E-Credit News

Wisconsin Credit Association
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Visionary Leadership Results

WISCONSIN CREDIT ASSOCIATION 262.827.2880 July 2008

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WCA Member Updates & News

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Followed by
Industry Group Meetings

BCMA Members

*NACM Credit Services, Inc.

*Pennsylvania Association of Credit Management

*Wisconsin Credit Association

Canada, Foreign Country or 51st State?

Most suppliers often extend the same terms to their Canadian Customers that they do to their US Customers. In addition, many use English to communicate with their Canadian Customers, invoice in U.S. Dollars, use a local Agency for Collections...but in reality, Canada must be viewed as a foreign country. There truly can be a language barrier, there are different laws & obtaining security is entirely different there without use of our U.S. Uniform Commercial Code. Our world is shrinking, the Internet makes our products readily available & our companies want & need to expand.

We are going to learn the how-to's of protecting & collecting from our Canadian Customers at a full morning presentation at the State Credit Conference on September 10, 2008: ***Protecting the U.S. Supplier to Canada--Rights & Strategies***

A lot has happened in the past decade to shake our faith in long-standing economic principles & truisms & to shape the views of those whose livelihood depends upon safe & effective credit granting. As few as 10 years ago, it was universally accepted that there were certain companies that just could not "go under". Many of those are no longer with us today & others of those exist only in significantly reduced size & power. This seminar is about examining the way in which the 'deck is stacked' against suppliers when their Canadian customers are unable to pay. More & more suppliers have been availing themselves to implementing more protective mechanisms such as taking security where appropriate, to increase their advantage. It is important that suppliers of goods & services be made aware of their rights & the available tools to protect their interest.

This workshop will teach you how to best position & protect yourself as well as provide critical information about how to proceed in the event your customer simply will not pay or becomes insolvent.

The full Conference Announcement is near completion...watch soon for all the details...Baraboo WI - September 9 & 10.

WCA

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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 with your idea!

NEW ASSOCIATION MEMBERS

Rhonda Kook
All County Electric Supply
Jessica Gagliano
Weather-Tek Design Center

NEW ASSOCIATION REPRESENTATIVES

Louise Klobuchar
Lesaffre Yeast Corporation
Tom Lutomski
Rockwell Automation
Jackie Hugo
UW Provision
Laura Johnson
Tecumseh Power
Carol Potts
C & H Distributors

NEW GROUP REPRESENTATIVES

BUILDING & CONSTRUCTION MATERIALS CREDIT GROUP
Jessica Gagliano
Weather-Tek Design Center

INTERNATIONAL CREDIT EXECUTIVES GROUP (ICE)
Louise Klobuchar
Lesaffre Yeast Corporation
Tom Lutomski
Rockwell Automation
Laura Johnson
Tecumseh Power
Carol Potts
C & H Distributors

HOTEL & RESTAURANT INDUSTRY CREDIT GROUP
Jackie Hugo
UW Provision

ELECTRIC SUPPLY GROUP
Rhonda Kook
All County Electric Supply

WCA MEMBERSHIP UPDATES

Congratulations to Heather Kuester, Basic Metals. On June 17, Heather welcomed a baby girl Hailey Jade into the world

We would like to extend our deepest sympathy to the following members who have recently had a family member pass away.

Marie Tomlin-Boerner, Richardson Industries
Tim Conway, Reinhart Foodservices
Donna Leggett, Lewis Paper Intl.,

Our thoughts are with you and your families during these difficult times.

CREDIT REPORTING SIMPLE & EASY!

Our goal at WCA is to help customers grow profitably by ensuring that business strategies, decisions & actions are based on a consistent flow of quality information. To accomplish this we provide a unique credit reporting subscription services-

- No Contracts or Annual Fees
- No Expiration Dates
- One Subscription provides access to **ALL** Major Credit Reporting Databases
  - D & B
  - Experian
  - Equifax US
  - Equifax Canada
  - Coface International
  - Consumer Reports (Equifax, Experian, Trans Union)
- Direct Access is available at no additional cost

Contact Lisa at 262-827-2880 ext 224 or email lisas@wacredit.org for more information & sample reports.

NEWS FROM EMPLOYMENT SERVICES

Employment Services is the umbrella for the Resume Referral program, which provides no-charge resumes to employers, & no-charge job placement for candidates. The Positions Available Job postings on our website is also included in this service. Your Extended Staff, with experienced temporary employees, is one more feature offered through this program. **Some Employment Service FACTOIDS are**:

- Even though the economy is tight, jobs still become available daily. New employees are needed due to turnover, retirement & jobs being created because of growth. In addition, WCA needs resumes now to fill the current jobs available.
- Even though the economy is tight, many companies & industries are doing very well & growing fast.
- Our open jobs & services cover the majority of Wisconsin, some parts of Illinois & Michigan, so WCA always needs resumes throughout these states.
- The jobs posted on our Positions Available are less than 50% of jobs available through our Resume Referral program. Many companies do not wish to post their open jobs on the website.
- Temporary employees are available for assignments as short as weeks or as long as years.
- The majority of our temporary employees are hired for full-time permanent jobs by their temporary employers.
- Many employers use the temporary employment program as a way to get to know & evaluate a candidate before they offer the temporary employee a permanent position.
- Over 95 % of WCA temporary employees have been active WCA members who have benefited from classes, seminars, industry groups & conferences.
- WCA temporary employees are paid Holiday, Sick & Vacation time.

Please contact admin@wcacredit.org or call 262-827-2880 Ext. 232.

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. NINE QUESTIONS TO ASK AFTER YOU'VE HEARD: "THE CHECK IS IN THE MAIL"

Of course, everyone in credit is told that "the check is in the mail" on occasion. In addition, what you say and do after you hear that can be very important. Collection expert Tim Paulsen of Toronto offers a series of the questions you should ask after hearing that the check is in the mail:

- When was the check mailed?
- Who mailed the check?
- What invoices were being paid with that check?
- Why was it mailed so late?
- How much was the check for?
- Why wasn't it sent priority or delivered?
- Confirm: bank, type of account, check #, date on check
- Where was it mailed? Anyone's attention?
- Was there a reference number on the check?

2. ELIMINATE ANTIQUATED EXPRESSIONS FROM YOUR COLLECTION LETTERS

Well-known credit consultant and author Michael Dennis of www.CoveringCredit.com recommends keeping your collection letters short and specific. If you haven't retooled your collection letters in some time, you might want to look at them critically. Do they have any of the following expressions? Here's Dennis' list, along with suggestions for replacement:

Enclosed herewith…..............................Please find enclosed

We urge and recommend that…...........We recommend

At your earliest convenience..............As soon as possible

For your perusal...................................For your review

Thanking you in advance..................Thank you

It is incumbent on you to...................We need you to

We are in receipt of............................We received

It is our belief and opinion.................We believe

3. DO YOUR INVOICES MEASURE UP? FIVE-POINT INVOICE CHECKLIST

We always say that consistent application of the basics - the things you learned in the first year on the job - is the most important way to establish excellence. Time and again, we learn from the best that it's the little things - done properly time after time - that really matter. To that end, Westbury, NY-based outsourcer and collection agency STA International has produced a nice little booklet entitled "The Essential Guide to Getting Paid - practical solutions to improve cash flow," which has a number of items we feel are worth noting.

Here is their checklist for proper invoicing. Do your invoices have all of these items displayed clearly?

- Ensure your invoice and statement prominently show (a) your payment terms, (b) the date the payment is due, and (c) your late payment interest charges policy.
- Provide telephone number and contact details to enable the customer to pursue any queries.
- Ensure that you are sending accurate and correct details on your invoice.
- Ensure that your invoice reaches the right person. You should know who is responsible for approving your invoice.
- Ensure that you have the correct details for chasing payments (i.e., contact name, number, fax, and e-mail of the accounts payable department).

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

We asked consultant Pam Krank (www.creditdept.com) recently and here are her top three:

Using Balance Sheet Data Instead of Cash Flow Data - The main mistake Krank sees over and over is that people still focus on the balance sheet instead of the cash statement.

Not Linking - A second big mistake is not linking subsidiaries to parent companies, even when they have the ability to do so, with a program such as SAP. "You need to watch this constantly," she says, or you won't know your true exposure. She cites the example of Bakeline, which filed bankruptcy. She's spoken with credit execs who thought that it was still a part of Keebler, which sold it a while back.

Nothing on the Ability to Raise Cash - Most scorecards have nothing on the ability to borrow or raise additional capital, Krank says. You should always know how much of their credit line your customer is using. It's a real warning sign when bank lines are used fully, and there's no other access to additional capital at a business. However, this information is not on most scorecards.

5. EVEN WORSE THAN CHANNEL STUFFING: "BILL AND HOLD"

"Bill and hold" is a similar concept to channel stuffing, but it's even worse, says one credit exec. When you bill and hold, the product doesn't even go out the door.

"I've seen this-it happens more at the end of the year," he explained. In this situation, "there are guilty parties on two sides, and it's very bad. It's awful from a revenue recognition standpoint.

"I'll give you a great price and extended terms on 45 truckloads of product. However, the distributor says, 'Fine, I'll do that for you, because we play golf a few times a month. Nevertheless, here's the deal. I don't have room in my warehouse, so can you just bill me for it, but I want you to hold it.' Sometimes this will occur when the product hasn't even been made yet."

"And here's something else that will happen. Because you have two guilty parties, at the end of the year the customer will say 'I didn't burn up all my dollars on several purchase orders this year. It behooves me to spend it because if I don't use it this year, I won't get the budget next year. So, what I'd like you to do is even if you don't have the product made yet, bill me so I can get it in this calendar year.' I don't know if you'd call this channel stuffing, but it's a cousin to it."

If channel stuffing is a slippery slope, then this practice is much further on down.

UPCOMING INDUSTRY CREDIT GROUP MEETINGS

JULY 8
Fine Paper/Graphic Arts Credit Group, Milwaukee, WI

JULY 9
Plumbing & Heating Industry Credit Group, Waukesha, WI

JULY 10
Metals & Industrial Suppliers Credit Group, Brookfield WI

JULY 15
ICE Group, "EXPORT COMPLIANCE IS HOT! HOT! HOT!" Oshkosh WI

JULY 16
Food Service Supply Hospitality/Food Suppliers Credit Groups (Combined Meeting) Watertown, WI
Minnesota Electrical Product Suppliers, Brooklyn Park, MN

JULY 17
Construction Industries Credit Group, Appleton, WI
IL Fine Paper Industry Credit Group, Oakbrook, IL

JULY 18
SE Electrical Suppliers Credit Group, Milwaukee, WI

JULY 21
IL Wholesale Floral Suppliers Credit Group, Oakbrook, IL

JULY 22
WI/IL HVAC Industry Credit Group, Rockford, IL
Building & Construction Materials Credit Group, Milwaukee, WI
Western Electrical Suppliers Credit Group, Madison, WI

EDUCATION EVENTS

AUGUST

"DIPS: THE PROS & CONS OF SELLING TO A DEBTOR IN POSSESSION" - Lunch & Learn Series
8/12 in Milwaukee, 8/19 in Madison (*More information to follow*)

SEPTEMBER 9 & 10
STATE CREDIT CONFERENCE – 2008
Ho-Chunk Casino & Convention Center
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