

Askee: Laura Bahr, CBF

QUESTION: Could you provide any supporting info on why we would (or why we would not) require a signed credit app and instead accept a company's 1- page list of references and company info?

This is a constant battle between companies (and our sales people) and what has been drilled into us (the Credit Dept).

Why is our form not enough?

The company gave us their reference sheet, why do I have to ask them to fill out our credit app?

RESPONSE: Let me start by saying that a "list of credit references" only from a new customer or a customer who is asking to have their credit increased or renewed is not enough. Would a salesman whose looking for a job give a potential employer a list of "references" only and not their resume? Would the salesperson applying for a job "think that was good enough, is that arrogant or are they simply lazy?" The point is a Credit Application is like a resume, I hope that helps put things into perspective.

There are numerous lines & questions on the credit application that are key to determining a client's credit worthiness and supports the customer's needs. Those include but are not limited to; Is the company a corporation?, How long has the company been in business?, How much credit does the customer need or are they applying for?, Is the company a publicly traded Corporation?, If a privately held corporation, who are the owners of the company?, Who is responsible for the finances of the company?, Where do they do their banking?, Do they have multiple locations? All of this information not only helps the Credit Department evaluate credit worthiness, this information can be invaluable to your company and especially an intuitive successful sales person. Sales should want to know this stuff, it helps them build strong relationships with the customer and helps further qualify the future sales potential of this client. If obtained, sales & finance benefits from this information.

Very important, there is typically specific language on a credit application that includes but is not limited to; acknowledgement of your companies standard terms and conditions, A responsible person attests to the accuracy and completeness of the information provided, legal language that gives permissible use or acknowledges that your company may or will investigate the company's credit worthiness using third party sources of information, enforceable language that defines interest, collection costs, attorney fees, venue and other things if for some reason your company needs to take action to enforce your legal rights if non-payment or default occurs.

These are major reasons why this type of document becomes the template for you and your new customers, current & future business relationship.

Lastly, the credit application should be signed by the owners or an authorized responsible agent of the company. This establishes a clear acknowledgement that the company wishes to do business with McNeilus Steel Inc defining the relationship. To put this into perspective; If a McNeilus Sales Manager

created a quotation or extensive sales contract for a customer that included prices, sales quantities, special custom products, terms or other unique components of the sale, would this sales person want the quotes, order or sales contract signed by the customer to close the sale(s)? Would the salesman walk away from the sales call without getting a signed contract or confirmed purchase order? Probably not.

Perhaps using this information or examples I have given will cause a "light to go on" in those persons heads who may not necessarily be willing to look at or understand things beyond their own selfish needs or perspectives. To dismiss others valid needs so they can do their jobs properly is telling.