

# E~Credit News

**July 2018**

The Business Credit  
Management Association  
Wisconsin

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## Credit Ontario's Construction Lien Act

The Credit Research Foundation is pleased to offer our membership this educational brief from CRF Platinum Partner, NCS. The brief offers a high-level overview of recommended improvements to Ontario's Construction Lien Act, which has been under review since February 2015. Critical components of the Act include dates for the preservation & perfection of liens, surety bonds and prompt payment.

Many thanks to our contributing author Nancy Kennerly, NCS Executive Director!

Click [here](#) for the more details.



*International Credit Executives Group*

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[www.icewi.org](http://www.icewi.org)

## "CASE STUDIES ROUNDTABLES" ICE SESSION JULY 19, 2018

Case Studies Roundtables in the morning and a tour of the new Johnsonville Sausage manufacturing facility near Sheboygan, WI. We are looking for participants to submit cases to "solve" and get everyone involved in the resolution! The tour after lunch will be amazing. An authentic "Johnsonville Sausage Lunch" will be served. Three guesses what's on the menu!

Click [here](#) for the more details.



## GRIEF RELIEF XXVII



## GRIEF RELIEF XXVII GOLF OUTING AUGUST 24, 2018 | 9:00 AM - 3:30PM

RESERVE EARLY & let us know if you have a four-some in mind! In the past, our Members & Partners have been very generous by donating prizes and sponsoring events! Golfers appreciate your generosity. Can we count on you in 2018?

RESERVE BY AUGUST 15. Due to our commitment to the course & caterer, no cancellation credit or refunds will be accepted after 8/17/18. Substitutions allowed. You'll take on 2017 CHAMPS: Team PNC BANK: Augie Barkow, Joe Bitter, Jim Fossett and Adam Mannatter.

CLICK [HERE](#) FOR THE ANNOUNCEMENT AND MORE DETAILS.

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John Crane

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**NEW GROUP MEMBER****INTERNATIONAL CREDIT EXECUTIVE GROUP**

Tamara Riley CCP  
FBM Sales  
Theresa Manuel  
John Crane

**NEW GROUP REPRESENTATIVE****INTERNATIONAL CREDIT EXECUTIVE GROUP**

Rob McAllister  
Brownells  
Nicole Lippart  
WW Grainger Inc

**METALS & INDUSTRIAL SUPPLIERS GROUP**

Monica Knisbeck  
Russel Metals Williams Bahcall  
Kevin Scott  
Price Engineering

**MILWAUKEE & MADISON FOOD SUPPLIERS INDUSTRY CREDIT GROUPS**

Anna Wolf  
Breakthru Beverage Wisconsin

**METALS & INDUSTRIAL SUPPLIERS GROUP**

Monica Knisbeck  
Russel Metals Williams Bahcall

**MEMBER NEWS:**

Michael Meyer with Russel Metals will be retiring. Michael has been a long-time Association and Credit Profession supporter...he will be missed by so many for his dedication, knowledge and friendship in the credit field.

Congratulations to Luck Leick, on her retirement. We wish her the best in your future endeavors. Retirement will surely offer her many new opportunities, which we know she will embrace wholeheartedly

**If you have something you would like us to announce please send an email to [admin@wcacredit.org](mailto:admin@wcacredit.org), Subject line: Member News**

**You Can't Serve Two Masters... Or Can You?**

Thanks to Credit Today's [Tip of the Week](#)

Here's another "in-the-trenches" story that, as you'll see how it unfolds below, will understand why it probably needs to be anonymous.

An old friend shared this one recently: In the last couple of years, his firm was purchased by a multi-national conglomerate. Anyone who's been through this before know that whenever there's a new parent company, there's bound to be a clash of cultures. And that's especially true when it's a foreign parent.

## You Can't Serve Two Masters... Or Can You? (Continued)

This national parent, it turns out, has a policy that customers are FORBIDDEN (we don't normally like to put use all-caps; it seems like hyperbole or perhaps shouting, or maybe both; but in this situation it seems appropriate) to go over their credit limit, or they will be fined \$50,000, unless it has been preapproved (which is very difficult given very tight lead time standards).

Yes, you read that correctly.

Fined \$50,000.

Now, leaving aside the issue that many firms can't even keep up with credit limits for every single customer, the issue of actually thinking you can have a viable policy like this is pretty amazing, we think. And of course, so did our friend and his finance bosses.

We should note that our friend and his company are based in the U.S. Most of our readers are, but increasingly, this is read across all corners of the globe.

Our friend is, if nothing else, a pragmatist.

He talked this over with his CFO (US-based, and part of the original US operations) who also realize that this policy was, to say the least, unworkable.

He came with a solution: maintain two credit limits, one so high that no customer could possibly go over it, the other, a realistic limit that actually helps manage risk.

But after doing this, he mentioned to the CFO that "you know, you can't serve two masters." But the CFO downplayed that. Our friend simply responded "if one boss says to jump, and another boss says to lay down, what do you do?"

So they set up this "system" and moved on with their jobs.

Some time passed and one day some auditors (overseas auditors, from the parent company, that is) stopped in.

As they were going through his system, they came upon a report detailing this "dual credit line" system, as well as a credit scoring module to manage credit risk (which includes a feature where you can upload a financial statement) and asked about both.

"You actually have a report like this?" they asked. "Yes," he responded.

Well, turns out, they were very impressed and indicated how the other groups' credit departments are not as sophisticated.

This praise was heaped on our friend in front of the CFO and controller, who were, he relates, "grinning from ear-to-ear" at these unexpected accolades.

Turns out, they wanted him to cross the globe to teach in their global shared-services center (we don't want to say where, lest it might give away any of the companies in this story, but it's an exotic overseas business hub.) But his US-based boss felt he had too much to do to be on loan for stuff like that.

So, we guess the moral of this story is maybe in some instances you CAN serve two masters, and also, umm, certainly pragmatism rules.

## To Get the Big Bucks, You'll Need a Current, Active, Living, Breathing Credit Policy

In our profile of Mike Rodgers and FINACITY ("Can Your Department Pass the Stress Test"), we delved into what's important to them when they examine credit departments. When we say "examine credit departments," we're not kidding. It's more than an interesting question, because, as we have noted, earlier, this is a company that writes checks - really big checks - which are backed by the receivables at the companies getting the money.

So they want to know: "how good are these receivables?" If they advance, let's say 8-some-odd figures based on receivables, are those receivables something they'll be able to count on if there's a problem?

With numbers like that, you can imagine, they don't mess around.

In fact, Rodgers has about 300 questions he asks, not only about receivables, but also about the underlying health of the business, it's procedures, and really, all aspects of the order-to-cash process. And that's simply good business, because receivables are the end result of a bigger process. If one part is sick or dysfunctional, you'll see that reflected in the receivables.

So his exercise is a really instructive one for all credit execs.

But this week we'll focus on just one item that Rodgers always looks at -- the credit policy.

With any review, that he and his team conducts, they always go onsite, and one of the things he wants to review before he goes is the credit policy.

First, he determines: do they have a credit policy or procedural document? And then he asks:

"Is it dusty?"

"Is it relevant?"

"Does it live on their intranet?"

"Does it serve as a training document to help staff follow and perform their duties?"

Says Rodgers, "Probably 60 to 70 percent of the time we recommend that a company update or review their processes. For the other 30 to 40 percent, they're often in good shape because they've had a deep dive Sarbanes Oxley review or an auditor has just come through. Usually departments spend a lot of time writing the policy, but they don't come back to it very often."

So if you do not fall into the category where you are basically forced to do this because of SOX, the odds are not high that your credit policy would pass muster if someone came into your department to do a thorough assessment!

Sure, you're busy and this is one of those things that can (and sometimes must) be put aside while you deal with more immediate fires. But it is something all credit departments should have and use and continue to develop.

Where do you stand on this issue?



## Fifteen Ideas for Controlling Delinquencies

**If cash flow is the engine that drives businesses forward, delinquent accounts are the brakes that bring businesses to a screeching halt. We are all aware of the fact that the probability of collecting a delinquent account drops dramatically over time. For this reason, we need to make certain that our internal collection efforts are adequate to the task. Here are 15 ideas for controlling delinquencies and collecting past-due balances more effectively starting today:**

1. Make sure each of your customers know your terms of sale.
2. Be sure your terms of sale appear on every document that is sent to customers, including invoices, monthly statements, collection letters, and dunning notices.
3. Flag accounts with irregular payments for closer scrutiny.
4. Eliminate so-called grace periods. Follow up immediately on past-due balances.
5. Establish a method of monitoring the financial performance and payment patterns of accounts identified as marginal credit risks based either (a) on their financial condition, or (b) on their payment history.
6. If DSO is creeping up, review and tighten your collection procedures as well as your credit-granting policies and procedures.
7. Control extended dating plans. Make certain that only you can approve any such plan. Be certain that your subordinates--and the sales department--understand that they have NO authority to offer or accept extended payment plans without your approval. If you accept a payment plan, make certain it is documented - preferably in the form of an interest bearing promissory note with a default acceleration clause, and accompanied by a personal guarantee.
8. Treat customers' payment proposals as invitations to negotiate rather than as non-negotiable ultimatums.
9. If a customer cannot pay you in full, require a substantial "good faith" payment, in addition to a specific written commitment to pay the remaining balance on a specific schedule.
10. Be prepared to hold orders sooner rather than later when accounts become delinquent.
11. Always deal with decision makers within your customers' hierarchies, never message takers.
12. If a customer is withholding a payment over a small dollar dispute, insist that the undisputed portion be paid immediately.
13. Recognize that at some point, it becomes more important to collect the past-due balance than it is to be concerned about future business and the risk of damaging goodwill between your company and the delinquent customer.
14. Many collection problems (and bad debts) result from poor or inadequate initial credit investigations. Make this your line in the sand. If you are not convinced customers are creditworthy, they should not get past the initial barrier to open account terms.
15. Use a professional third-party collection agency if you find that you are no longer making progress in collecting on a past-due balance. Remember: In debt collection, if you are not moving forward, you are moving backward--there is no neutral or middle ground!

# TSYS Merchant Solutions<sup>SM</sup> (Partners)

Need credit card payment solutions for your business? Whether large or small, TSYS has the customized solutions to fit your business needs. BCMA partners with TSYS because they are focused on creating more value in our client relationships than ever before, and their voice has emerged as one of the most trusted in the payments industry. This true spirit of partnership, and the accompanying understanding that our success is determined by our clients' success, infuse everything we do. Whether you're LOOKING TO BEGIN ACCEPTING CREDIT CARDS, or LOOKING TO LOWER YOUR

CREDIT CARD SURCHARGE FEES...TSYS will help. Contact the Association at 262.827.2880. We'll put you in touch with a representative that will assist you. TSYS was named to Ethisphere's 2013 World's Most Ethical Companies List!

\*NACS Credit Services, Inc

\*Pennsylvania Association of Credit Management

\*The Business Credit Management Association Wisconsin

## Contact Us

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### 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!



## 2017-18 Board of Directors

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## UPCOMING INDUSTRY CREDIT GROUP MEETINGS

### **JULY 10, 2018**

Fine Paper/Graphic Arts Industry Credit Group

Teleconference Call

Regional Paper & Packaging Industry Credit Group

Teleconference Call

### **JULY 11, 2018**

Food Suppliers Industry Credit Group  
Madison, WI

Plumbing & Heating Industry Credit Group  
Brookfield, WI

### **JULY 12, 2018**

Metals & Industrial Suppliers Credit Group  
Brookfield, WI

### **JULY 13, 2018**

Electrical Suppliers Industry Credit Group  
Brookfield, WI

### **JULY 16, 2018**

Western Electrical Suppliers Industry Credit Group  
Madison, WI



### **JULY 17, 2018**

Building & Construction Materials Credit Group  
Milwaukee, WI

Minnesota Fine Paper Credit Group  
Teleconference Call

### **JULY 18, 2018**

Minnesota Electrical Product Suppliers Group  
Brooklyn Park, MN

### **JULY 19, 2018**

Construction Industries Credit Group  
Appleton, WI

### **JULY 20, 2018**

IL Fine Paper Industry Credit Group  
Westmont, IL

### **JULY 24, 2018**

WI/IL HVAC Industry Credit Group  
Rockford, IL

### **JULY 26, 2018**

Food Service Supply Hospitality Industry Credit Group  
Brookfield, WI



## 2018 Educational Events

July 19

["Case Studies Roundtables" ICE Session](#)

September 11

["Proofs Of Claim & Trading Claims" Webinar](#)

[Or Converted, Or To Lift The Stay" Webinar](#)

August 24

[Grief Relief XXVII Golf Outing](#)

October 9

["How To Get A Bankruptcy Case Dismissed](#)

November 13

["Anatomy Of A Preference Litigation"](#)

CHECK OUT OUR [CALENDAR](#) FOR MORE UPCOMING EVENTS.  
YOU CAN TRUST THE ASSOCIATION TO ASSIST IN [RECOVERY](#) FROM YOUR DEBTORS ANYWHERE  
IN THE WORLD.

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