRISK® score and the Z-score in our decisioning processes." (The FRISK® score, as way of background, is CreditRiskMonitor's proprietary score, highly accurate in signaling bankruptcy and related financial stress.)

## SEEING INTO THEIR OWN ACCOUNTS RECEIVABLE

Sysco also is one of the many customers who contribute their trade payment receivables files to CreditRiskMonitor,

giving Robin and team a unified view into data from more than 70 different systems. Even though it's their own data, they don't have a single view of it across the organization. The Trade Contributor reports give them new insight into the risks and opportunities across their customer payment files, presenting a dashboard view of their accounts organized by risk.

"I love the trade program and I use the hidden payer profile all the time," she says. "I like the views because we are so decentralized. I love that all my data is identified. I like to see my data and how we compare. We might have an operating company that asks to see if we do business with someone and we can check. It's very helpful."

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## THE "SECRET SAUCE:" SERVICE

Finally, just as with a meal, service can make or break the experience—and Robin calls out the service she receives as a key differentiator. She makes a point of thanking her account manager, Jim Leech. "The service is fantastic! Jim is GREAT. I always get prompt answers. I am very sensitive to service. Some vendors bang on our door and disappear."

She urges other customers to take advantage of the service offered by their account manager, especially the opportunity for a service walkthrough. "Go through the tutorial offered!" she says. "You have no idea all the things you can do. You are not going to stumble across all them. It's really valuable."

We thank Robin and Sysco! It's an honor to be of service to you.

