

GAIN A NEW PERSPECTIVE FINDING OBJECTIVE ADVICE



INDUSTRY/ TRAVEL

LOCATION/ U.S.



SERVICE/ FX ADVISORY

WORLD TOURS, INC.

➤ **BACKGROUND**

Three generations of World have been pioneers in escorted travel since their first tour through New England in 1925.

➤ **CHALLENGE**

As a provider of global travel services World's business requires that it develop marketing materials and post prices well in advance of when

actual travel may take place. This business requirement created a significant FX exposure and business risk for the company.

While World enjoyed the service it obtained from its banks it recognized that it needed a partner who could work with it to strategically think about how FX could be turned into a competitive advantage.

➤ **APPROACH**

HiFX's risk management professionals interviewed key finance executives to better understand the operating processes deployed by World's marketing group as well as determine the relative order of magnitude of the revenue- to-funds-disbursement mismatches.

Additionally the team at HiFX worked with World management to identify timing differences associated with such mismatches.

➤ **RESULTS**

World put in place a hedging program, comprised of forwards and options, whereby 50 percent of its foreign exchange needs is protected at a rate that matches a targeted budget rate of exchange.

When the U.S. dollar dropped precipitously (more than 3% in less than a month) the company didn't need to replace its costly marketing materials. As importantly it was still able to honor its published prices and still earn targeted profits.

Recently World was featured in an Associated Press article for its financial management prowess.