

## “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.



International Credit Executives Group  
*Administered by Wisconsin Credit Association, Inc.*

[wcacredit.org](http://wcacredit.org)

## Virtual ICE Group "Conversation" An Overview of COVID-19's Impact on our Businesses and Receivables."

May 20, 2020 | 3:00 - 4:00 PM

**MARK YOUR CALENDAR!** There's no reason we need to wait until our next face-to-face meeting to benefit from the experience sharing and knowledge gained at those meetings. During this crisis, we will be holding regular "Conversations" on a variety of topics based on your recommendations. Watch for more details and registration information coming soon. Please email [diannar@wcacredit.org](mailto:diannar@wcacredit.org) with your ideas for a "Conversation."



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## EMPLOYMENT SERVICES

We have skilled & experienced staff available immediately to help our member/client companies with temporary or permanent assignments as Credit Managers, Credit Analysts, Collectors or Cash Application Clerks.

If you are in need of temporary help in the Credit, Collection & A/R Management area, call The Association. We are the preferred provider of temporary help in this niche.

### **Job Postings**

[View Open Positions!](#)

Visit this area of our website to view current employment opportunities.

### **Resume Referral**

[Resume Referral Service](#)

We have been successful in matching qualified individuals for credit-related positions. Submit a resume, or request resumes for open positions.

### NEW ASSOCIATION REPRESENTATIVE

Monica Peterson  
Volm Companies Inc  
Sue Schulz  
Design Air LLC  
Don Brose  
JW Perry

### NEW GROUP MEMBER

#### **PLUMBING & HEATING CREDIT GROUP**

Sue Schulz  
Design Air LLC

#### **CONSTRUCTION INDUSTRY CREDIT GROUP**

Sue Schulz  
Design Air LLC

#### **REGIONAL PAPER & PACKAGING INDUSTRY CREDIT GROUP**

Steve Edison  
Central Michigan Paper

### MEMBER NEWS

Lynn VanBerkel, Credit Manager at Design Air LLC, will be retiring sometime this month. Lynn will be missed for so many reasons, but we all wish her a happy, healthy & well-deserved retirement. She retires with an admirable legacy.

Good luck and best wishes to Jennifer Cordova, JW Perry, on her next set of endeavors, expanding her flower farm.

After 25 years of Accounting work at Central Michigan Paper, Damia Walker has retired to pursue other dreams outside of Credit. Good luck Damia.

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**If you have something you would like us to announce please send an email to [admin@wcacredit.org](mailto:admin@wcacredit.org)**

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## As Check Use Dwindles, Fraud Increases

By David Schmidt

**According to an Association for Finance Professionals (AFP) payments survey, the use of checks for B2B payments is roughly half what it was fifteen years ago -- now 42 percent versus 81 percent in 2004. Meanwhile, in just the last two years, check fraud in the US has almost doubled - from \$8.5 billion in 2016 to \$15.1 billion in 2018. This dynamic shift has far-reaching implications for credit pros.**

- More and more of your customers will move to electronic forms of payment, which are much less susceptible to fraud than paper checks
- It is imperative that your receivables function develop an Omni-channel Payment strategy for capturing all sorts of electronic remittances
- With electronic payment acceptance comes the challenges of increased difficulty of matching payments with remittance advice
- Data reconciliation and integration will therefore be necessary to efficiently process remittances

The fraud issue is now a major driver for businesses to implement electronic payments into their AP process. The [2019 AFP Payments Fraud and Control Survey](#) revealed that 70 percent of companies reported experiencing check fraud. Moreover, because check fraud is the fastest growing fraud at many banks -- according to the American Bankers Association (ABA) check fraud accounts for 47 percent of all fraud losses at banks -- banks are heavily marketing electronic payment services to their business clients.

As a result of fraud in paper processes, the treasury industry is [pressuring](#) customers to go electronic. In addition, for a typical business, checks are expensive to process, costing on average \$9 each compared to 68 cents for an ACH payment. This beneficial cost savings has long been a catalyst for AP organizations to implement electronic payment protocols such as EDI, ACH, and P-Cards.

# As Check Use Dwindles, Fraud Increases

(Continued)

Large corporations are leading the charge in converting to electronic payments, and the majority of their payments are already being handled electronically. Credit departments already adapting to the impact of important customers making this shift.

Up to this point, however, enterprises with less than \$1 billion in annual revenue have tended to keep using checks. It is a matter of scale. The cost benefits simply are not as big for these firms compared to larger organizations that pay more bills. Smaller firms also have more resource allocation challenges.

In the future, however, as payment technologies and the payment services offered by banks become easier to implement, smaller organizations, as they invariably do, will catch up. Therefore, the growth in electronic payments can be expected to come from smaller organizations. That means credit execs will experience many more customers adopting electronic payments.

Keep in mind Pareto's law (aka the "80-20 rule") which holds that roughly 80% of the effects come from 20% of the causes. While today a good proportion of the 20 percent of your customers that account for 80 percent of your revenue may be paying electronically, in the days to come many of the remaining 80 percent of your customers will begin converting to electronic payments.

In other words, more customers, though probably involving fewer dollars, will be asking you to accommodate their electronic payment formats. Obviously, it is important that you be able to handle payments however, your customers you want in order to be competitive.

## Glossary

**ACH:** The acronym for Automated Clearing House - ACH is essentially a very low cost next day funds transfer process designed to replace paper checks. ACH payments are facilitated by electronic payment networks managed by NACHA (the National Automated Clearinghouse Association).

**Association for Financial Professionals (AFP):** This is the largest treasury organization worldwide

**EDI:** The acronym for Electronic Data Interchange, which is a messaging standard used by trading partners to communicate electronically - in the credit and collection area, the most relevant protocols are the EDI 820 series of standards related to remittance processing

**Omni-Channel Payments:** The goal here is to create a gateway that will centrally manage execution across multiple payment and remittance channels as well as consolidate data from every transaction and related customer/supplier interaction in order to provide full transparency and straight-through remittance processing.

**P-Card:** A purchasing card is a company charge card that allows goods and services to be procured without using a traditional purchasing process.

## 'YES' TEMPORARY HELP SERVICES

The Association is a Premier Source For Temporary Help & Outsourcing Services In Business Credit, Collection & Accounts Receivable Management.

Our specialized & experienced staff is available to help you: obtain immediate results, maximize your collection efforts, get caught up, & maintain your credit & collection efforts & improve your cash flow. Experienced staff can work at YOUR office or at OUR OFFICE, you choose!

### 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.
- Companies who are struggling to keep up during peak sales periods.
- Companies who need to turnover their accounts receivables into CASH...

### How Does It Work?

Who else but your professional business credit association has the contacts, skilled personnel & network to provide you with trained & experienced persons in a highly specialized field such as credit, collection & accounts receivable. Our YES program staff members are former private sector collectors, credit assistants, cash appliers, deduction specialists & credit managers. Give us a call or learn more by visiting our [website](#).

## Commercial Recovery & Collections

Members & non-members alike can trust WCA Commercial Recovery Services Department to assist with debt recovery here in the United States or anywhere in the world. For **IMMEDIATE COLLECTION** use our placement forms & our Recovery Services Department will begin collection efforts on your behalf today.

**BACKGROUND....**Wisconsin Credit Association Commercial Recovery Services Department offers effective results. Regardless of your company's size or location, the consistent common denominator of all business concerns is professional & efficient recovery specialists who can help with your delinquent accounts.

**CREDENTIALS.....**WCA Commercial Recovery Services Department is recognized & acknowledged for establishing & setting industry standards for generally accepted credit & collection practices & principles & is integrally associated with the Commercial Law League of America. To ensure our financial responsibility, Wisconsin Credit Association Inc is licensed by the Wisconsin Department of Financial Institutions.

**PERSONALIZED SERVICE.....**Our experienced professional staff acts as an extension of your collection function working with you to obtain results. We pride ourselves on our ability to analyze each case, take the necessary & appropriate action(s) & recover your receivable in the shortest time possible. Our number one goal is to protect our members' interests at all times. Our recovery services staff can provide you with professional & practical advice at critical times during the collection process.

**INDIVIDUALIZED & STATISTICAL INFORMATION.....**Effective no-nonsense communications is key to keeping you informed on your debtors. We report significant timely information to you as your case proceeds. We provide, upon request, a computerized status report to keep you apprised on all of your debtor accounts, allowing you to track individual debtor progress.

## Setting and Meeting Cash-Flow Goals

**"I spend my day focusing on my cash-flow goals, and I review every decision that I make in light of whether it will help me reach those goals," declares Floyd Stanton, CCE, credit manager for RJ Supply (Atlanta, GA). In addition, as a "cash-flow manager," he continues, the goals he sets direct both him and his employees. "Our goals are bad-debt write-off of .3%, which is industry standard, and 40 DSO," he says. "I make all of my decisions with these figures in mind." What kinds of decisions do cash flow managers make in light of their goals? Most fall under one of two categories:**

- 1. Credit decisions.** "If you have no cash-flow problems, you are probably not selling to marginal accounts, and are thus missing a tremendous amount of business," notes Stanton. "The real job of a cash-flow manager is to find ways to sell to marginal accounts with security. In fact, the very best cash-flow managers find ways to sell to marginal accounts that competitors don't sell to." In terms of customers in the construction industry, for example, Stanton sees it this way:
  - About 50% of the customer base is very creditworthy, and everyone sells to them.
  - About 20% of the customer base is not creditworthy, and no one sells to them.
  - About 30% of the customer base is marginal. "This is where cash-flow managers earn their keep," he says.

One security tool, for example, might be joint checks. "In the sheetrock business, joint checks are very common," notes Stanton. "In fact, a lot of new customers come to me with joint check agreements already signed."

- 2. Collection activity.** Just setting lower DSO goals and sitting back to wait for the figures to decrease on their own obviously does not work. You must take some specific actions to reduce DSO. One such action is to actively emphasize your credit terms when you set up new customers. Another is to gently persuade existing customers to pay faster.

Stanton offers some recommendations on the latter strategy. "Again, it often requires walking a fine line between speeding up payment and risking the loss of their business," he cautions. In sum, he uses this approach: He arranges to meet with the customer and explains, "We appreciate your business, but we have a situation of concern. Our business is based on profit and cash flow, just as yours is. However, we are having a problem carrying you at this aging. What has made you slow down? And what can we do to help you improve in this area?"

# Six Daily Customer Service Opportunities

**Credit is charged with a very important role in customer service. In fact, in the past decade or so, recognition of how credit and customer service are basically "tied at the hip" has sprung up with many credit execs now called "Customer Financial Services Directors."**

In honor of customer service week, we thought we would share how one credit exec takes advantage of the many customer service opportunities that turn up almost daily in any credit department. This particular list is geared more towards a smaller company environment, where the credit exec handles much of the workload. However, the principles remain the same no matter the size of your department, and this "hands-on approach" should be embedded in the DNA of any credit department, no matter the size.

1. **Credit extension - Make the Sale Happen** "Our philosophy is to try not to turn anyone away, even if it means accepting a certified check for the first order," she says. "We go the extra mile to find ways to make appropriate arrangements with new customers."
2. **Take a Proactive, Personal Touch With Credits on Customer Accounts** Of course, it's mandatory to give credits back to your customers (Remember: If you don't give it to the customer, the government gets it!). For this credit exec, if customers end up with credits on their files, she makes it a point to call and notify them of the credit, rather than leaving the responsibility to them. Along the same lines, she forwards the credit amount to the customer as soon as possible. "If I find that a credit has been on the account for a while, I may also add in the 'time value' for the use of the money," she adds.
3. **Problem resolution:** Find the Root Cause. If there are problems with an invoice, bill, or any other aspect of a transaction, she addresses them quickly. "I try to get issues resolved for customers as soon as I possibly can, and I keep them updated with progress along the way." This is not only good from a customer service standpoint, but essential from a "get-to-the-root-cause-of-a-problem to reduce DSO standpoint!"
4. **Reaching Out for More than Collections.** She also makes it a habit to call customers on occasion to ask them if there are any ways she can serve them better. In her case, typical requests include invoicing electronically instead of by mail so that the customer can take advantage of discounts and lump-sum billings.
5. **Assume the Best.** If a customer is late with a payment, she does not automatically assume the delay is deliberate. "Instead, I first assume that there is a paperwork problem or that the customer did not receive the appropriate invoices or bills of lading." When calling customers, she quite often finds this to be the case. "Once I get the appropriate paperwork to them, we receive timely payments."
6. **Visit Customers for More than Collections.** She also makes it a habit to visit customers once or twice a year. "Visits allow me and our customers to 'place faces' when we subsequently talk on the phone, which improves our relationships," she explains. Visits also help customers feel more comfortable with her. In one case, after having had the opportunity to meet with her, a small-business owner provided financial information he normally did not divulge.

**CREDIT TODAY**

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*"This and the above informational articles were provided by Credit Today"*

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# Transitioning Employees to Work From Home

By: Michael C. Dennis

Today there are lots of companies that are considering allowing employees to work from home as a way to facilitate social distancing. One of my consulting clients asked for my advice or comments about allowing their business-to business debt collectors to work remotely. Here is part of my response.

Collectors can be effective working remotely if..

- IF collectors understand and agree to work during their regular hours
- IF collectors have real-time access to your company's accounts receivable database
- IF supervisors speak at least once each work day with each collector working remotely
- IF collectors are able to record customers' payment commitments online, and in real time
- IF customers are in their offices and accepting calls from debt collectors (sadly, not a certainty)
- IF supervisors ensure that collectors understand specifically what tasks that they need to complete each day
- IF collectors and their supervisors have a clear understanding about daily reporting requirements (which may be new or different)
- IF collectors have dedicated workspace at home to reduce potential distractions, then they are more likely to be more effective and efficient
- IF Supervisors ensure/require that collectors use their phones to connect with debtors rather than corresponding with them ( which can be tempting when working from home)
- Final Comments: Effectively managing people working remotely is difficult and it involves novel challenges for supervisors. If you are a supervisor in this position, please seek out advice from people working remotely today - and their managers.

## How to Deal with Excuses from Customers

By: Michael C. Dennis

### **Common Excuses Used to Delay Payment....and the Questions Collectors Should Ask.**

In a perfect world, creditors would only sell on open-account terms to low risk customers....and in a perfect world, these low-risk customers would pay supplier invoices on time every time. In the real world, suppliers extend credit to high risk customers....and often even low-risk accounts sometimes need to be poked and prodded in convince them to pay their delinquent debts sooner rather than later. An important part of collecting past due balances effectively and efficiently involves knowing what question to ask customer.

Here are some of the common excuses along with questions collectors need to ask before beginning the negation process.

**Excuse:** Your check is in the mail.

**Questions:**

- When was your check mailed to us?
- What address was the check sent to?
- What is the check number?
- What is the dollar amount of that check?

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**Excuse:** We have hired a work-out specialist to handle payment negotiations with creditors.

# How to Deal with Excuses from Customers (Continued)

## Questions:

- What is the specialist's name and phone number?
- Is this person an employee, or an outside consultant?
- What do you expect from us -- or need from us--at this point?
- Is this work-out specialist making all of your payment decisions?
  - Does this mean that payments to us is on hold?
  - If so for how long?

To continue reading this article and to discuss it with others of your profession, please join us on [LinkedIn](#).

[Join us](#) for a fun, yet valuable interactive Webinar on July 15. We plan to discuss responses to some of the most comment yet borderline ridiculous excuses customers use to delay payments.

## 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.

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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.

TO REQUEST A CREDIT REPORT ONLINE, [Click here](#) or contact Gail, 262-289-1223.

The graphic features a blue background with a white circle containing the number '10' and the word 'Tuesdays' in a large, stylized font. In the top right corner, there is a logo for 'Sales & Income TAX ADVISORY NETWORK'. Below the main title, it says 'Holly Hoffman presents' followed by '10 ON TUESDAYS' in large, bold letters. Underneath, it reads 'Live Webinars each Tuesday discussing trending sales tax, multistate, and a variety of other useful business topics mixed in.' A white speech bubble contains the text: 'These webinars are free, but do require a one-time registration here.' At the bottom, it says 'Share your topic ideas and feedback in our "10 on Tuesdays" Facebook Group.' and includes a Facebook icon.

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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 E-Commerce  
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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](mailto:admin@wcacredit.org) with your idea!

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## UPCOMING INDUSTRY CREDIT GROUP MEETINGS



### **MAY 8, 2020**

Electrical Suppliers Industry Credit Group,  
Teleconference Call

### **MAY 12, 2020**

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

Regional Paper & Packaging Industry Credit Group  
Teleconference Call

### **MAY 13, 2020**

Plumbing & Heating Industry Credit Group  
Teleconference Call

### **MAY 14, 2020**

Metals & Industrial Suppliers Credit Group  
Teleconference Call

### **MAY 15, 2020**

IL Fine Paper Industry Credit Group  
Teleconference Call

### **MAY 18, 2020**

Western Electrical Suppliers Industry Credit Group  
Book of Reports

### **MAY 19, 2020**

Building & Construction Materials Credit Group  
Teleconference Call

Minnesota Fine Paper Credit Group  
Teleconference Call

### **MAY 20, 2020**

Minnesota Electrical Suppliers Credit Group  
Teleconference Call

### **MAY 21, 2020**

Construction Industries Credit Group  
Teleconference Call

### **MAY 26, 2020**

WI/IL HVAC Industry Credit Group  
Teleconference Call

### **MAY 27, 2020**

Food Service Supply Hospitality Industry Credit Group  
Teleconference Call

Food Suppliers Industry Credit Group  
Teleconference Call

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

LET THE  
ASSOCIATION HELP  
WITH EMPLOYMENT  
OPPORTUNITIES.

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## Education Events

**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

**July 15, 2020**

“COMMON EXCUSES Customers Use to Delay Payment, and How Collectors Should Respond” Webinar

**September 16- 17, 2020**

Credit Professional’s Conference

**October 21, 2020**

Advanced Collections & Negotiations Skills” Seminar