

# E~Credit News

The Business Credit  
Management  
Association Wisconsin

January 2019

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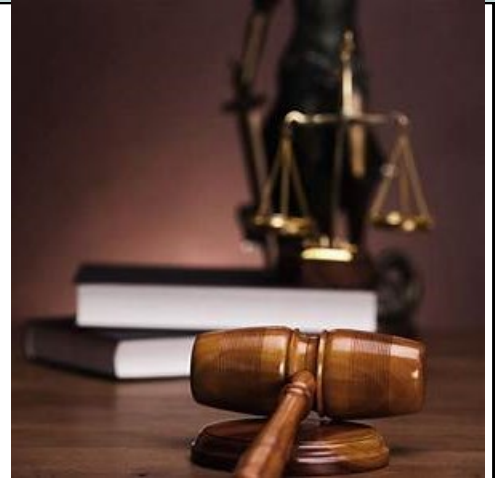
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## ANATOMY OF A PREFERENCE LITIGATION WEBINAR

JANUARY 15, 2019  
3:00 PM - 4:00PM

You may or may not have known that the new debtor was in trouble. However, you provided goods or services anyway, and were paid for that. In addition, maybe you provided more and were not paid for them. Now the debtor-in-possession, committee, chapter 7 trustee or liquidation trustee wants you to pay back funds you justly received? **Yes, that is what happens.** What to do?

Click [here](#) for the meeting announcement or register [online](#).



## International Credit Executives Group

*Administered by Wisconsin Credit Association, Inc.*

[www.icewi.org](http://www.icewi.org)

### CHRIS KUEHL...

returns to deliver for ICE this important, informative & enlightening  
2019 Economic Update!

**"LULL BEFORE THE STORM?  
2019 WILL BE A TRANSITION YEAR"**

JANUARY 23

9:00 AM - 2:30PM

**COME JOIN OUR DISCUSSION!**

The question is where it is transitioning to and from what. The consensus view is that 2018 was a good year for the majority of the global economy but as it was winding down the warning signals were starting to sound. The threats include inflation, high interest rates, protectionism, emerging Cold Wars, radical political transformation and big swings in how technology is affecting growth. We will look at the doomsday predictions as well as those that are not as likely to cause anyone to panic.

Following Chris' presentation, each attendee will receive a ticket (included in your ICE meeting fee) to visit the **Harley-Davidson Museum®**. You may chose to use this ticket for the self-guided tour following our meeting or use it at a later date. The ticket is valid up to 90 days.

Register [here](#)! View meeting details [here](#)! **PLEASE RESERVE AS SOON AS POSSIBLE. WE EXPECT A FULL HOUSE. BE SURE TO INVITE OTHERS FROM YOU COMPANY!**

[Download Announcement & Registration](#)

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Association

**NEW ASSOCIATION REPRESENTATIVE**

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JJ Keller & Associates

**NEW GROUP REPRESENTATIVES**

**INTERNATIONAL CREDIT EXECUTIVE GROUP**

Alyssa Bartel

Phoenix Products LLC

**MEMBER NEWS:**

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

**[admin@wcacredit.org](mailto:admin@wcacredit.org)**

**Subject line: Member News**



**9 Point Checklist For Your Final Demand Letters**

Both your letter and the process surrounding the use of your final demand letter are equally important.

**Final Demand Letter Checklist**

<b>PASS</b>	<b>FAIL</b>	<b>Component or process being checked</b>
<input type="checkbox"/>	<input type="checkbox"/>	Make it brief. You can say how you regret taking the action, but will be forced to unless a check is sent within the stated time.
<input type="checkbox"/>	<input type="checkbox"/>	Clearly spell out your intended actions if they do not pay.
<input type="checkbox"/>	<input type="checkbox"/>	Require them to act within 7 to 10 days -- Some respondents allow a five-day grace period after that period.
<input type="checkbox"/>	<input type="checkbox"/>	Give the name of the attorney you intend to refer the case to. This tells the customer that you are not just "blowing smoke."
<input type="checkbox"/>	<input type="checkbox"/>	Send invoices and/or statements along with the final demand letter.
<input type="checkbox"/>	<input type="checkbox"/>	Do not use too often on the same customer. This may diminish their effectiveness.
<input type="checkbox"/>	<input type="checkbox"/>	Simultaneously send a letter to any guarantor of the account
<input type="checkbox"/>	<input type="checkbox"/>	Make sure you follow through with the actions outlined in the letter.
<input type="checkbox"/>	<input type="checkbox"/>	Send them certified mail, return receipt requested, or by overnight delivery service. Either way you have a receipt proving delivery.

*Thanks, to Credit Today's Checklists.*

## Fifteen Ideas for Controlling Delinquencies

If cash flow is the engine that drives businesses forward, delinquent accounts are the brakes that bring businesses to a screeching halt. We are all aware of the fact that the probability of collecting a delinquent account drops dramatically over time. For this reason, we need to make certain that their internal collection efforts are adequate to the task. Here are 15 ideas for controlling delinquencies and collecting past-due balances more effectively starting today:

1. Make sure each of your customers know your terms of sale.
2. Be sure your terms of sale appear on every document that is sent to customers, including invoices, monthly statements, collection letters, and dunning notices.
3. Flag accounts with irregular payments for closer scrutiny.
4. Eliminate so-called grace periods. Follow up immediately on past-due balances.
5. Establish a method of monitoring the financial performance and payment patterns of accounts identified as marginal credit risks based either (a) on their financial condition, or (b) on their payment history.
6. If DSO is creeping up, review and tighten your collection procedures as well as your credit-granting policies and procedures.
7. Control extended dating plans. Make certain that only you can approve any such plan. Be certain that your subordinates--and the sales department--understand that they have NO authority to offer or accept extended payment plans without your approval. If you accept a payment plan, make certain it is documented - preferably in the form of an interest bearing promissory note with a default acceleration clause, and accompanied by a personal guarantee.
8. Treat customers' payment proposals as invitations to negotiate rather than as non-negotiable ultimatums.
9. If a customer cannot pay you in full, require a substantial "good faith" payment, in addition to a specific written commitment to pay the remaining balance on a specific schedule.
10. Be prepared to hold orders sooner rather than later when accounts become delinquent.
11. Always deal with decision makers within your customers' hierarchies, never message takers.
12. If a customer is withholding a payment over a small dollar dispute, insist that the undisputed portion be paid immediately.
13. Recognize that at some point, it becomes more important to collect the past-due balance than it is to be concerned about future business and the risk of damaging goodwill between your company and the delinquent customer.
14. Many collection problems (and bad debts) result from poor or inadequate initial credit investigations. Make this your line in the sand. If you are not convinced customers are creditworthy, they should not get past the initial barrier to open account terms.
15. Use a professional third-party collection agency if you find that you are no longer making progress in collecting on a past-due balance. Remember: In debt collection, if you are not moving forward, you are moving backward--there is no neutral or middle ground!

## Accelerating Payments

Big Sky Radar (Bozeman, MT) is located close to some of its government customers whose purchasing departments often request hurried deliveries. "We'd deliver shipments directly to them and send invoices later," says President David Pope. "It would sometimes take us four months to get paid, because it didn't immediately get into the process."

Pope decided to do something about this problem. His first step was to find out who the accounts payable clerk was. He then asked specific questions about how the department's system worked. In other words, what checks would be needed in order to get something approved. "Once we learned that, we could just print out a tracking report that shows that it went through the receiving department," he notes.

"Even when the engineers were in a hurry, we could walk it through the receiving department, and then have somebody sign it before the engineer could take it," he adds.

After that, BSR got back down to a normal cycle, which was about six to eight weeks. However, Pope was still not satisfied, so he next began faxing invoice copies directly to the accounts payable clerk, along with proofs of delivery. To encourage even quicker payments, he offered a 2% discount for fast pay (10 days), and net 30. "When we offered this, customers began taking advantage of the opportunity," he says.

### Letting Nothing Slide

He also tells slow-pay customers, "If you don't pay on time, we'll raise prices enough to cover the slow pays." "We don't let things slide, no matter how big the account is," he emphasizes.

After taking all these measures, Pope found that it quadrupled his chances of getting paid on time. "We've used the same procedures with the commercial industry," Pope continues. "At first, customers were arrogant, because we were the little guys who should be happy to get their business. However, now they are very receptive."

The key is not being afraid to say no. For example, one of the company's biggest accounts called one day to state that it would be putting everyone on net 60. Pope politely informed the customer that it had been wonderful doing business with them, but they would not do so any longer. Now, every account the customer has is on net 60 except for BSR, which remains on net 30. "You just have to be polite, but firm," he notes.

What are the best ways to keep customers consistently paying on time? Pope offers some recommendations:

- ◆ Strictly enforcing your credit terms.
- ◆ Being "up front."
- ◆ Not playing games.
- ◆ Not having any hidden costs.
- ◆ Documenting everything.
- ◆ Keeping everything in writing.
- ◆ Making it a habit to follow up with a letter of confirmation.
- ◆ Being consistent.
- ◆ Maintaining a personal relationship with the people who service your account.

"You'll find that the buyer is your best contact and will work with the A/P clerks," he says. "The buyer is the channel through which the decision is made to obtain the product in the first place."

## Accelerating Payments (continued)

"When the A/P clerks decide to make their numbers look better by stretching everybody beyond terms, call the buyer. Do this rarely, though, so when you do need to do it they understand that it is serious. If you have a good product and service, then they don't want to lose you, because they make money off you."

"If you keep up your end of the bargain, then customers usually respond in the same way," Pope sums up. "BSR has never missed a delivery, and they ship via two-day FedEx at no charge. When you factor that all in, BSR has impeccable customer service. Therefore, buyers don't mind them being firm about collections."

# CREDIT TODAY

The premier online community & resource for trade credit execs

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# 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 SUR-

CHARGE 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!

*\*NACS Credit Services, Inc*

*\*Pennsylvania Association of Credit Management*

*\*The Business Credit Management Association Wisconsin*

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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!



## 2017-18 Board of Directors

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## UPCOMING INDUSTRY CREDIT GROUP MEETINGS

**JANUARY 8, 2019**

Regional Paper & Packaging Industry Credit Group  
Teleconference Call  
Fine Paper/Graphic Arts Industry Credit Group  
Teleconference Call

**JANUARY 9, 2019**

Plumbing & Heating Industry Credit Group  
Pewaukee, WI

**JANUARY 10, 2019**

Metals & Industrial Suppliers Credit Group  
Pewaukee, WI

Food Suppliers Industry Credit Group  
Madison, WI

**JANUARY 11, 2019**

Electrical Suppliers Industry Credit Group,  
Pewaukee, WI

**JANUARY 15, 2019**

Building & Construction Materials Credit Group  
Milwaukee, WI  
Minnesota Fine Paper Credit Group  
Teleconference Call  
WI/IL HVAC Industry Credit Group  
Rockford, IL



**JANUARY 16, 2019**

Minnesota Electrical Product Suppliers Group  
Brooklyn Park, MN  
Iowa Plumbing Heating Electrical & Construction  
Industry Credit Group  
Teleconference Call

**JANUARY 17, 2019**

Construction Industries Credit Group  
Appleton, WI

**JANUARY 18, 2019**

IL Fine Paper Industry Credit Group  
Lombard, IL

**JANUARY 21, 2019**

Western Electrical Suppliers Industry Credit Group  
Madison, WI

**JANUARY 23, 2019**

Food Service Supply Hospitality Industry Credit Group  
TBD



# 2019 Education

**January 15**

"Anatomy Of A Preference Litigation" Webinar

**January 23**

"Lull Before The Storm? ~ 2019 Will be in a Transition Year" ICE Meeting

February 12

"Debt Collection & Deduction Management" Webinar

**March 26**

"Anatomy Of A Fraudulent Transfer Litigation" Webinar

**April 11**

"The Art Of Getting Paid – Quickly!" Barry Elms full-day Seminar

**April 16**

"Proofs of Claim & Trading Claims" Webinar

CHECK OUT OUR [CALENDAR](#) FOR MORE UPCOMING EVENTS.  
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