

Case study: Maven International Limited

NZECO Solution: Access Trade Finance

NZECO Product: Loan Guarantee

Sector: Services

Maven, a Wellington based consulting company, obtains NZECO support to deliver education services in Oman.

When Maven International Ltd secured a large contract in Oman, the Wellington-based company knew it had to prepare for cash flow disruption.

Oman, a sultanate on the Arabian Peninsula, can be heavily bureaucratic. Layers of sign-off are required for every payment and invoices can sometimes stall at pinch-points in the process for months.

Maven's consultants had worked in the country before, reviewing its education system. This new contract, awarded to a New Zealand consortium of which Maven was the lead, was to address one of the shortcomings identified in the nationwide education review. The consortium was engaged to provide face-to-face and online leadership training for principals across the country.

Although the contract's standard terms stipulated 30-day payment, Maven had experienced payment delays of several months while delivering other contracts in the region. As senior managers planned the rollout of the \$2.2 million, two-year training contract in Oman, they worried about the impact of comparable delays on head office, ex-pat staff and local staff.

So Maven sought support. As soon as the company awarded the contract, Maven and its bank, ASB, applied to the Treasury's New Zealand Export Credit Office (NZECO) for a loan guarantee. NZECO's backing enabled ASB to offer a working capital facility so Maven could pay all its bills across the weeks and months it might take for payments to start flowing.

As it turned out, the first payment for the principals' training contract did not make it into Maven's bank account for nine months. Maven drew down \$300,000 from the ASB working capital facility to keep its operations in Oman ticking over.

Maven International Ltd managing consultant Darryn Thorn says the company needed to pay for accommodation, rental cars, travel back to New Zealand and salary packages. "These are our people; we need them to have certainty and stability. In the end, with it taking nine months for payments to begin, we were grateful for that working capital facility. It was a good move to set it up way in advance."

NZECO business originator Michael Hoare agrees. "It gave us great confidence in Maven to see that the company was thinking ahead, looking for a plan to offset

possible delays. It showed very prudent planning on their part, and enabled the company to thrive and grow in other areas as it was, financially at least, unaffected by the payment delays in Oman.”

Maven’s bank, ASB, had supported the company through previous campaigns in Oman. It also took comfort in Maven’s cautious approach and in the company’s experience in Oman.

ASB Bank’s Head of Trade Finance, Mike Atkins, says: “Our previous experience suggested the bureaucratic processes of Oman would delay payments, which could result in undue pressure being applied to Maven’s cash flow. However, by partnering with NZECO we were able to deliver a solution that enabled Maven to optimise their working capital position and maximise value for their shareholders from this contract.”

Darryn Thorn says there’s a possibility Maven would have taken the risk of signing up to the training contract, even if it couldn’t have secured the working capital facility from ASB. This was a rare opportunity to illustrate capability in international project delivery. He says the company had some reserves it could have drawn on and would have made it work.

But Thorn says the uncertainty would have caused significant stress, especially as the months dragged on, and the financial drain would have kneecapped the company’s growth in other areas.

“All in all, applying to NZECO for that support was a very good move,” Thorn says.



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