



E-Credit News

Wisconsin Credit Association
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WISCONSIN CREDIT ASSOCIATION 262.827.2880

June 2008

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WCA Member Updates & News

This month's topics...

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- 3. Some Tips for Judging Risks at Private Equity Companies**
- 4. Ploys Cash-Short Customers May Be Pondering**

Followed by
Industry Group Meetings



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BCMA Members

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

Congratulations, Johnsonville Sausage, LLC

WCA is proud to have Johnsonville Sausage LLC as a member of the Association and the International Credit Executives (ICE) Group.



President George W. Bush welcomes Bill Morgan & Tom Danneker of Johnsonville Sausage, LLC, recipients of the 2007 President's "E" Award & "E" Star Award for Export Achievement, Tuesday, May 20, 2008 in the Oval Office. Also joined by Wisconsin Congressman Tom Petri, right. White House photo by Chris Greenberg"2008.

JOHNSONVILLE SAUSAGE HONORED WITH PRESIDENT'S "E" AWARD FOR EXPORT EXCELLENCE

President George W. Bush Presents Award Recognizing Leading Sausage Brand's International Expansion

SHEBOYGAN FALLS, Wis. - May 27, 2008 - Since 1994, Johnsonville Sausage, LLC has been committed to increasing its international reach with the goal of being the no. 1 sausage brand in the world. The company took one step closer to its goal with the recent achievement of the President's "E" Award for Export Excellence.

President George W. Bush & U.S. Department of Commerce Secretary Carlos M. Gutierrez presented Johnsonville with the award at the White House May 20. The "E" Award, the highest honor the Federal government can give to an American exporting company, recognizes U.S. firms for their competitive achievements in world markets & their part in increasing U.S. exports abroad.



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ALL EMAIL ADDRESSES ARE:

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 with your idea!

"Johnsonville Sausage is helping to keep America competitive in the global marketplace. I commend them for contributing to last year's record in goods and services. Thanks to Johnsonville and the thousands of others that compete in the global market, U.S. exports last year rose 12.6 percent over the previous year to more than \$1.6 trillion, making an important contribution to U.S. economic growth," said Gutierrez.

Johnsonville Sausage received the award based on the company's achievement in supporting export growth in the U.S. business community.

"Johnsonville made the strategic decision years ago to invest in expanding the company's activities outside the United States, as a way to increase channels for growth," said Bill Morgan, president, Johnsonville. "This strategy, based upon brand development in international markets and building an international infrastructure, has allowed us to grow so that we're currently exporting to 30 countries around the world."

Through extensive consumer research, Johnsonville produces several products solely for certain markets and tailored to the local flavors of that country. Products include Lemon and Herb sausage in Japan, Honey and Garlic sausage in Canada and Meridionale sausage in France.

This research, along with Johnsonville's sustained commitment to export expansion and the company's impressive increase in sales over the last three years were further cited as successes by Secretary Gutierrez.

About the "E" Award

The "E" Award is the highest honor the federal government can give to an American exporting company. This marks the 46th Anniversary of the Presidential "E" Award created by John F. Kennedy in 1961.

The President's "E" Award may be given to persons, firms and organizations engaged in the marketing of products that make significant contributions to the expansion of the export trade of the United States.

About Johnsonville Sausage

Established in 1945, Johnsonville's core expertise is in making the best sausage in the world. Through manufacturing, supply chain, sales, and marketing innovation, Johnsonville has leveraged its core competency to become the number one brand of sausage in the United States.

Wisconsin-based Johnsonville Sausage is the number one national brand of brats, Italian sausage, smoked-cooked links and fresh breakfast sausage links. The company employs more than 1,400 members. Founded by Ralph F. and Alice Stayer, the company remains privately owned today.

WCA MEMBERSHIP UPDATES

Congratulations to Sandi Chojnacki, CCP, CPC on her retirement after 22 years of service from Climatic Control Company Inc. We are happy to have her on staff at the Association in assisting us in our very busy, ever growing Collections and Recovery Services Division.

Congratulations Renee Wagner, Schenck AccuRate, Inc on her promotion to Senior Contracts and Compliance Administrator.

Congratulations Rick Schadt, Simplicity Mfg Inc on your promotion to Director Dealer Finance.

NEW ASSOCIATION REPRESENTATIVES

Beth Snyder	Climatic Control Company Inc
Jane Becker	Schenck AccuRate, Inc
Nancy Soltis	Jockey International Inc
Rebecca Larson	Baker Manufacturing Co LLC

NEW GROUP REPRESENTATIVES

PLUMBING & HEATING INDUSTRY CREDIT GROUP

Beth Snyder	Climatic Control Company Inc
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HOTEL & RESTAURANT INDUSTRY CREDIT GROUP

John Sirois	BakeMark
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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.

COLLECTIONS & RECOVERY SERVICES

Wisconsin Credit Association offers collection & recovery services. Our purpose is to provide our WCA member companies with a quality, professional & trustworthy recovery service, to assist companies of all sizes, industries & geographical locations. Our industry expertise, state-of-the-art systems, & telecommunications, allows us to extend our service & effectiveness on a nationwide basis.

Call Wisconsin Credit Association for further information at (262) 827-2880, or e-mail us at collection@wacredit.org.

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.

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, & 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; & 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, 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. EFFECTIVE TELEPHONE TECHNIQUES TO SECURE BANK INFORMATION

Of course, telephone contact is much faster than relying on written communication. However, some banks will only supply information upon written request. The more experienced personnel achieve the best results on the telephone. One can expect a lower level of the quality of response to inquiries that are made by those who are at a clerical level. Senior level personnel can permit the junior level of credit personnel to listen in on an extension for training in the use of telephone inquiry techniques.

One can expect to sometimes have to make several calls before reaching the account officer to obtain information about the applicant company. Often, bank employees are reluctant to release sensitive information over the phone. Bankers often ask trade creditors to put their requests in writing. As an expedient, creditors might want to fax their questions to the account officer.

Some tips:

- Some banks never provide credit ratings to trade creditors. Instead, they will rate only to another bank; the creditor must arrange for its bank to contact the applicant company's bank for a rating.
- Another popular twist involves banks charging creditors a fee to provide references on their clients. These fees typically range from \$10 to \$25. Caution: Paying for the bank reference does not make the reference any better or more detailed than one given for free.
- Prior to the call, completely familiarize yourself with account information so that you will ask intelligent & knowledgeable questions. Have the complete account file on your desk at the time of the call.
- Try to get the actual account (or loan) officer who handles the client's account. Avoid speaking to secretaries or clerks who are merely familiar with the account & have little to do with the granting of credit to the client.
- If the client's file is marked restricted or the account officer is unwilling to rate or provide you with relevant information about the customer, you might call the applicant & ask him or her to contact the banker to give permission for the account officer to answer your questions.
- Tell the bank officer your name, your position, the name of your firm & its location. State the purpose of your call. Bank officers get scores of these types of calls each week & know the type of information you can use.
- They should tell you the following information readily: a. Average cash account balance b. Secured loan balance c. Unsecured loan balance. Repeat that information over the phone so that you are sure that you have it correctly noted.
- Using a professional manner, ask about the type of collateral used for secured loans, the credit limits the bank extends on various types of loans, guarantees & other possible loan data.
- Ask about the loan payback history. "Satisfactory" means that loans have been liquidated on time. "Good" can be taken to mean that loans were liquidated prior to the due date. Try to elicit a distinction.
- Inquire as to whether loans are cyclical or seasonal.
- Ask bank officers if they have any other comments about the account, remembering that they may be hesitant about weak situations unless they are confident that you understand "generalizations." Be alert to grab the significance of well-chosen words.
- Remember to thank the banker for his or her time & assistance. It is not only the right thing to do, but you might need the banker's help again in the future.

2. DON'T GIVE AWAY THE STORE

From time to time, accounts request a credit limit far in excess of the amount they really need or actually want. Often, customers believe that, by asking for far more than they need, they are more likely to get the credit limit they want.

"I need the entire order shipped right away or we cannot do business."

"If your company cannot ship x quantity on open account terms, then forget the whole deal."

Threats from customers must be taken seriously, but not so seriously that the credit department loses sight of its primary obligation: to properly manage credit risk. Evaluating credit risk must be done as if there were no threat. If possible, alternatives should be suggested that preserves goodwill with the customer. If not, the credit professional should try to find a way to solve the problem & allow the customer to save face. Partial shipments, shorter terms, guarantees & pledges of collateral are concepts that have to be sold to customers.

3. SOME TIPS FOR JUDGING RISKS AT PRIVATE EQUITY COMPANIES

As credit manager of Radica USA, a wholly owned subsidiary of Mattel Corp., Leslie J. Potts has seen a number of corporate customers acquired by private equity outfits, & she's understandably worried about the debt loads they're now carrying. How does she judge their chances of surviving & succeeding in a more challenging economy? She looks for match ups between the acquirer & the acquired in trade & business experience.

"The question is, 'What did the private equity company bring to the table, besides the acquisition money & then a big load of debt?'" she says. "That information is usually available in the private equity company's portfolio, which is posted on the Internet. If the company has been in our line of business for awhile or has been successful with other acquisitions in our field, we can be somewhat comfortable." But with these debt loads, you never really know."

4. PLOYS CASH-SHORT CUSTOMERS MAY BE PONDERING

"If creditors don't get a response when they call you, their immediate feeling is: 'Is this company out of business? Do I have a dispute here? Am I ever going to get paid?'"

That is how Richard Brenner, corporate financial management consultant & president of The Brenner Group, led off an address to a meeting of accounts payable managers. We'd say he certainly has his hand right on the credit community's collective pulse, particularly since he followed this up by adding: "Some creditors will scream & holler, but they have less to scream & holler about if they know what the problem is & they know what to expect."

Letting creditors know what to expect when cash is short is a major part of establishing long-term creditor/customer relationships. We wish we could add that Brenner went on to detail the why's & how's of maintaining open communications with creditors. However, that is not what happened. Rather, he tossed out some suggestions on how his audience might better manipulate their creditors when they could not meet the terms they would agree to. These included:

- Stretching payments out for at least 60 days, especially if the customer's accounts receivables side is able to collect payments from its customers in 30 days. Brenner pointed out that this could create a cash cushion for the company. The strategy allows the accounts payable manager to "help that company extend its runway," he said. He did caution that there are risks inherent in this strategy, including damaging the company's credit rating & reputation with its suppliers.
- Just-in-time inventory. By this, he means persuading suppliers to warehouse up to half of the monthly order to allow the company to withhold payment until it receives the material, rather than paying at the time of order. However, do not do this, he cautioned, if it will interrupt the flow of business.
- Strategic sourcing, or whittling the number of vendors who supply similar products in an effort to win quantify discounts. "Suppliers will offer price breaks-and might even pay cash incentives," he suggested.

We have heard far more clever ideas for beating up on creditors. He did not even mention the lost-invoice or defective-product dodges. However, be forewarned. If a struggling customer appeals for split shipments to conserve cash while meeting your terms, fine, but if, out of the blue, they offer to give you all their business, you had better make sure you want it.

To learn more about subscribing to Credit Today, check out our web site at credittoday.com

[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

Can You Add a Surcharge to Credit Card Payments- No, but . . .

UPCOMING INDUSTRY CREDIT GROUP MEETINGS

JUNE 09

IL Wholesale Floral Suppliers Credit Group, Oakbrook, IL

JUNE 10

Fine Paper/Graphic Arts Credit Group, Milwaukee, WI

JUNE 11

Plumbing & Heating Industry Credit Group, Waukesha, WI

JUNE 12

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

JUNE 17

Building & Construction Materials Credit Group, Milwaukee, WI
Western Electrical Suppliers Credit Group, Madison, WI

JUNE 18

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

JUNE 19

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

JUNE 20

SE Electrical Suppliers Credit Group, Milwaukee, WI

JUNE 24

WI/IL HVAC Industry Credit Group, (LIST ONLY)

EDUCATION EVENTS

AUGUST

"DIPS: THE PROS & CONS OF SELLING TO A DEBTOR IN POSSESSION" - Lunch & Learn Series
MADISON & MILWAUKEE AREA (*More information to follow in Next Newsletter*)

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