



# Commodity Risk – Case Study

Make informed decisions and take control of your commodity risk.

Commodity businesses have a greater dependence on effective risk management than traditional corporate treasuries, due to a wider variety of complex risks and challenges.

## Some of the common risk factors that Commodity businesses are exposed to include:

- Access to supply
- Data from multiple sources and systems
- Key-man risk and undocumented procedures
- Commodity price changes and foreign exchange
- Counter-party risk and global stakeholders
- Inadequate inventory accounting methods
- Inadequate hedging on overseas products and supply

Rochford's experience in advising the commodity industry has resulted in a comprehensive understanding of the life cycle of a commodity business, and how their risk profile evolves over time.

[Contact us](#) now to learn more about our Risk Management Solutions.

## Case Study

An international soft commodities trader sought to enhance their risk management framework. The business was exposed to procurement supply shock and market price fluctuations between their fixed buying price and floating sale price.

The company had differing perspectives across the board, management, and operations on how to define, measure and operationally manage procurement, as well as market price risk. Their current processes to obtain and consolidate data were highly ad-hoc and dependent on one individual soon leaving the company.

### Rochford advised and implemented the following strategies:

- Provided workshops with management and operations to discuss and create alignment on risk management objectives and current process gaps.
- Developed the appropriate tools to facilitate optimal processes, aligned with a low-touch monthly operating cycle.
- Provided ongoing support and guidance in conjunction with their internal team.

### With our support:

- The business was able to take both the consultative guidance and developed tools to manage the implementation themselves.
- They saw enhanced clarity, visibility and traceability of risks, and were able to reshape their risk management policy to align with a process they were confident was right for their business.