

BUSINESS CREDIT MANAGEMENT ASSOCIATION

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Responding to Requests for Extended Dating

How should you respond to a request for extended dating? To a significant extent, the answer is that it depends on your company's internal policies, profit margin and financial condition. If this were not true, the credit department's answer would always be "NO".

Your initial response should usually be to ask for more information. Asking these questions should be your first step in considering the debtor's request for extended dating:

- Ask the debtor for a list of vendors that have been approached with the same request for extended dating.
- Ask for a list of creditors that have agreed to provide extended dating.
- Ask what caused their cash flow problem.
- Ask what they are doing to address the underlying problem.
- Ask why they do not go to their bank for a loan.
- Ask for how long the extended dating will be in effect

It is not necessarily a good thing if requesting approval for extended dating is a simple, fast, and relatively painless process. However, once you have the answers to these questions, you will be in a better position to know how to respond to this type of request.

Michael is a frequent Webinar presenter for WCA, and the author of the Encyclopedia of Credit, a fast, free, searchable online resource for credit professionals: <http://www.encyclopediaofcredit.com/>. All Rights Reserved.