



# E-Credit News

Wisconsin Credit Association  
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New Berlin WI 53151



WISCONSIN CREDIT ASSOCIATION 262.827.2880

August 2008

## In This Issue

WCA Member Updates & News

## This month's topics...

1. Where Have You Been?
2. Dealing With Lawyers
3. Speaking Out to Sales
4. Negotiate Better Collection Deals Now

Followed by  
Industry Group Meetings



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## BCMA Members

- \*[NACM Credit Services, Inc.](#)
- \*[Pennsylvania Association of Credit Management](#)
- \*[Wisconsin Credit Association](#)



2008 State Conference ~September 9 & 10  
Baraboo WI!

The long wait is over. The announcement for the State's extraordinary Conference is available, click [here!](#) Sessions fill fast, REGISTER EARLY!

Open the doors to Success through Education and Networking. Your Business Credit Management Association provides the key!



## "EFFECTIVELY USING WISCONSIN SMALL CLAIMS COURT TO GET PAID"

*In MADISON ~ WEDNESDAY NOVEMBER 5, 2008*  
*In MILWAUKEE ~ FRIDAY NOVEMBER 7, 2008*

**IS THIS OUTSTANDING BALANCE WORTH TAKING TO COURT?** If it is worth it, how will we know what to expect? What happens if we win, how do we get our money? This session will help you to answer these and other important questions along with the ins and outs of Wisconsin Small Claims Court, from deciding which claims are worth pursuing in court, to how to turn your award for judgment into actual money! Attendees will learn the filing requirements for **every Wisconsin county** and what to expect along the way. Do not miss this informative session! Click above to register!



## **2008-09 Board of Directors**

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Recovery

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Recovery

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### **ALL EMAIL ADDRESSES ARE:**

[Firstnamelastinitial@wcacredit.org](mailto:Firstnamelastinitial@wcacredit.org).

### **GOT AN IDEA?**



Would you like to contribute to the BCMA Newsletter? The most important part is your idea. We can handle the polishing. Just write to us at [BCMAEditor@CreditToday.net](mailto:BCMAEditor@CreditToday.net) with your idea!

## **NEW ASSOCIATION REPRESENTATIVES**

Eric Homburg

Graybar Electric Company, Inc.

Kimberly Parker

Lucas Milhaupt Inc

Bill Rondini

Reinhart Food Service

Len Radde

Hellermann Tyton Corporation

## **NEW GROUP REPRESENTATIVES**

### **INTERNATIONAL CREDIT EXECUTIVES GROUP (ICE)**

Kimberly Parker

Lucas Milhaupt Inc

Joe Angeles

MBW Inc

### **HOTEL & RESTAURANT INDUSTRY CREDIT GROUP**

Bill Rondini

Reinhart Food Service

## **WCA MEMBERSHIP UPDATES**

Congratulations to Jo Anne Aerts, Schreiber Foods Inc. June 24th, Jo Anne became a grandma to a wonderful bouncy baby boy. Logan John was born at 9lbs. 20z, 20.5 inches

Congratulations to Kim Ringelstetter, Springs Window Fashions LLC on her completion of the BUSINESS CREDIT PRINCIPLES COURSE. Good job Kim.

Congratulations to Carol Cushing, Springs Window Fashions LLC on her completion of the BUSINESS CREDIT PRINCIPLES COURSE. Good job Carol.

Congratulations to Barbara Congemi, Generac Power Systems on her completion of the BUSINESS CREDIT PRINCIPLES COURSE. Good job Barb.

WCA wishes to thank Rick Hess for his unsolicited remarks. They are appreciated

"Last week I was with about 20 of my peers from throughout the country, @ our annual "Best Practices" forum. One of the round table, topics brought up, was credit reporting. I was very pleased to share with this group the excellent relationship we have with WCA. In these difficult times complaining about one's partners in commerce, seems to be the norm. It was nice to be able to share the professional, prompt & responsive relationship we enjoy with your firm. Too often we don't take the time to acknowledge the positive; I'd be remiss if I didn't do so in this case. Thank you again for being a valued business partner." Rick

Thank You Rick

**POSITION YOURSELF FOR ADVANCEMENT.  
DO NOT FORGET THE BCMA ACCREDITATION PROGRAM.**

Finally, an Accreditation Program with professional credentials and requirements that make sense. Credit and Collection Professionals can immediately enroll and/or obtain professional accreditation in the Business Credit & Collection field. Check out the website [creditsociety.org](http://creditsociety.org) and apply for and get started today!



**DON'T FORGET**

Credit reports offer low-cost credit histories you can use to predict risk & make sound credit decisions quickly.

Credit reports are also important when you investigate a new customer, notice a change in a customer's payment practices, receive an unusually large order, or receive a number of inquiries about a customer.

WCA offers access to these credit-reporting databases under one single, universal report subscription. We use a unit system so you do not have to commit to one database & your subscription never expires!

A variety of credit reports are available from WCA; call **Lisa** at 262-827-2880 Ext. 224 for more information/questions.

**INDUSTRY CREDIT GROUPS**

- ARE YOU HAVING PROBLEMS OBTAINING ENOUGH CREDIT INFORMATION TO ESTABLISH A VIABLE CREDIT LINE?
- HAVE YOU BEEN SURPRISED BY A CUSTOMER GOING OUT OF BUSINESS, OR FILING BANKRUPTCY?
- DID A RECENT INQUIRY INDICATE THAT YOU ARE BEING PAID SLOWER THAN OTHER SUPPLIERS ARE?

WCA ADMINISTERS LOCAL, REGIONAL, AND NATIONAL INDUSTRY CREDIT GROUPS SERVICING A VARIETY OF INDUSTRIES. INDUSTRY CREDIT GROUPS HAVE PROVEN TO BE ONE OF THE MOST EFFECTIVE TOOLS AVAILABLE TO CREDIT EXECUTIVES! GET CONNECTED WITH YOUR INDUSTRY PEERS TO OBTAIN ACCESS TO THE MOST UPDATED CREDIT INFORMATION; HAVE AN OPPORTUNITY TO EXCHANGE PAYMENT HISTORY ON MUTUAL CUSTOMERS; AND NETWORK WITH FELLOW GROUP MEMBERS, WHICH ALLOWS YOU TO ESTABLISH VALUABLE CONTACTS WITHIN YOUR INDUSTRY.

WE WOULD LIKE TO EXTEND AN INVITATION TO YOU TO ATTEND A MEETING TO EXPERIENCE FIRST-HAND WHAT AN INDUSTRY CREDIT IS ALL ABOUT! FEEL FREE TO VISIT OUR WEBSITE- [WWW.WCACREDIT.ORG](http://WWW.WCACREDIT.ORG), OR CONTACT US AT THE ASSOCIATION OFFICE, 262.827.2880, FOR ADDITIONAL INFORMATION.

**ONLINE COURSES – REGISTER ANYTIME**

Business Credit Principles  
Financial Statement Analysis I  
Credit Law

Business Law  
Basic Financial Accounting  
Financial Statement Analysis II

Knowledge is key to success. To register, [CLICK HERE!](#)

**PLEASE CONTACT *CHRYS* AT WCA, 262.827.2880 X221 TO REPORT MEMBER NEWS**

## 1. WHERE HAVE YOU BEEN?

Credit issues triggering intensive reviews of orders usually involve problems like overdue balances or worrisome agency reports. At Rainbow Seafoods, Inc., it may only mean that the customer has not made a purchase in more than 30 days.

"One of the biggest problems in a recession is the speed at which customers' credit strength can deteriorate," explains Controller Virginia Boutchie. "That's why a gap of 30 days or more is an issue."

The 30-day business gap review may be a bit extreme, but Boutchie favors a very conservative policy through good times and bad. She is always on the alert of these nine warning signs:

1. Slow payments with trade creditors and banks.
2. Sharp reductions in checking and operating account balances.
3. Reductions in profitability.
4. Returned checks.
5. Willingness to purchase product at high prices.
6. Sharp increases in buying patterns.
7. Calls from customers "out of the blue."
8. Wide order cancellations or very inactive customers.
9. Heavy inventory with little movement.

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## 2. DEALING WITH LAWYERS

Neil H. Butler, Esq. of the firm of Butler & Long some valuable tips on handling litigation. Here are 15 salient points to keep in mind when dealing with your attorneys.

1. Don't delegate responsibility for litigation to lawyers.
2. Keep an eye on your attorneys. It is not in their financial interest to get things done quickly.
3. Watch out for billing that lacks adequate details.
4. Don't allow your attorneys to do too many depositions. There is a direct correlation between how long a case goes on and how much it will cost you. (Have you ever had an attorney wait until a week before trial to tell you that your case is weak?)
5. Tell your attorney to set the depositions with opposing council to avoid cancellations.
6. Insist that you be informed of any problems immediately.
7. Start every litigation with a meeting during which you will frame a litigation plan. Determine the following: What documents do I need to assemble? What witnesses are needed? What legal issues must be researched? What discovery actions (expensive) need to be taken? Are the depositions necessary (relevant)? How long will the legal process take? (Do not accept "I don't know.")
8. Put the plan in writing, and have your attorney write you each month to show you how he or she is following the plan. Ask what is going to be done in the next 30 days.
9. Participate in the execution of the plan. Assemble whatever documents you can.

10. Let your attorneys know that your evaluation of them will depend upon how well the plan is being expeditiously followed.
11. Have your attorneys send you a copy of every letter and every pleading that they receive. You must know what is going on in the case.
12. If your attorneys are going to deviate from the plan, require them to consult you first.
13. Let them know the limit of their authority. Never, ever delegate a business decision to an attorney.
14. Set a limit on legal fees. Consider getting a fixed price for work done. Negotiate fees. It will be easier if you are giving them large volumes of work. Tell them that you have got a mass of legal work to get done. Ask them, "How much of it do you want? A little of it? A lot of it? All of it?"
15. Don't stop looking for ways to settle before trial.

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### **3. SPEAKING OUT TO SALES**

Having trouble cooperating with the sales department?

Perhaps you've heard that popular piece of advice: make department-wide presentations about exactly what credit does, how it benefits the company as a whole, and how it might benefit the sales department. However, what if your legs are shaking just thinking about standing up in front of a crowd? Then join that other crowd quaking at the back of the room. Most people fear public speaking with a passion. Fortunately, there are some things you can do to overcome your fear.

Step One: Whatever the topic and whatever the audience, prepare carefully and fully. That means practice, practice, and practice. A mirror, a spouse, or a supportive friend all work well.

Step Two: Start with small, supportive audiences like church groups or community service organizations.

Step Three: After building some confidence, consider making presentations to local credit association groups. Work to make your presentations tighter, more detailed, and more technical.

Step Four: Speak to some of the friendlier (or, at least, less hostile) departments in your company.

Step Five. The Big One. Make your presentation to sales.

Some tips: Give your audience a gift -- some information that they do not know and which will benefit them in some way. Give a fresh presentation each time. Use your passion. Sprinkle each presentation with personal anecdotes to liven it up. Lastly, do not give up. You will get better and better.

Norman Taylor was formally Director of Credit, Avondale Mills.

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### **4. WHAT ARE THE TOP MISTAKES THAT CREDIT MANAGERS ARE MAKING WITH THEIR "SCORECARDS?"**

If you make a collection call with compromise high on your agenda, chances are that you will compromise far too soon and end up conceding far too much. Negotiation is a process that leads to agreement; compromise is simply a tool that can be used to smooth the way. When you enter a negotiation, keep these five negotiation positions clearly in mind: Logic, power, and emotion are the primary positions; trade and compromise are the secondary ones.

#### **Primary Positions: Make Your Stand Here**

- Logic: State the merits of your case, emphasizing the sound reasons why you should be paid.
- Power: Make the other party aware of your ability to invoke penalties or rewards.
- Emotion: Introduce the human element. Goodwill and personal feelings affect the outcome of the deal.

## **Secondary Positions: If Necessary, Fall Back Here**

- Trade: When you bargain with the other party, sometimes you will need to offer them something in return for meeting your requirements.
- Compromise: Sometimes, one or the other, or both of you, must sacrifice something in order to come together. Example: Splitting the difference.

## **Exploit the Primary Position**

Those who gain the most in negotiations spend most of their time arguing from a primary position, leaving it up to the other party to adopt a secondary position of trade or compromise. Quickly offering trades and compromises as soon as his position is questioned is the mark of the unskilled negotiator. As soon as the customer asks for more time to pay less, the unskilled and overanxious negotiator offers a trade or a compromise.

Let us listen in while a credit manager makes a collection call and skillfully uses the primary positions to negotiate a best result.

Credit Manager: Hi, John. I am calling to ask you about that past due invoice for \$25,000. Did you get our letters about it? (Logic)

Customer: Yes, I got the letters, but we are having some cash flow problems.

Credit Manager: I understand that, but we must come to an agreement now. I am sure that you want to preserve the good relationship that we have developed over the years. (Emotion)

Customer: Well, I do not think I will be able to pay you much now.

Credit Manager: Based on your cash flow, what can you do now? (Logic)

Customer: How about \$5,000 in two weeks and the balance in six weeks? (Compromise)

Credit Manager: No. That is not acceptable. You are already 45 days behind on this. We will need \$5,000 today and the entire balance within 30 days. After all, I am sure that you will be needing our product soon. (Power)

Customer: Well, how about if I pay the entire balance in 40 days. (Compromise)

Credit Manager: We could live with that, but we cannot wait that long for full payment. We need at least weekly payments. Let us do \$7,000 today and \$3,000 a week for the next six weeks. Can you mail the first check today? (Compromise)

Customer: OK, I think we can do that.

Credit Manager: I am counting on it. I will fax you an agreement so that we can memorialize our agreement. I understand your difficulties, and I want to work with you just as we have done for all of these years. (Emotion)

Here, the credit manager used each position to move the customer closer to his requirements. Remember, most customers also can negotiate from primary positions. The customer could clearly state, "Look, this is all I can pay now. Case closed."

However, the case is not closed: He is simply negotiating by assuming the power position. Now, it is your move. You can accept his offer or revisit one or more of your previous primary positions, based on your analysis of his position.

- Logic: Show him that his argument is unreasonable or without merit.
- Power: Detail for him the consequences he will face if he refuses to reconsider.

- Emotion: Explain how he is being unfair, or argue that he should reconsider for the sake of the relationship. If necessary, you can assume a secondary position.
- Trade: Offer him something if he reconsiders.
- Compromise: Split the difference.

If you practice this process of negotiation, you will always achieve the best possible outcome. That is a big improvement over leaving yet another negotiation wondering what happened.

Barry J. Elms is President of Strategic Negotiations International, Newburyport, Massachusetts.

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To learn more about subscribing to Credit Today, check out our web site at [credittoday.com](http://credittoday.com)

Productivity Opportunity Checklist - How Productive Are You- Where Should You Improve-

Survey Results: Credit Executive Attitudes Towards Outsourcing Strongly Affected by Experiences With Receivables Outsourcing

Survey Results- Majority of Credit Pros Believe We're DEFINITELY in a Recession - Coping Strategies Detailed

Survey: How Credit Leaders Are Dealing With Today's Tough Economic Climate; Insights & Action Items You Can Use

Benchmarking Collection Agencies- Tips for Maximizing Your Relationship With Your Collection Agency

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## **UPCOMING INDUSTRY CREDIT GROUP MEETINGS**

### **AUGUST 6**

IL Wholesale Floral Suppliers Credit Group, Oakbrook, IL

### **AUGUST 11**

Fine Paper/Graphic Arts Credit Group, Milwaukee, WI

### **AUGUST 13**

Plumbing & Heating Industry Credit Group, Waukesha, WI

### **AUGUST 14**

Metals & Industrial Suppliers Credit Group, Brookfield WI  
Food Suppliers Credit Groups, Madison WI

### **AUGUST 19**

Building & Construction Materials Credit Group, Milwaukee, WI

### **AUGUST 20**

Food Service Supply Hospitality, Milwaukee, WI  
Minnesota Electrical Product Suppliers, Brooklyn Park, MN

### **AUGUST 21**

Construction Industries Credit Group, Appleton, WI  
IL Fine Paper Industry Credit Group, Oakbrook, IL

### **AUGUST 22**

SE Electrical Suppliers Credit Group, Milwaukee, WI

### **AUGUST 26**

WI/IL HVAC Industry Credit Group, Rockford, IL  
Western Electrical Suppliers Credit Group, Madison, WI

## **EDUCATION EVENTS**

### **AUGUST**

**"DIPS: THE PROS AND CONS OF SELLING TO A DEBTOR IN POSSESSION"** - Lunch & Learn Series

In MILWAUKEE ~ TUESDAY, AUGUST 12, 2008

In MADISON ~ TUESDAY, AUGUST 19, 2008

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### **SEPTEMBER 9 & 10**

#### **STATE CREDIT CONFERENCE – 2008**

Ho-Chunk Casino & Convention Center, Baraboo WI

As always, plan on two days of education & networking!

- Don't Get Mad, Get Data
  - Bankruptcy Fraud & Investigation
  - Basic Contract Law
  - Financial Peace
  - International Credit 101
  - Canada: Protecting the Supplier – Suppliers Rights & Strategies in the Canadian Context
  - Credit Scoring
  - 7 Keys to a Great Career
  - Creditor's Committees: What Most Don't Know & Why You Should Be On The Committee
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### **SEPTEMBER 17**

#### **CHINA – POST OLYMPICS**

GE Global Training Institute, Waukesha WI

China's impact today on all Americans is the greatest it has been in our lifetimes. It is of key strategic importance to US companies as a procurement source, as a manufacturing base and increasingly as a market for US goods and services. Its cheap labor has allowed us to buy more for less, but its voracious appetite for raw materials has contributed to the inflation that all of us are seeing at the checkout counter.

After its massive '**Coming-Out Party**', how will China be different? To what extent is it insulated against the economic slowdown in the developed world? How should we position ourselves to take full advantage of China's double-digit growth, and its 1.3 billion consumers?

Our keynote speaker is *Roger Heng*, Managing Director and Country Head, Bank of Montreal China, and General Manager of the bank's Beijing branch. Bank of Montreal, the parent of Chicago-based Harris Bank has four China branches, serving the needs of its US and Canadian clients in China. Roger is the longest-serving foreign banker in China (23 years and counting!), who was recently honored for his service with the Mayor of Beijing's Great Wall of Friendship Award, a top honor for foreign experts working in Beijing.

Roger will be joined by other China experts in commerce and law who will contribute their knowledge and experience to this great event. Look out for further updates as the meeting approaches. Space is limited, so please reserve early!

The program will be led by ICE member, **Richard Waple**, Bank of Montreal's China. Join your WCA Peers for this extensive, full-day program covering China!

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### **NOVEMBER**

**"EFFECTIVELY USING WISCONSIN SMALL CLAIMS COURT TO GET PAID"** - Lunch & Learn Series

In MADISON ~ WEDNESDAY NOVEMBER 5, 2008

In MILWAUKEE ~ FRIDAY NOVEMBER 7, 2008