

E~Credit News

BCMA WCA

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“Webinar: Legal Aspects of Credit and Collections” Webinar

May 18, 2022

9:00 – 10:00 AM CT

Presented by: David Balovich

In this fast-paced hour devoted entirely to the legal aspects that affect the daily operations of the successful credit and collection department, David Balovich discusses the numerous day to day legal occurrences that credit professionals deal with that can affect productivity, success, and failures.

**Meeting
Details Here**

- Learn the difference between Credit Agreements and Credit Applications & why Credit Applications are becoming obsolete.
- Learn the importance of knowing your customer’s correct legal name.
- Learn about the pitfalls of personal and corporate guaranties and how to make them effective.
- Learn when the customer’s purchase order terms is a valid reason for the customer to pay beyond your terms of

“Subchapter V changed the Chapter 11 Bankruptcy Landscape” Seminar May 24, 2022 (Appleton, WI) & June 8, 2022 (Germantown, WI) 9:00 AM – 12:00 PM CT

**Meeting
Details Here**

Are you aware congress recently made a significant addition to the Bankruptcy Code and a new regulation was added to Fair Debt Collection Practices? If you’re not aware of Subchapter V or Regulation F we’re here to enlighten and educate. Join us for one of our important half-day seminars featuring attorneys Samuel Wisotzkey and Darrell Zall of Kohner, Mann & Kailas S.C. They will explain the changes and how they impact creditors.

ICE Breaker Webinar – Global Supply Chain May 25, 2022

3:00 – 3:45 PM CT

More information coming soon.

**CLICK HERE TO REGISTER FOR THE ICE
BREAKER**



NEW ASSOCIATION CONTACTS:

Kollette Kilgren
IBCC Industries
Nathan Foster
DHI Corp., DBA Design House

If you have something you
would like us to announce
please send an email to



ACCOUNT PLACEMENT THRU THE COVID LENS

An Analytical Report on the Placement of Delinquent Accounts with Certified, Third-Party Commercial Collection Agencies in 2020-2021

Commercial Collection Agencies of America is often called upon to offer industry trend analysis to credit practitioners – fielding inquiries from credit analysts, managers, directors and C-suite executives, not to mention sales teams seeking information on the effect of bad debt. The Association supplies detailed data so today's credit executive can gain a focused insight to aid when executing tasks such as budgeting analysis, DSO, policy and procedure compliance, and of course receivable performance and cash collection.

Amongst the requirements to maintain certification promulgated by an Independent Standards Board, is the submission of account placement data on a quarterly basis by agency members of Commercial Collection Agencies of America. In tandem with the desire to aid the credit community is the ability for each agency to use the comprehensive reports for internal analysis and benchmarking.

The overarching message when reviewing recovery statistics supports the tenet that the probability of full collection on a delinquent account drops drastically in accordance with the length of the delinquency and that the prompt placement of accounts with third parties remedies those decreases. Sounds reasonable during "normal" times, but how much did that matter when the world came to a screeching halt in March 2020? How were agencies going to assist credit practitioners traverse the immediate changes that the business community was going through? Looking through the COVID lens, how were account placements affected?

For the purposes of this placement study, the Association reviewed all quarters of 2021 and all quarters of 2020, analyzing the following indices:

- ♦ The *number of accounts* placed for collection
- ♦ The *dollar amount of accounts* placed for collection
- ♦ The resulting *average-sized account*

The three (3) sections of this report are:

1. A comparison of quarters in 2021 to the same quarters in 2020
2. A comparison and commentary of the movement between quarters within the same year for 2021 and 2020
3. Summary and Conclusion

ACCOUNT PLACEMENT THRU THE COVID LENS (Continued)

NUMBER OF ACCOUNTS PLACED FOR COLLECTION

The ***number of accounts placed for collection*** in 2021 was compared to the ***number of accounts placed for collection*** in 2020.

PERIOD	INCREASE (DECREASE)
1Q2020 to 1Q 2021	6.85%
2Q2020 to 2Q 2021	19.67%
3Q2020 to 3Q 2021	11.32%
4Q2020 to 4Q 2021	12.99%

FIRST QUARTER

The ***number of accounts placed for collection*** in the first quarter of 2021 increased 6.85% when compared to the first quarter of 2020.

SECOND QUARTER

The ***number of accounts placed for collection*** in the second quarter of 2021, increased 19.67% when compared to the second quarter of 2020.

THIRD QUARTER

The ***number of accounts placed for collection*** in the third quarter of 2021 increased 11.32% when compared to the third quarter of 2020.

FOURTH QUARTER

The ***number of accounts placed for collection*** in the fourth quarter of 2021 increased 12.99%, when compared to the fourth quarter of 2020.

DOLLAR AMOUNT OF ACCOUNTS PLACED FOR COLLECTION

The Association also measured the ***dollar amount of accounts placed for collection***. It compared 2021 to 2020, and the results, by quarter, were as follows:

PERIOD	INCREASE (DECREASE)
1Q2020 to 1Q 2021	3.29%
2Q2020 to 2Q 2021	8.27%
3Q2020 to 3Q 2021	(5.83%)
4Q2020 to 4Q 2021	17.70%

FIRST QUARTER

The ***dollar amount of accounts placed for collection*** in the first quarter of 2021 increased 3.29% when compared to the first quarter of 2020.

SECOND QUARTER

ACCOUNT PLACEMENT THRU THE COVID LENS (Continued)

The **dollar amount of accounts placed for collection** in the second quarter of 2021, increased 8.27% when compared to the second quarter of 2020.

THIRD QUARTER

The **dollar amount of accounts placed for collection** in the third quarter of 2021 decreased 5.83% when compared to the third quarter of 2020

FOURTH QUARTER

The **dollar amount of accounts placed for collection** in the fourth quarter of 2021 increased 17.70% when compared to the fourth quarter of 2020.

AVERAGE-SIZED ACCOUNT

During the last eight (8) quarters (1Q 2020 to 4Q 2021), the analysis showed that **the average-sized dollar amount** of a delinquent receivable placed with a certified commercial collection agency ranged from \$3,416 to \$4,456. These averages are considerably higher than previous years studied.

During 2020, the **average-sized account** was \$4,071, while during 2021, the **average-sized account** was \$3,651, which is **10.32%** lower than 2020.

FULL YEAR

2020	2021
\$4,071	\$3,651

The following is how 2021 compared to 2020, quarter by quarter:

FIRST QUARTER

The **average-sized account** in 1Q 2021 was 3.34% lower than **the average sized account** in 1Q 2020.

SECOND QUARTER

The **average-sized account** in 2Q 2021 registered a considerable 23.33% lower than the **average-sized account** in 2Q 2020.

THIRD QUARTER

The **average sized account** in 3Q 2021 was 18.96% lower than the **average-sized account** in 3Q 2020.

FOURTH QUARTER

The **average-sized account** in 4Q 2021 was 4.17% higher when compared to 4Q 2020. As you can see, only in 4Q 2021 did the average-sized account increase when the years were compared.

2021 - MOVEMENT BETWEEN QUARTERS

NUMBER OF ACCOUNTS PLACED FOR COLLECTION	
From 1Q 2021 to 2Q 2021	↑ .82%
From 2Q 2021 to 3Q 2021	↑ .80%
From 3Q 2021 to 4Q 2021	↑ 9.95%

ACCOUNT PLACEMENT THRU THE COVID LENS

(CONTINUED)

From 1Q to 2Q, the data showed a slight increase in the number of accounts: less than 1%. From 2Q to 3Q, another slight increase was realized again, less than 1%.

Historically, the largest number of accounts placed with third party agencies is in the third quarter. Then 4Q 2021 came around. A significant increase was realized when 3Q was compared to 4Q; the number of accounts placed with member agencies jumped 9.95%. The Association queried and heard the causes of the increases, which were nothing out of the ordinary. Anecdotally, members obtained new clients and existing clients increased placements for year-end write-offs. It should be noted that, overall, the number of accounts placed in 4Q 2021 was the highest of all eight quarters studied.

DOLLAR AMOUNT OF ACCOUNTS PLACED FOR COLLECTION	
From 1Q 2021 to 2Q 2021	↓ 5.52%
From 2Q 2021 to 3Q 2021	↑ 5.45%
From 3Q 2021 to 4Q 2021	↑ 16.92%

The analysis showed that from 1Q to 2Q, there was a decrease of 5.52% in the dollar amount of accounts placed for collection. A rebound was realized when the Association compared 2Q to 3Q which showed the dollar amount of accounts placed for collection increased by 5.45%. A notable (and welcome) jump of 16.92% was seen when the Association compared 3Q to 4Q. Generally, agencies reported receiving more accounts with larger dollar balances as the cause for the increase. The dollar amount of accounts placed in 4Q 2021 was the highest of all eight quarters studied.

2020 - MOVEMENT BETWEEN QUARTERS

NUMBER OF ACCOUNTS PLACED FOR COLLECTION	
From 1Q 2020 to 2Q 2020	↓ 9.8%
From 2Q 2020 to 3Q 2020	↑ 5.8%
From 3Q 2020 to 4Q 2020	↑ 11.04%

2020 presented its significant challenges in every aspect. The effect of the pandemic in the collection industry was seen by moratoriums on placements, state government executive orders, work-from-home, communication difficulties and looming legislation, to name a few. How were placement of accounts affected? The number of accounts placed decreased 9.8% in 2Q 2020 when compared to 1Q 2020. The second quarter of 2020 registered the lowest number of accounts placed in all eight quarters analyzed.

While traversing the aforementioned effect, the industry saw slight glimpses of how a new normal was realized in the flow of collection work. When 2Q 2020 was compared to 3Q 2020, an increase of 5.8% was seen and when 3Q 2020 was compared to 4Q 2020, the number of accounts increased a substantial 11.04%.

DOLLAR AMOUNT OF ACCOUNTS PLACED FOR COLLECTION	
From 1Q 2020 to 2Q 2020	↑ 6%
From 2Q 2020 to 3Q 2020	↑ 4.39%
From 3Q 2020 to 4Q 2020	↓ 8.85%

ACCOUNT PLACEMENT THRU THE COVID LENS

(CONTINUED)

Despite the decrease in the number of accounts placed, members reported that from 1Q to 2Q 2020, there was an increase of 6% in the dollar amount of accounts placed for collection. A further increase of 4.39% is shown from 2Q to 3Q 2020. However, the dollar amount of accounts placed for collection decreased from 3Q to 4Q 2020 by 8.85%.

SUMMARY AND CONCLUSION

Not surprising, this summary report shows the largest dollar amount of accounts placed and the largest number of accounts placed in 4Q 2021, when compared to the previous seven (7) quarters. As stated in previous papers and webinars, the effects of shutdowns and moratoriums in 2020 notably impacted the placement of accounts with outside sources but was not as prolonged as first expected.

Interestingly, from 1Q 2021 to 3Q 2021, agency members reported large swings in the dollar amount of accounts placed for collection-increases, as well as decreases.

The shifts were smaller in number of accounts placed for collection between 1Q and 2Q and then again between 2Q and 3Q. However, as exhibited in this report, when 3Q and 4Q were reviewed, there was a significant increase overall.

In mid-2022, the Association looks forward to publishing and sharing its findings in a multi-year analysis, stretching back six (6) years.

What lies ahead? The industry keeps a laser focus on manufacturing indices, as well as continued supply challenges, noting that new orders, as well as back orders are still increasing. Industry participants are acutely aware that in the coming twelve (12) to eighteen (18) months, the US economy may continue to see good growth rates, but at the same time, realize that the instability in the world may impact that growth.

Continued dialogue between credit practitioners and their collection agency partners creates a view, through a clear lens, so that the proper administration of delinquent receivables, including prompt placement of accounts with third party certified agencies, can facilitate the envisioned improvement in DSO and bad debt.

*As originally published in the Credit Research
Foundation's publication, Perspective by CRF (Q1
2022)*



EDUCATIONAL OPPORTUNITIES

Upcoming Webinars

- **May 18th at 9:00 AM:** Legal Aspects of Credit & Collections
- **May 25th at 3:00 PM:** ICE Breaker, Global Supply Chain
- **June 14th at 9:00 AM:** How to Set Customer Credit Limit Correctly

EDUCATIONAL SEMINAR

SUBCHAPTER V CHANGED THE CHAPTER 11 BANKRUPTCY LANDSCAPE

Tuesday, May 24th

9:00—12:00 PM

Cambria Hotel
3940 N Gateway Drive
Appleton, WI 54956

Wednesday, June 8th

9:00—12:00 PM

Holiday Inn Express
W 177 N 9675 Riverbend Ln
Germantown, WI 53022

**Comprehensive Credit Professional's
Online Training Series**

REGISTER NOW

Business Credit Management Association American Society of Credit & Collection Professionals Accreditation Program



\$\$125 Application Credit Given to New Applicants\$\$

Due to the Covid Epidemic, many Educational Events have been cancelled or done online. Many companies have had to cut down on travel expenses, educational expenses or both.

This means that Credit Managers and professional alike have not been able to continue to further their education by obtaining their CEU's and CPE's. BY being low on these much needed units to acquire ones certifications, The Association and the ASCCP have a program that will work for you. They have an application that will take into consideration your hard work and education that you have obtained through hard work and life itself.

For a limited time those that have not received their CCP's or CPC's are able to apply for free using the Intern Development Program (IDP). The entry point is determined by the level of education that has been achieved and/or experience gained that can count toward satisfying the CSB's Training Requirements.

To learn more about this program and requirements, please click [here](#)

Recent Recipients



Brenda Erickson earned the professional designations of Certified Credit Professional (CCP) and Certified Professional Collector (CPC) in March. Ms. Erickson is a classic example of a person with a high school education working in credit and collections while continuing to advance her career. Brenda has over 35 years of experience and has now become the Executive Credit Manager at her company. **Congratulations Brenda on your professional accreditations accomplishment.**

Lucy Anderson earned the professional designations of Certified Credit Professional (CCP) and Certified Professional Collector (CPC) in March. Ms. Anderson is solid experienced credit professional with 23+ years' experience in Business Credit Collection & Accounts Receivable Management. Lucy has an extensive post-secondary education with an Associate's Degree in Account and Bachelor of Science Degrees in Education and Organizational Management. **Congratulations Lucy on your professional accreditations accomplishment.**



SCHOLARSHIP

Opportunities abound for you and your staff to take advantage of scholarship grant dollars available to eligible members! The application and guidelines are available for download below. Wisconsin Credit Association would like to thank the volunteer committee members for maintaining the goals, objectives and health of the fund; Chairperson Diane Zancanaro CCP CPC, and Chaz Heckman.

[WCA Education Scholarship Application](#)

[WCA Education Scholarship Fund Guidelines](#)

Bankruptcy, Claims & Preference Demand Services

Creditors Administrative Claim Preparation and Reclamation Claim Preparation Services:

- Analysis, preparation and communication of creditor's reclamation (bankruptcy or non-bankruptcy) claims.
- Analysis, preparation and communication of creditor's administrative claims.
- Analysis, preparation and filing of proof of claims.
- Flat Fee for all of the above including postage, delivery and handling.

Creditors Preference Demands & Preference Defense Help Services:

Option #1) Per hour for review and analysis of defenses, calculation of payment history when relevant (pre-preference and during preference period), preparation of worksheets documenting defenses, sending preference defense letters and other communications to attorneys' or trustee's attorney, negotiations or settlement of preference demands on behalf of creditors'.

Option #2) Minimum case charge of that provides up to ten (10) hours of time representing the creditor. 99% of these type cases are resolved or settled in an 8-10 hour time frame as long as legal action is not taken by the trustee, receiver or appointed counsel to either. After ten (10) hours of protracted work and negotiations with the Trustee or Trustee's counsel, Additional hours will be billed at an agreed upon rate until conclusion or settlement

Business Credit, Collection and Accounts Receivable Management Consulting Services

Corporate Consulting and Administrative Procedure Projects:

Consulting provided by the Associations Corporate Counsel, President or Vice President of Business Credit Management Association.

For more information visit our [website](#)

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admin@wcacredit.org with your idea!

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UPCOMING INDUSTRY CREDIT GROUP MEETINGS

MAY 10, 2022

Fine Paper/Graphic Arts Industry Credit Group
Book of Reports
Regional Paper & Packaging Industry Credit Group
Book of Reports

MAY 11, 2022

Iowa Plumbing Heating Electrical & Construction Industry Credit Group
Plumbing & Heating Industry Credit Group
TBD

MAY 12, 2022

Metals & Industrial Suppliers Credit Group
Wauwatosa, WI

MAY 13, 2022

Electrical Suppliers Industry Credit Group
TBD

MAY 16, 2022

Western Electrical Suppliers Industry Credit Group
Madison, WI

MAY 17, 2022

Building & Construction Materials Credit Group
Milwaukee, WI
Minnesota Fine Paper Credit Group
Teleconference Call

MAY 18, 2022

Minnesota Electrical Suppliers Credit Group
Brooklyn MN

MAY 19, 2022

Construction Industries Credit Group
Appleton, WI
IL Fine Paper Industry Credit Group
Teleconference Call

MAY 25, 2022

Food Service Supply Hospitality Industry Credit Group
Delafield, WI

Education Events

BCMA WCA

May 18 Webinar

Legal Aspects of Credit and Collections

May 24 Seminar

Seminar : Subchapter V changed the Chapter 11 Bankruptcy Landscape

May 25 ICE Breaker

Global Supply Chain

June 8 Seminar

Seminar : Subchapter V changed the Chapter 11 Bankruptcy Landscape

June 14 Webinar

How to Set Customer Credit Limits Correctly

September 21-23 Event

CreditScape Conference

YOU CAN TRUST THE ASSOCIATION TO ASSIST IN [COLLECTION RECOVERY](#) FROM YOUR DEBTORS ANYWHERE IN THE WORLD.