

“Measuring Credit Department Performance” Webinar April 22, 2020 | 9:00 - 10:00 AM

During this ENLIGHTENING program, Michael will examine:

1. The limitations of traditional measures of credit performance
2. The ways companies often measure credit performance today
3. Other useful and relevant measures of performance of the credit team to consider
4. How to convince your company to use both traditional and non) traditional measurements
5. How to develop (and how Not to set) individual performance goals for credit team members

Click [here](#) for more details.

“How To Manage The Emerging Challenges In Credit & Collections” Webinar

May 21, 2020 | 9:00 - 10:00 AM

DURING THIS PROGRAM, WE WILL ADDRESS THESE TRENDS:

- Credit authority combined with accountability
- Trends during and after the pandemic
- The need for continuous process improvement
- A greater focus on proactive credit risk management
- The challenges associated with increased focus on exporting
- The use of automation in collections and to make better credit decisions
- The application and use of better tools to measure credit team performance

Click [here](#) for more details.

An Open Letter to Credit Managers About Layoffs

By: Michael C. Dennis

Economists, regulators, elected officials, and many others are signaling that a recession is likely in response to the COVID-19 pandemic and the sad truth is this: **Essentially, No Job is Safe in a Recession.**

In my opinion, companies that downsize their credit departments are making a serious mistake. In a recession, the need to make sound credit decisions is **even more** important, as is the need to actively manage collections & limit delinquencies. Why? Because we know that during a recession, our B2B customers are more likely to...

- ◆ File bankruptcy
- ◆ Default on payments
- ◆ Get into financial distress
- ◆ Have serious cash flow problems
- ◆ Delay payments to trade creditors
- ◆ Have one or more of their customers delay payments to them, or default

If senior management starts signaling that a layoff is likely, I encourage you to speak directly with your manager about the important work done by the credit department to manage risks in order to accelerate cash inflows and to ensure that bad debt losses are managed to acceptable levels. The key question management needs to address is this:

If you and your team aren't managing these credit risks on a daily basis, who is going to do this work?

BCMA

Business Credit
Management Association



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MEMBER NEWS

Natalie Schultze has been promoted to Manager of Trade Payables & Receivables at Temperature Equipment Co. We wish you success in your new role at TEC, but you will be greatly missed at our meetings & during our networking

Our dear friend & long-time member, Cheryl Wildenberg has retired from Orbis Corp after many years of service. She is an experienced international credit & collections professional that has availed herself to everyone in the Group who needed any type of assistance. Cheryl served as a Group Chairperson in 2009 after five years on the Board of Directors. Cheryl will be missed for so many reasons, but we all wish her a happy, healthy & well-deserved retirement. She retires with an admirable legacy.

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Jon Patz
Patz Corporation
Cindy Knoll
Wago Corporation
Alyssa Lafevre
Temperature Equipment Co

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Alyssa Lafevre
Temperature Equipment Co

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Kristie Bunting
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Kyle LaFond
American Provenance II Inc
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Door County Coffee & Tea Co
Nick Pedriana
Lift Products Inc
Kristie Bunting
McFarlane Manufacturing Co Inc
Michelle Coluccio
Connoils

ABOUT THE BUSINESS CREDIT MANAGEMENT ASSOCIATION

Regardless of whether your company is large, medium or small, the one consistent common denominator of all business concern is the timely and efficient conversion of your companies sales/receivables into cash, and the proper extension of business credit while minimizing exposure to bad debts.

The Association is the credit persons support and professional management organization. Our organization provides you with:

- The latest techniques in managing your receivables
- Optimal techniques in tactful collection, fraud and bad debt avoidance and;
- The opportunity for education that will raise the performance and efficiency of your credit and collection personnel to the highest level

Your company needs a membership in the BCMA. Utilization of the above programs and additional services will reduce your credit administration costs & improve your collections and cash flow. Take advantage of all BCMA has to offer and receive a multi-fold return on your investment.

**If you have something you would like us to announce
please send an email to
admin@waccredit.org**

Expert's Six-Step Checklist for Checking Credit

You might call Eddy Sumar "Professor Credit." Not only is Sumar a tireless globetrotting deal-broker in his role as International Trade Financing Manager for sprinkler giant Rain Bird, but he has also devoted a great deal of time to thinking--and writing--about credit.

Sumar comes from an industry in which he envisions a future in which terms will be longeAr, customer service will be king and all players in the transaction, from top management to sales, to marketing, to credit, to the customer, will be cooperating together as never before.

Sumar has written a book entitled From The Cutting Board To The Cutting Edge: Reinventing Credit In The 21st Century. With that project finished, he has been busy recently on a series of booklets he calls The Sumar Series. The pamphlets break down credit methodology into what Sumar calls "The Cs Collection." Each module addresses an area that begins, as Sesame Street's

Expert's Six-Step Checklist for Checking Credit (Continued)

Cookie Monster would wholeheartedly approve, with the letter "C:" Conflict Resolution, Credit, Customer Service, Collections and Cash Flow.

"A successful company is a peaceful company," says Sumar. And part of his modular approach to the credit process, which aims at making everything flow as smoothly as silk, is a six-point Checklist Method of establishing credit.

Sumar has read almost every book on collection and credit, he told us. "They helped me to come up with a checklist on what a credit person needs to make a good credit decision."
Sumar's Six-Point Checklist is as follows:

Step One: A completed credit application. (This one might be termed a classic "no brainer." But as any credit manager can tell you, there are credit apps and there are credit apps). Sumar stresses that there are many sources one can use in order to arrive at a completed application. They are covered in his modular "The Cs Collection."

Step Two: Three trade and three bank references. Sumar says he will accept at absolute minimum two trade and banking references, but he prefers three. "When I send the application, there is a page that has space for three trade and three bank references," he says. Concerning trade references, these are not just any trade references. He wants references in his line of business.

Step Three: Financial statements. Three-year financial statements are a must. "I use the spirit of the Exim Bank method," Sumar said. "If it's more than six months into the year, I need interim financial statements for the current year in addition to the three-year prior period."

Step Four: If an account is above a certain credit limit, Sumar will request two credit reports, in much the same way you might seek a second opinion from a doctor. Since Sumar does business internationally, he said the limit would depend on the customer, what country they were in, and a number of other factors. "My approach is holistic," he said. "I don't look at one area and say the customer is great. I look to see if every checklist item is completed."

Step Five: Comments from the sales force. "I ask them, 'If this was your company, would you approve this account? If you had cash in your pocket right now, would you lend that customer your cash today to buy the product?' If you can answer yes to both, I will do what I can for you. But if you can't vouch for the customer, that's a big alert."

Step Six: Ratio analysis. "I spread the financials," Sumar said. "I have 14 different ratios that I look at. They cover Liquidity, Efficiency, Leverage and Profitability. I look at Days Sales Outstanding (DSO), Days Payable Outstanding, Total Debt-to-Equity Ratio, Acid-Test Ratio, Cash Ratio, ROE, ROA, etc."

'YES' TEMPORARY HELP SERVICES

THE ASSOCIATION IS A PREMIER SOURCE FOR TEMPORARY HELP AND OUTSOURCING SERVICES IN BUSINESS CREDIT, COLLECTION & ACCOUNTS RECEIVABLE MANAGEMENT

Our specialized and experienced staff is available to help you obtain immediate results, help you maximize your collection efforts, help you get caught up, maintain your credit and collection efforts and improve your cash flow at YOUR office or at OUR OFFICE, you choose: OUR EMPLOYEES WORKING AT YOUR OFFICE

Who Needs YES Temporary Services?

- Companies who do not have sufficient staff to collect receivables on a timely basis.
- Companies who have or will be downsized. (Rightsized)
- Companies looking for quick turn over of receivables.
- Companies involved in acquisitions, requiring short-term help from experienced people to collect, validate or resolve disputes on past-due accounts.
- Companies who are under a hiring freeze but can use outsourced or temporary help.

The Small Business Owner's Guide to the CARES Act

The programs and initiatives in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* that was just passed by Congress are intended to assist business owners with whatever needs they have right now. When implemented, there will be many new resources available for small businesses, as well as certain non-profits and other employers. This guide provides information about the major programs and initiatives that will soon be available from the Small Business Administration (SBA) to address these needs, as well as some additional tax provisions that are outside the scope of SBA.

To keep up to date on when these programs become available, please stay in contact with your local Small Business Administration (SBA) District Office, which you can locate [here](#).

Struggling to get started? The following questions might help point you in the right direction. Do you need:

- **Capital to cover the cost of retaining employees?** Then the Paycheck Protection Program might be right for you.

- **A quick infusion of a smaller amount of cash to cover you right now?** You might want to look into an Emergency Economic Injury Grant.

- **To ease your fears about keeping up with payments on your current or potential SBA loan?** The Small Business Debt Relief Program could help.

- **Just some quality, free counseling to help you navigate this uncertain economic time?** The resource partners might be your best bet.

To read more about this, click [here](#)

Expert's Six-Step Checklist for Checking Credit (Continued)

However, over and above all of this number-crunching, Sumar stresses that a customer's character is key in any deal he brokers. Although it is not on the six-point checklist, this might rightly be called **Step Seven: the Character Factor**.

"If you know a customer's character, that matters much," he said. "I had a customer in Argentina from whom I was able to collect every dime despite the collapse that started in 2001, because that customer was of good moral character.

"I collected every dime there, and also in Brazil (during 1997/98), because I knew the customer base and had good relations with them. I trust my customers and they trust me every time. My approach is relationships."

Eddy Sumar on LinkedIn

The Payments Landscape is Changing Big Time

By David Schmidt

Big changes in technology in the payments industry are increasing the rate of innovation on credit management and collections systems. The results are expected to be transformative, bringing benefits of convenience and accessibility, integration and interoperability, automation and throughput, and ultimately greater predictability and control. Here are four snapshots of the changing payments landscape.

The Cloud Is Proving to Be a Catalyst for B2B Payments

According to Deloitte, US business-to-business (B2B) payments are expected to reach \$23.1 trillion by 2020. As consumers have grown accustomed to the faster retail payments landscape, demand for similar service levels in transaction banking and B2B payments have grown. Banks have been slow to deliver; so financial technology firms (Fintechs) have filled the void.

The advantages the Cloud brings to the payments universe include:

- More convenient access for both parties in a transaction
- An environment that accelerates innovation involving payment platforms and their functionality
- The facilitation of broad-based integration between banks, payment platforms, and both parties to a transaction

Enormous scale for the providers of payment services, which will facilitate a better user experience and transaction throughput

The Fintechs are therefore using the Cloud to bring about digital transformation in the payments sector. The good news for credit pros is that the near future holds the promise of integrated payment solutions for businesses that rival the service levels, tools and convenience that consumers now enjoy.

The Payments Landscape is Changing Big

Take-aways - Credit executives should:

1. Pay attention to the emerging payment mechanisms your customers are using
2. Be looking for opportunities to make it easier to get paid by your customers - this necessarily involves working with your bankers, corporate treasury, service partners (such as EIPP platform and remittance processing providers) and possibly IT.
3. Look for ways to reduce the cost of payments (e.g. credit cards)

From Payment Hubs to Digital Ecosystems

A major challenge for credit managers involves connecting invoice presentment and payment systems to all their customers. AP departments want to capture invoices and then make payments electronically, which can be a burden when credit is forced to manually enter invoice details in order to get paid.

Fortunately, the financial services industry is moving from monolithic payment hubs to "digital payment ecosystems" that provide much more interconnectivity. The future of electronic payments looks to be service-focused, cloud-based, highly configurable, and API-centric, making it easier for disparate systems to communicate, eliminating the manual tasks that AP departments have forced on their suppliers.

For a more detailed look, check out "[The Future of Payments Hubs](#)" in Payments Journal.

Real Time Payments Use by Businesses Expected to Take Hold in 2020

A good rule of thumb is to follow the money. Venture capitalists are making big bets on real time payments and the \$1.9 trillion payments industry. If that doesn't convince you this could be a major development, there were three huge mergers among the leading payment processors -- everybody is looking to build the biggest and best electronic payments highway, and then sit back and collect tolls.

Elena Whisler, Head of Enterprise Payments at FIS, one of the biggest players in this space, has identified five real-time payment trends to watch. She states in [What's Next for Real-Time Payments? Here are 5 Trends to Watch](#) that "real-time payment growth for business use will become a reality," thanks to the appeal to businesses of accelerated cash flow, negligible exceptions, and automatic reconciliation.

Whisler also suggests that "cloud-based processing services are a powerful option to decentralize processing and inspire innovation." Accessibility is the goal, which will greatly facilitate interactions between your AR and your customer's AP department.

Combatting Credit Card Chargebacks

According to Aite Group, for every dollar charged on a credit card that is disputed, US firms incur an additional \$1.50 in chargeback costs. The cure is more costly than the disease: an environment ripe for abuse.

MasterCard is seeking to handle dispute resolution prior to issuing chargebacks, coupled with the sharing of comprehensive transaction details between sellers and buyers. To do this, MasterCard acquired Ethoca last year, and it is already paying off by reducing chargebacks by more than 80 percent.

To learn more about how MasterCard is doing this you can access their webinar titled "[Transforming Dispute Resolution](#)" (**Editor's note:** It's free, but registration is required.) Even though the webinar focus is primarily on consumer environments, this is good news for business credit executives who should be on the lookout for similar solutions to emerge that have been adapted to B2B credit card transactions.

"ASK DARRYL "WCA'S EXCITING ONLINE CONSULTING FORUM

Have you ever wanted to "ASK DARRYL" something about Credit, Collection, Finance, Credit Policy and the like. Over the years, no less than a thousand members have called to "ASK DARRYL" and it's only been recently that we thought outside the box and opened up the questions and answers to place on our website. He is a recognized authority in Business Credit, Collection & Accounts Receivable Management. Darryl is a "Credit Nerd"

Sorry, "Darryl" cannot offer advice about kids, marriage nor is he qualified to read palms. The rules are simple:

1. Submit your question on a form.
2. Partially completed forms will not be accepted. The exception is if we really like the question, we will call you for other needed information rather than discard a really good question.
3. Questions will be answered on a first-come basis and answers will be published one or two times per month by reply email directly to the inquirer, in the WCA Noteworthy or on this Website.
4. If your question is chosen by "Darryl", you will be notified in advance of the date the response will be published.
5. "Darryl" reserves the right to enlist other professionals to help in answering questions outside of his area of expertise.
6. WCA, "Darryl" and guest authors will be held harmless.

To submit your own question or read some of the questions visit our [website](#).

Interviewers' Top 10 Mistakes

One of our favorite writers on HR & hiring-related issues is Mel Kleiman, president of Humetrics. Not long ago, he penned the following piece on the biggest mistake made by interviewers. This is one of the most important tasks of a manager & we always appreciate his take. We cannot do better than quote him here:

10. Failing to Create a Job Description: How can you hire the best person for the job if you have not defined what "the best" is? In addition to listing tasks & responsibilities, job descriptions should spell out the mental & physical capacities, attitudes, personality traits, & skills that are key to success. (While a librarian & a waiter both need to have good customer service skills, only one of them needs an outgoing personality.)

9. Asking Illegal Questions: Write out your interview questions, review each one, & ask yourself: "What does this have to do with the person's ability to do the job?" If it is not job-related, do not ask it. (If you need someone who will be on time every day, do not ask: "Do you have a reliable daycare provider?" Ask: "Other than personal illness, how many days were you late for work in the last six months?")

8. Relying on First Impressions: A study by the University of Chicago found 90% of interviewers make a hiring decision within the first 14 seconds of meeting the applicant. (No wonder so many bad hiring decisions are made.)

7. Forgetting Who Needs to Make an Impression: Applicants today are picky about where they will work. Interviewers need to sell applicants on the job & the company. (Applicants report major turnoffs are being kept waiting & interviewers who are not prepared.)

6. Hiring Based Only on the Interview: A hiring decision based on the interview alone is successful only 18% of the time. The best predictors of success on the job are testing (53%), a temporary job assignment (44%), & the reference check (26%). Experience is reliable only 14% of the time & age is the least reliable predictor of success (-1%).

5. Biases: A bias is the instant bond you feel when you find out someone is from your hometown -- even though its population is over 500K & you have never met before. Biases cause us to hire who we like best instead of the person who is best for the job.

4. Not Asking the Right Questions: You can count on every unprepared interviewer to say: "Tell me about yourself," & then ask: "Where do you see yourself in five years?" In addition, every job applicant has canned answers to these questions. The best questions to start with are: "Tell me about your first paying job. What three things did you learn from it?" Use the same questions to take the applicant through their entire work history. The answers, from their earliest experience to the most recent, paint a vivid picture of the person's work ethic, commitment, & drive.

3. Talking Too Much: Most interviewers forget that they cannot learn anything new while talking. Rule of thumb: The applicant should do the talking at least 80% of the time.

Interviewers' Top 10 Mistakes (continued)

2. Interviewing from the Application or

Résumé: When you conduct interviews with either of these documents in hand, you tend to simply confirm the information the applicant has already provided (instead of learning what you need to know).

1. Emphasizing Experience & Education: Harvard Business School determined that the combination of information, intelligence, & skill account for only 7% business success. Attitude alone accounts for the other 93%. Far too few interviewers ask attitude questions like: "I know you would work harder or longer hours if asked, but, just in the course of your normal workday, what have you done for an employer that is more than what was expected of you?"

Thanks to Mel Kleiman and Credit Today's Tip of the Week.

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Live Webinars each Tuesday discussing trending sales tax, multistate, and a variety of other useful business topics mixed in.

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Credit Reporting

In order to provide maximum value to our clients, The Association provides you access to all data bases we have **under one single, simple, low cost, generic report subscription.** Credit Mangers do not need to subscribe individually to every single database or information provider, in order to receive the best outside credit reporting information available. From Consumer Reports to Reports on International Customers and **everything** in between.

The Association wraps up a program for you, that automatically provides multiple data bases/providers in one, single subscription. Sounds simple? It is! Our current subscribers already enjoy the flexibility described and rely on their professional Association for data these sources provide that assists them in the credit worthiness decision.

Other benefits of our subscriptions are **no** compensating renewals, **no** premiums for supplements, **no** contract expiration dates and **no** "use-em" or "lose-em" problems.

If you are interested in getting more for less, saving time and money, managing your credit reporting costs, The Association's Credit Reporting Services is your solution.

Call today for more information or a personal consultation that will **open up all the doors** to credit information resources your company can use..

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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 SURCHARGE 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, 2014-2018 World's Most Ethical Companies List!**

**NACS Credit Services, Inc*

**The Business Credit Management Association Wisconsin*



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Patty Hughes X227

Recovery Specialist
 Credit Reporting



GOT AN IDEA?

Would you like to contribute to the BCMA Newsletter? Just write to us at admin@wcacredit.org with your idea!

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UPCOMING INDUSTRY CREDIT GROUP MEETINGS



APRIL 10, 2020

Electrical Suppliers Industry Credit Group,
Teleconference Call

APRIL 14, 2020

Fine Paper/Graphic Arts Industry Credit Group
Book of Reports Only

Regional Paper & Packaging Industry Credit
Group

Book of Reports Only

APRIL 15, 2020

Plumbing & Heating Industry Credit Group
Teleconference Call

Minnesota Electrical Suppliers Credit Group
Teleconference Call

APRIL 16, 2020

Construction Industries Credit Group
Teleconference Call

Food Suppliers Industry Credit Group
Teleconference Call

APRIL 17, 2020

IL Fine Paper Industry Credit Group
Teleconference Call

APRIL 20, 2020

Western Electrical Suppliers Industry Credit
Group

Teleconference Call

APRIL 21, 2020

Building & Construction Materials Credit Group
Teleconference Call

Minnesota Fine Paper Credit Group
Teleconference Call

APRIL 22, 2020

Food Service Supply Hospitality Industry Credit
Group

Teleconference Call

APRIL 28, 2020

WI/IL HVAC Industry Credit Group
Teleconference Call

BCMA
Business Credit
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Education Events

YOU CAN TRUST THE
ASSOCIATION TO
ASSIST IN
COLLECTION
RECOVERY FROM
YOUR DEBTORS
ANYWHERE IN THE
WORLD.

*LET THE
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WITH EMPLOYMENT
OPPORTUNITIES.*

April 22, 2020

“Measuring Credit Department Performance” Webinar

May 21, 2020

“How To Manage The Emerging Challenges In Credit & Collections” Webinar

June 17, 2020

”What to Do About Slow Payments, Higher Risks, and Accelerating Rates of Customer Default” Webinar

October 21, 2020

Advanced Collections & Negotiations Skills” Seminar