



E-Credit News

Wisconsin Credit Association
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WISCONSIN CREDIT ASSOCIATION 262.827.2880

September 2008

In This Issue

WCA Member Updates & News

This month's topics...

1. Can you Add a Surcharge to Credit Card payments? No, But.....
2. What To Do When Your Customer Pulls a Disappearing Act
3. Protection Your Credit Application Can Give You
4. Guerrilla Tactic to Stay Connected
5. Check the Quality of Software Support Before Buying



2008 State Conference ~September 9 & 10
Baraboo WI!

LAST CHANCE. The announcement for the State's extraordinary Conference is available; click [here](#) before it is too late!

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

Followed by
Industry Group Meetings



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BCMA Members

[*NACM Credit Services, Inc.](#)

[*Pennsylvania Association of Credit Management](#)

[*Wisconsin Credit Association](#)



"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!



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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

Pamela Bauer

Cforia Software Inc

Patricia A Heebsh

Carma Laboratories Inc

Jodi Schoerner

Masters Gallery Foods Inc

Tina Chitwood

Racine County Economic Dev Corp

WCA MEMBERSHIP UPDATES

Congratulations to our very own Gail Venne. Her daughter gave birth to a beautiful Baby Girl. Audrina Jane was born on 8.1.08 at 7lbs. 1 oz, 20 inches

Good for you Jill Everson, VF Services, Inc. Jansport on your completion of the Business Credit Principles Course. Great going Jill.

Congratulations to Shanta Tyars, Credit Analyst with Briggs & Stratton Corporation in Milwaukee received her MBA from Concordia University-Mequon this past May. Shanta has been with Briggs & Stratton since October 2006. Your bosses are proud.

Well done to Lisa Blaski, Alliant Energy on her completion of the Business Credit Principles Course. Great Job.

Congratulations to Renee Ruhland, Nord Gear Corp on her completion of the Business Credit Principles Course. Good going.

Congratulations to Rachel Ninmer, Werner Electric Supply on her completion of the Business Credit Principles Course. Good going.

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 and apply for and get started today!

ONLINE COURSES – REGISTER ANYTIME

Business Credit Principles

Business Law

Basic Financial Accounting

Credit Law

Financial Statement Analysis I

Financial Statement Analysis II

Knowledge is key to success. To register,

[CLICK HERE!](#)

SO, WHAT ARE YOU GOING TO DO ABOUT FISCAL YEAR-END THIS YEAR? ARE YOUR RECEIVABLES IN EXCELLENT SHAPE FOR THE YEAR-END REPORT?

Early as it seems, this is the time when you can have an effect on those year-end results.

Here are some tips on how to improve your year-end process:

- Balances that are backed up in your over 90-day column have a higher percentage of problems. Otherwise, they would have been collected by now. These are not clean calls. They generate requests for information and proof bring disagreements to light, and there will be issues. Issues that require input from other departments, sources and shippers and multiple calls.
- The older the items, the higher the percentage of problems. The older the items, the more difficult it is to obtain substantiation.
- Adopt a "drop-dead date" policy. Say, all open items from 2007, must be resolved, paid or written off by 12/31/2008. That means that every item is at the minimum, 1 year old or older. Why would you want items older than that on your books?
- If your backlog is primarily deductions, professional organizations that resolve deductions state that 65% to 85% of deductions are going to be resolved internally by a credit memo as opposed to a payment from the customer. If you have a sizable backlog, you may want to phase in the policy so you do not create too many credit memos or charge offs at once.
- Plan early, rather than later. If you start planning now, get the necessary approvals and have people working in September, you are doing well. Plans not approved until October will only give you time to cherry pick the aging before year-end.
- Remember, there is no, "too early to start." If you collect it all before November, you can quit your special "year-end collection project" early. Wouldn't that be a nice surprise? It is not as if you will not have other things to do in December.
- Do not create more problems. If you direct your staff to focus on the 90-day+ accounts for the next four months, you will likely see your current aging "bloom" in the 30 to 90 day category. In addition, your accounts get angry because you did not call them sooner. It is true!!
- Separate your old problems from your on-going business. Some companies put their own people on the old problems, leaving the 30 to 60 day calls to temporary employees. Others do the opposite.
- WCA temporary employees are highly experienced at problem solving and collection. They can and do enjoy resolving problems on accounts that have gone back for several years.

Whatever system works best for your staff. Divide and conquer your aging is the best way to get results. Please call to see how we can help you prepare for year-end. For experienced temporary employees, Wisconsin Credit Association 262-827-2880 Ext 232

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 inquires 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.

PLEASE CONTACT [CHRYS](#) AT WCA, 262.827.2880 X221 TO REPORT MEMBER NEWS

1. CAN YOU ADD A SURCHARGE TO CREDIT CARD PAYMENTS? NO, BUT . . .

Collecting trade payments on credit cards, especially from slow-pay or potentially no-pay customers, has obvious advantages. The obvious disadvantage, particularly for a low-margin business, is the 2.5 to 3 percent merchant account fee.

So, we hear the question all the time from credit execs: "Can we charge them extra when they pay by credit card?" Except in certain instances, the answer is no, since merchant agreements, as established by MasterCard, Visa, and American Express, prohibit passing on the cost in the form of a surcharge.

Despite that, we hear reports of companies passing on the costs of credit card use by varying methods, often using terms other than "surcharge" (such as "convenience charge").

A prominent creditor's attorney recently advised us that, while it may be prohibited, he has never seen any evidence of the credit card companies enforcing the provision. He has sampled a number of credit managers over the years that say they pass on the costs of credit card use in some fashion.

He also advised that he has sampled some card industry executives who advised non-enforcement in this area. This makes sense given what we see at some credit conferences. Most credit conferences solicit vendors to be "sponsors" at their conferences, and the highest paying sponsors we have seen are the credit card companies. If they get a business (large or small) to use their merchant account, it can be a very lucrative contract. In fact, we have seen banks routinely pay \$25,000 to have access to credit managers of large companies at credit conferences in order to solicit their merchant account business.

So, based purely on the economics of these contracts, we suspect that they may be very reluctant to cut off one of those customers for trying to recoup some of the costs of offering credit cards to their customers.

Are we recommending that you start passing on this cost? No. We are just passing on our observations and intelligence in this area. It is a trend that we will continue to follow.

2. WHAT TO DO WHEN YOUR CUSTOMER PULLS A DISAPPEARING ACT

One of the members of Credit Today's online forum recently reached out to fellow forum members after discovering that one of her customers had "closed it's doors," without any notice that it had filed for bankruptcy.

The customer has been on CIA for several months to protect her from a preference claim. However, the inventory remaining at the customer was probably older than she could possibly want returned.

So she wondered about her legal rights: If they have not filed, could her sales guys go there to see what product of hers' is still there in order to arrange a return perhaps? They still have advance monies on their account, but have cancelled the orders in house that were to be shipped for this advance payment. If they file, what will the courts say about that money? Will they make her return it? She has tried to call the principal to get an understanding of what is exactly happening, but he has not answered.

Listserv members were helpful, but far from encouraging.

"Your only recourses are: Skip trace them yourself; Send them to collection and see if the agency can locate the owner and/or the goods; Try to sue the owner, if they are a Sole Proprietorship or you have a personal guaranty. Outside of that, you are generally out of luck and the debtor/customer knows it. Sorry I couldn't be more optimistic."
-Bob Czapinski, Credit Manager, Simon Golub & Sons, Inc.

"Does the bank have an all inclusive UCC-1 filing on the customer? Did you run a UCC lien search to determine other potential liens on assets? Does your company have a purchase money security interest in the product your customer has on hand, and is it perfected? Of course, when all else fails, possession is 99% of the law." -Jim Albert, Sr. Credit Manager, Gensco

"This happens rather frequently with our small customers. Closing up saves them the expense of filing bankruptcy. If there is a bank involved, they probably have a lien on all assets and may ask for the prepayment back as part of a preference claim, unless they are whole and do not care. You can have an agency skip trace the owners to be sure they are gone and closed. If so, your inventory probably was sold at a fire sale. -Paul Ruzga, Director, Customer Financial Services, Simon and Schuster

3. PROTECTION YOUR CREDIT APPLICATION CAN GIVE YOU

You should check you credit application to make sure that it is providing the protection you need from customers' stalling, dodging and just failure to pay. One application we have seen includes these provisions:

- All billing disputes must be reported by the customer within 10 days of receipt.
- There is a \$25 charge for all NSF checks.
- There is a \$10 charge for all duplicate invoices. "Customers have occasionally reported that they mislaid their invoices when we call for payment," explains the credit manager, who asked that she and her company not be identified. "If they repeatedly ask for another copy, we may elect to charge them the \$10. Advised of this charge, most of them have stopped asking for additional copies."
- The customer must pay interest of 2% per month if an amount is litigated and the creditor wins the litigation.
- The applicant agrees to bear all costs incurred in collecting any unpaid amounts, including, but not limited to, collection agencies, legal fees and court costs. "This encourages customers to work out arrangements with us ahead of time, because neither of us wants to go to court," she explains. "If we do and we win, they must pay all of the costs, not just what a judge may deem fair."

This company' application previously had included some but not all of these provisions. The credit manager reports that there has been no protest from new customers, who probably do not bother to read them anyway, but that when they have to be implemented they have been just as effective as the company had hoped.

4. GUERRILLA TACTIC TO STAY CONNECTED

Nowadays, you can feel pretty helpless going on the road for more than a day or two and finding out that you forgot your cell phone charger. If that happens to you, check with the hotel you are at. If it is a fairly large hotel, chances are they will have a pretty good stock of cell phone chargers in their Lost & Found, and be happy to loan one to you while you are there.

It worked for us at a recent Conference. In fact, they apparently had so many that when we offered to bring it back when we checked out they said, "Don't bother."

5. CHECK THE QUALITY OF SOFTWARE SUPPORT BEFORE BUYING

If you are thinking of buying an expensive A/R software package to help you manage your receivables, here is an important criterion to consider. How much support will you need and how much are you REALLY going to get? How accessible is the support staff? How extensive is the software support? How responsive will the company be to your questions? Here is a good way to check up on the various software providers when you are in the decision-making phase.

See if they have online help available. Is it easily searchable? Are the answers complete and easy to understand? Then leave a message with tech support, either by phone or by e-mail. (Think of a good hypothetical question relating to your situation.) How long does it for take them to respond? How helpful, complete and useful is the answer they provide? If the waiting time is too long or the answer is inadequate, it is probably a precursor of things to come, and perhaps an indication that you should consider taking your business elsewhere.

To learn more about subscribing to Credit Today, check out our web site at 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](#)

UPCOMING INDUSTRY CREDIT GROUP MEETINGS

SEPTEMBER 4

Food Suppliers Credit Groups, Madison WI

SEPTEMBER 8

IL Wholesale Floral Suppliers Credit Group, Oakbrook, IL

SEPTEMBER 15

Fine Paper/Graphic Arts Credit Group, Milwaukee, WI

SEPTEMBER 16

Plumbing & Heating Industry Credit Group, Waukesha, WI
Building & Construction Materials Credit Group, Milwaukee, WI

SEPTEMBER 17

Food Service Supply Hospitality, Hartford, WI

Minnesota Electrical Product Suppliers, Brooklyn Park, MN

SEPTEMBER 18

IL Fine Paper Industry Credit Group, Lombard, IL

SEPTEMBER 19

SE Electrical Suppliers Credit Group, Milwaukee, WI

SEPTEMBER 23

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

NO MEETINGS THIS MONTH

Metals & Industrial Suppliers Credit Group, Brookfield WI
Construction Industries Credit Group, Appleton, WI

EDUCATION EVENTS

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

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!

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