

# E~Credit News

The Business Credit  
Management Association  
Wisconsin

October 2017

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Wisconsin  
Credit  
Association



**“I Was Awarded a Judgment ~  
Now How Do I Get Paid?”  
Webinar  
October 18 | 10:00 AM - 11:00 AM**

You have worked hard obtaining your judgment, but the judgment debtor will not voluntarily pay off the balance. We will discuss how to get paid, after the battle to judgment as well as enforcement litigation, including execution, levy & garnishment.

- What are your available methods of enforcing your judgment?
- What is your most cost-effective way of getting paid?
- What enforcement methods can you take without an attorney?
- What are the best ways of locating assets?
- If forced to take payment over time, are there ways to ensure payment?

Please join us to learn about the best steps to take following obtaining your judgment & the most effective methods on getting paid on your judgment.

To join this important and informative event, click [here](#) to learn more!

## Why Accreditation Matters

**ACCREDITED**

Credentialing programs can be so complicated; multiple ways to obtain your credentials based on experience, courses that need to be taken, tons of forms for each plan and the list goes on and on.

Accreditation is considered to may supervisors an emphasizes on education, quality assurance and a commitment to continuous quality enhancement. This Accreditation also takes into consideration your experience as well as your education.

To learn more about this important program, click [here](#)!

## **NEW ASSOCIATION REPRESENTATIVES**

Carla Vanderaa, CBA  
Creative Converting  
Chaz Heckman  
Merge Healthcare  
Lisa Langenkamp  
Marine Travelift Inc  
Tom Strack, CCE  
Rite-Hite Company, LLC  
Amber Wodill  
Clack Corporation  
Kevin Berning  
AluChem Inc

## **NEW GROUP MEMBERS**

### **BUILDING & CONSTRUCTION MATERIAL INDUSTRY CREDIT GROUP**

Nikki Heiting  
Ferguson Waterworks Davies Water Division  
Nancy Kotowski  
Roland Machinery Co

## **NEW GROUP REPRESENTATIVES**

### **INTERNATIONAL CREDIT EXECUTIVES GROUP**

Lisa Langenkamp  
Marine Travelift Inc  
John Schnell  
The Spancrete Group

## **MEMBER NEWS:**

Congratulations to Donna, from Lincoln Contractors Supply, on the birth of her first grandchild. Brooklyn Marie was born on July 24, weighed 7.3 lbs. and was 20 inches long. Have fun with your new granddaughter!



Kenneth, from Lewis Paper, announced the birth of his daughter. Emma Rose was born on August 15th, and weighed 8 lbs. 11 oz. She is a beautiful baby! Congratulations to the family!

Congratulations to Sharon Fischer (Hildebrand) from The Vollrath Company LLC on her recent marriage to Randy. Best wishes to the both of them.

Claudia Pilger, Clack Corporation is retiring after many years of hard work, we wish you nothing but lots of "R & R" and fun times in your retirement.

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

## **Sure-Fire Way to Add Some Juice to Your Job**

**Pamela Krank, president of St. Paul, Minnesota-based consulting firm The Credit Department, Inc., wrote in her client newsletter that senior managers generally say they are satisfied with their credit department based on the following conditions:**

- Their satisfaction is based solely upon past results and very limited or subjective measures
- That they will remain satisfied until a credit disaster happens, and
- They have verbally communicated a "NO SURPRISES" policy to their credit department to ensure against these disasters.

"This is the typical mode of operations (stagnant) for credit departments run as cost centers," says Krank, who believes that it is important for credit to contribute to the bottom line, not just protect it.

To aid in this goal, she recommends measuring efficiency to make sure you are performing at or above industry standards? Her favorite efficiency measures include:

- Customer accounts per week per full-time equivalent (FTE)
- Customer calls per hour
- Unauthorized deduction dollars recovered per FTE
- Unauthorized deduction dollars recovered as a percent of sales
- Number of deduction files worked per FTE

## Sure-Fire Way to Add Some Juice to Your Job Continued

- Credit costs per sales dollar
- Collection costs per sales dollar
- Deduction management costs per sales dollar

"Most companies only know the basic effectiveness (DSO, days over 90, etc.) measurements for their credit departments: DSO and total costs," says Krank. "You may be losing hundreds of thousands or even millions of dollars each year due to inefficiencies within your company."

We agree with her. In addition, your job will be a lot more exciting when you are aiming for excellence, rather than simply operating in a defensive mode.

For more information, check out [www.tcd.com](http://www.tcd.com).

## Setting and Meeting Cash-Flow Goals

**"I spend my day focusing on my cash-flow goals, and I review every decision that I make in light of whether it will help me reach those goals," declares this credit manager. In addition, as a "cash-flow manager," he continues, the goals he sets direct both him and his employees. "Our goals are bad-debt write-off of .3%, which is industry standard, and 40 DSO," he says. "I make all of my decisions with these figures in mind." What kinds of decisions do cash flow managers make in light of their goals? Most fall under one of two categories:**

**1. Credit decisions.** "If you have no cash-flow problems, you are probably not selling to marginal accounts, and are thus missing a tremendous amount of business," he notes. "The real job of a cash-flow manager is to find ways to sell to marginal accounts with security. In fact, the very best cash-flow managers find ways to sell to marginal accounts that competitors don't sell to." In terms of customers in the construction industry, for example, he sees it this way:

- About 50% of the customer base is very creditworthy, and everyone sells to them.
- About 20% of the customer base is not creditworthy, and no one sells to them.
- About 30% of the customer base is marginal. "This is where cash-flow managers earn their keep," he says.

One security tool, for example, might be joint checks. "In the Sheetrock business, joint checks are very common," he shares. "In fact, a lot of new customers come to me with joint check agreements already signed."

**2. Collection activity.** Just setting lower DSO goals and sitting back to wait for the figures to decrease on their own obviously does not work. You must take some specific actions to reduce DSO. One such action is to actively emphasize your credit terms when you set up new customers. Another is to gently persuade existing customers to pay faster.

He offers some recommendations on the latter strategy. "Again, it often requires walking a fine line between speeding up payment and risking the loss of their business," he cautions. In sum, he uses this approach: He arranges to meet with the customer and explains, "We appreciate your business, but we have a situation of concern. Our business is based on profit and cash flow, just as yours is. However, we are having a problem carrying you at this aging. What has made you slow down? And what can we do to help you improve in this area?"

## Document Your Business Travel on Trip Report Forms

**Business travel—particularly foreign business travel—is expensive, so you try squeeze in all of the customer visits and meetings you can into the time that you're away. How much of what you have seen, heard and been told do you remember when you are back in the office? That depends on the records you have kept.**

Alice Knight, formerly vice president of finance and administration for Paper Products Marketing (USA), Inc., remembers a trip to Costa Rica some years ago when "random records" she had kept tripped her up. She was visiting a customer for the second time and casually asked how another company in the area—a company she remembered this customer having mentioned—was doing. "He blew up!" she says. "He said that company was his biggest competitor and was stealing his business. He demanded to know what I had to do with them. I had to do some quick back pedaling to get out of that one."

So Knight, who still travels as extensively as ever, no longer keeps random records. She has developed standard trip report forms, one for foreign and one for domestic travel, that she fills out religiously during each trip. Here are some areas she likes to cover.

### **Country**

Include a quick overview of the country risks, special challenges, and opportunities.

### **Principal(s)**

"If possible, attach business cards here," she says. "You can use these for the customer files and also for address/contact information."

### **Facility Description**

She includes a general description of the facility she visited. "I start with one physical characteristic such as 'large fountain' or 'purple vine over door' or 'beautiful stained glass picture,'" she says. After visiting 15 or 20 customers, they all tend to run together in your memory. If you have one distinctive visual cue, it's easier to remember the details months later." She also includes such observations as busy, organized, clean, lots/little inventory, modern computers available, state of the equipment, etc.

### **Systems**

Note what A/P and EDI systems they are using and any special requirements that would affect data exchanges between your companies.

### **Competitors**

"They will usually share this," she says. "It provides information on market share and potential new customers."

### **Suppliers**

They also tend to share this. "While touring the facility, make note of other inventory you recognize."

### **Products**

This can lead to significant sales opportunities. "You might find that they can use a variety of your products when you've been selling only one."

### **Related Companies**

This is very important. "Usually there are a number of interrelated companies," she says. "It's vital that you understand the legal framework and how financial information is handled. Is it consolidated, stand-alone, or

## Document Your Business Travel on Trip Report Forms (continued)

what? It's much easier to get this information when you're face-to-face than to try to decipher it from financial or credit reports."

### Requested Credit Line

"Have a credit application in their language with you for potential customers. For existing customers, have a sales/profitability report and a sales payment history. In some circumstances, you may be able to approve credit or increase an existing line on the spot."

### Requested Terms

"If the terms requested are within the parameters you've set for that country, all is well. If they're different, you'll have to discuss why they want special terms."

### Sales

"You want to know the percentages of domestic, export (to what countries?) and government," she says. "Exports to the United States generate US dollars to pay you. Exports to other countries should be evaluated for risk. In some countries, sales to the government are very good. In others, they can mean extreme delays, or, in the case of a change of government, no payment."

### Personal Observations

You should also include space to record any observations you have made on the personal lives of principals and other decision makers. This could include such things as family, hobbies, vacations, and so forth. Knight recalls a visit some years ago to a Mexican customer whose owner was preoccupied with making elaborate plans for the high school graduation of his only daughter. A few years later, she visited the company again and noticed the picture of a young woman on the owner's desk. She asked about the graduation party, which she had noted on her trip report, and about how the daughter was doing.

"That did it!" she says. "He was delighted that I'd remembered, and it cemented our relationship. That is often the biggest benefit of customer visits. They're your best opportunity to establish and build customer relationships."

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**Credit  
Research  
Foundation**



**Wisconsin  
Credit  
Association**

## Credit Research Foundation (CRF) & The Association

The Association is now a Corporate Member of the Credit Research Foundation (CRF). Our dues entitle us to distribute certain CRF surveys and results. CRF recently conducted a survey on company's policies in the event of a natural disaster and how the Credit Departments react. Interesting results can be found by clicking [here](#). We believe that our membership will allow us to deliver additional benefits to our members.

# 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!

\*NACM 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!



## 2016-17 Board of Directors

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President  
Darryl Rowinski CCP, CPC  
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Adriana Sertich CCP, CPC  
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Barry Elms

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connect to The Association

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## UPCOMING INDUSTRY CREDIT GROUP MEETINGS

### **OCTOBER 11, 2017**

Plumbing & Heating Industry Credit Group  
Brookfield, WI

### **OCTOBER 12, 2017**

Food Suppliers Industry Credit Group  
Madison, WI

Metals & Industrial Suppliers Credit Group  
Book of Reports Only

### **OCTOBER 13, 2017**

Electrical Suppliers Industry Credit Group  
Pewaukee, WI

### **OCTOBER 16, 2017**

Western Electrical Suppliers Industry Credit Group  
Book of Reports Only

### **OCTOBER 17, 2017**

Building & Construction Materials Credit Group  
Milwaukee, WI  
Fine Paper/Graphic Arts Industry Credit Group  
Teleconference Call



### **OCTOBER 18, 2017**

Regional Paper & Packaging Industry Credit Group  
Book of Reports Only

Minnesota Electrical Product Suppliers Group  
Brooklyn Park, MN

### **OCTOBER 19, 2017**

Construction Industries Credit Group  
Appleton, WI

### **OCTOBER 20, 2017**

IL Fine Paper Industry Credit Group  
Willowbrook, IL

### **OCTOBER 25, 2017**

Food Service Supply Hospitality Industry Credit Group  
Brookfield, WI

### **OCTOBER 26, 2017**

WI/IL HVAC Industry Credit Group  
Rockford, IL



## **2017 Educational Events**

### **October 16**

[Roundtable Discussion & CBMN Dinner](#)

### **October 18**

["I Was Awarded a Judgment ~ Now How Do I Get Paid?" Webinar](#)

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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