



THE MENTOR SHIP

*Tales of Snakes and
Ladders from Seasoned
and Experienced Credit
Managers.*

Table of Contents

Dedication	4
Introduction	5
Contributing Mentors:	6
The Importance of Being Ernest	7
Tough messages and long term relations	7
I left my part in San Francisco	9
Love competition – hate competitors!	9
Customers do not pay a company!	10
Who’s on first? You!	10
Half baked credit sales:	12
A credit sale that makes no sense – makes no cents!	12
Building a Reservoir of Trust	14
They don’t care what you know, until they know you care.	14
Fifty percent of a successful conference?	16
Being there (body and spirit)	16
A 500 lb. gorilla sleeps wherever he wants	18
But, it doesn’t mean you don’t collect the rent!	18
Join a gang!	20
Stand your Ground – Even if sitting down	21
They can beat you up, but can they catch you?	23
‘Ahem...Do I now have your attention?’	25
Wadda’ mean you don’t want a discount?	28
A Trojan Horse?	29
Saturday night special – on a Friday afternoon	32
One more Step, one more try!	35
The Road Unplanned	39
“You have a license for that munkey?”	41
Additional Information:	45

David Holloway:..... 45

DEDICATION

This book is dedicated to our mentors and to our readers, who we hope will be inspired by the stories held within these pages. May the experiences and concepts here help you grow in your own journey as a mentor to the next generation. Our mentors have provided us with a wealth of experience and knowledge. They have unlocked their individual vaults containing a wealth of years of experience; they have reached deeply inside to train us and inspire us to higher levels of accomplishment. They have taken the time to show us the way, by exposing us to their successes and failures. The lessons we have learned from them have been powerfully beneficial and profound. These lessons have enabled us in many instances to expand our influences in our own firms, by making better-informed decisions that often result in greater success.

A thank you is also sent out to our bosses over the years who have recognized the value of continuing education, which has provided the tools to help us to learn, grow and become better equipped to be more effective. Training and development is an important complement to mentoring.

To function at our highest levels, the dual forces of continued training and dedicated mentors are invaluable for propelling us forward. Hop on board the “mentor ship”, there is a cabin reserved for you. Be a mentor, you’ll be glad you did!

...Ken Young

INTRODUCTION

It may have been a mistake. It could have been a tactical maneuver in a battle to burn some ships that got out of hand; it might be blamed on careless smoking or a Centurion with a lengthy list of seriously overdue books and a unique method to clear his record. The cause is still in dispute, but not the result.

Some two thousand years ago, some of Caesar's legions were responsible for the single greatest loss of an archive of knowledge, the burning of the library in Alexandria

There is nothing new about progressing in our profession or any other. People get older, we expect wiser too as they learn from successes and mistakes and then shuffle off into retirement. But the speed and numbers are rather dramatic these days with the boomers (born between 1946 and 1954) moving along, there are 10,000 people EVERY DAY hitting retirement age. That does not take into effect downsizing and 'offsizing (moving off shore) and capsizing that often affect those of who may be the most seasoned and experienced, but also most expensive to their firm.

Forget somebody walking out the door with a stapler or a box of pens. They are walking out with years of experience, hard won most of it, and when it's gone...it is gone. They say if you do not learn from your mistakes, you are condemned to repeat them. True enough – but it is a lot cheaper and much less expensive not to mention the scrapped knees and torn and tattered egos to learn from the mistakes and the success of others.

Many of us come from societies that do not pay the right amount of attention to our elders. It is called the 'road less traveled' for a reason. Once Lewis & Clarke found the North West Passage, people didn't rush out and say 'that's nice for them' and try to find their own way – they learned from the success and mistakes of those who went before them.

Lucky for us that they have not yet left the building or they aren't so far removed that we can't still hear them , enjoy some stories and learn along with them.

The stories are short, sometimes funny and always engaging. The stories are theirs but I take full blame for the title of the credit & collection life lesson.

...Tim Paulsen

CONTRIBUTING MENTORS:

Special thanks to men and women of the credit profession who truly believe in “paying it forward”.

Andy Steele
Barry Aronoff
Christine Fisher
David Holloway
Declan Flood
Geoffrey Last
Gregg Gregory
Kathleen Palmer
Ken Young
Len Sklar
Lily Soliman
Martin Sher
Pam Krank
Paul Dover
Ray Casola
Tim Paulsen

THE IMPORTANCE OF BEING ERNEST

By Geoff Last

Tough messages and long term relations



I think the greatest successes I've had have been the long term relationships I've built with customers, they seem to be the most rewarding. What stands out in particular is how some of them developed. The credit novice may come to the assumption that he always needs to be a sycophant, always striving to please each customer.

More often than not, we have a tough message to deliver for our employers, and it is not always easy to tell a customer that his or her account is on hold, or that you will have to take some sort of aggressive collection action, perhaps even realizing on our legal rights. You do no one a service when the message is not delivered in a clear, concise format that leaves no room for understanding.

Once, when I attended a retail establishment to collect on a past due account, I was paid by the owner/investor, but at threatening knifepoint. He wanted to make sure I understood that the payment was being proffered with the condition that all future orders would be processed with his approval only. I indicated my understanding of the arrangement and we became close friends until his passing.

In another instance, I attended a customer to advise the principal that I was proceeding with exercising my lien rights on a job he had just completed but had not paid for. After exercising these rights, he ultimately paid the account and we continue to dine together regularly, with our spouses.

Confrontation often leads to negotiation which can lead to resolution; the important factor is relationship building. In another instance, a debtor attended my place of business to protest my placing his account with an attorney. In no uncertain terms, he indicated that such action would cause him to go to our senior management to have my employment terminated. I nonetheless, stood my ground, but continued the dialogue. After much further discussion and the conversation completed without resolution, he left, but not before wishing me good luck in my future employment. The account was paid a few days later.

Geoffrey Last:

Geoffrey Last is the National Credit Manager at Rexel Canada. He had been Director of Credit for Anixter Canada Inc for about 18 years and with Anixter for 18 years and with Canada Wire & Cable for 8 years prior.

He is a Fellow of the Credit Institute of Canada, a member of the National Forum of Credit &

Financial Executives, a Certified Credit Executive (NACM) and has attended NACM's Graduate School of Credit Management. He has chaired the Legislation Committee of the Credit Institute and is currently a Director of NACM Canada. He has lectured in the past on technology solutions for the credit profession.

I LEFT MY PART IN SAN FRANCISCO

By Len Sklar

Love competition – hate competitors!



Many years ago, I owned and operated a collection agency in San Francisco. Naturally, due to the size of the metropolitan area, we had lots of competition, and, whenever we had a competitor, we almost always came out on top.

The ‘why and the how’ had a lot to do in part with traditional selection followed by training and development. But, it was also due in part to how we instituted ways to reduce stress:

- 1.) We had a 6 foot high, heavy bottomed clown that collectors could smack, and it came back for more.
- 2.) Another stress reducer was some small voodoo dolls with pins that they could stick in them. These were very popular after a nasty phone call.

I was also alert to offer compliments and appreciation on a regular basis for almost anything that was done well. In fact, surveys show that the single most effective motivational technique is just that - show appreciation on a steady basis. Too many managers are afraid to do that, possibly out of the fear that the employee may ask for a raise.



In my seminar business, I didn't have a non-compete agreement with my other seminar leaders - I had 11 of them - and two started their own seminar businesses, in competition with me. (I trained them well).

Len Sklar:

He is the author of “The Check is NOT in the Mail”. Prior to starting his own company in 1970, he spent 14 years with Proctor & Gamble, Dow Chemical and IBM. He has trained thousands of businesspeople and is an authority on collection psychology and technique.

CUSTOMERS DO NOT PAY A COMPANY!

By Barry Aronoff B. COMM, CCP

Who's on first? You!



- 1) Decide early to be a jack of all trades. We are called upon to be the go to people. The experts, in tax issues, Terms and Conditions, maintenance procedures, the fireman to put out the fires, the guy or girl with all the answers.
- 2) Be a sales oriented credit manager. Show the sales department you care and respect them and in turn, they will support you when the need arises. (And, it will!)
- 3) Taking on the role of a psychologist is a necessary evil. Listen and you will learn a lot about your customers (sometimes more than their intent).
- 4) Credit Management is a great field, yet not for the weak at heart.
- 5) No glory/no thank you welcome to the club of credit managers. If you are in this to have everyone thank you and agree with you change professions it is not for you. Thank yourself; pat yourself 'cause "*that is it baby*".
- 6) Right side up! Customers pay people not companies. Train yourself and then your team to get on the good (right) side of the customer.
- 7) Join groups, credit groups, discussion groups, read articles, take training courses. Remember always something to learn even for old guys like me.
- 8) Hold your ground, and do not cave if you truly believe in your decision. If you are overridden don't take it personally. It gets you off the hook. And that is not always a bad thing.



- 1) Get out! The day of credit managers sitting at their desk making a decision is over. You need to go out, visit your customer know who they are.
- 2) Do not hesitate to make a decision. Analyze, digest the facts, and yet do not delay for fear. We all make mistakes even credit

managers like me at 30 yrs of experience. Those who fear will never succeed.
Remember through failure comes success.

- 3) Don't kick yourself too hard or too long! If you get hit with a bad debt, do a post mortem, and move on. Do not punish yourself know we have all been there. You cannot be afraid to take risk because of this. Good risk will win 9-10 times.

Barry Aronoff...

...has been a Credit Manager for over 30 years with varied roles as Collections Manager, Assistant Credit Manager, Financial Service Manager, and now Ontario Divisional Credit Manager at Rexel Canada.

He holds a CCP with the Credit Institute of Canada, served as a mentor for graduates of the Credit Institute of Canada, given training sessions on various topics of Credit Management to Sales, Staff, Management and the Ontario Electrical Association. Spent 13 years of his life dedicated to coaching organized baseball from House League right up to Triple AAA in Mississauga.

HALF BAKED CREDIT SALES:

Andy Steele, CCP, FICB,

A credit sale that makes no sense – makes no cents!



Once when I was on vacation a credit application came in from one of our sales personnel for a company in Quebec which was approved by our trade insurer for credit insurance. The application listed a bakery with an excellent record of paying their bills.

But what the credit analyst and trade insurer missed was the type of product and where it was being shipped to. It was not going to the company warehouse, but to a new location in the outskirts of Montreal.

When a second shipment was sent out our transportation company driver noticed something funny and notified his dispatch who called me. The driver said that while trucks were being unloaded to a delivery dock, another truck was being loaded. Since all the employees were speaking Russian he could not understand what was going on. He was hesitant to drop off our load until he got clarification.

As soon as I looked at the credit application, I notice the sold to party was a bakery and the application was signed at a business office and not the bakery office. My first question to the sales person was, *'Why is a bakery buying electrical products?'*

He said they were starting up a distribution centre to sell our products. When asked what was their experience in this type of operation and he didn't know. I told him to drop by their office and when he called back he said the unit was empty, completely cleaned out.

Later investigation determined that this was an identity fraud. With over a million dollars in debt, the legitimate business filed for court protection. The RCMP who investigated the fraud told me that this was a group of Russian's who set up the sting and that one of the members had convinced the owner of the legitimate business to sign the credit applications to make it easier for her bakery to get better deals on the products she purchases. Not once did she realize she was purchasing high dollar electrical parts.

We were lucky. Most of our sales were insured and our loss was under \$12 thousand dollars. Another firm lost well over one million.

1. Make sure your sales people are trained to ensure that the product they are selling, matches the product lines of the prospective customer. They should also visit the delivery site to ensure everything is in order.
2. When reviewing the credit application, check all the addresses of the business. Does there product lines match the type of product you are selling.
3. Credit applications must be signed by an authorized person in the company.
4. If necessary do a check with the government on who the directors of the company.



Have a good rapport with your trucking company who can notify you or any concerns on delivery.

Andy Steele...

...has held senior credit management positions with Hewlett-Packard, Cott Beverages and Nexans Canada. Over the years he has consulted and contributed to the Credit Institute of Canada.

BUILDING A RESERVOIR OF TRUST

Ken Young C.C.P., C.C.P. Emeritus.

They don't care what you know, until they know you care.



Making a decision solely on financial disclosure is like looking at a Rembrandt with only a couple of primary colors on the canvas. There is much more to the decision than financial disclosure alone. Developing healthy, business relationships built on trust and mutual respect is an important aspect of credit management. I recall meeting with a customer in Chicago who had just created a start-up entity. The owner had been CFO with a firm that had gone out of business recently.

After dialoging with the customer for a while, he provided access to their opening balance sheet and spent a considerable length of time sharing their business plan. The value achieved in this meeting was the fact that we were the first major supplier to extend credit, which the customer never forgot.

Another significant aspect was the fact that we took the time to meet him personally and tour the facilities. A genuine and trusting business partnership was forever established. Visualization of the operation in so many lines of business adds a unique and invaluable dimension.

The credit line and terms that were initially established were adequate to get the firm purchasing their requirements of our product line from us. However these credit aspects (credit availability and terms) would still need to be reviewed in a matter of months, once a historical payment pattern and actual business results were established. This allowed us to keep a close watch on the company as it was progressing, keep the credit reins tight initially, and secure significant business volume in a geographical marketplace that we did not have high volumes from previously.

Over many years it was very pleasing to see the client grow to have a very significant presence in the geographical marketplace as well as the industry overall. We don't always bat 100% in credit granting, but it is rewarding when you can look back and see the impact that was made due in large part to trusting business relationships. These partnerships, once established, can produce very substantial volume growth, profitability and shareholder value for both parties.

There is a story told of Jerry Rice – one of the best wide receivers in history in the NFL. When he was asked why he attended Mississippi State University when a very well-known college (UCLA) had been recruiting him, his answer was they were the only college to come to his house and pay a personal visit. They showed in a personal way that they cared. It is the same with customers, as so many of them are proud of their

business and appreciate the time suppliers take to come to their premises and meet them.

Face to face meetings offer significant and intangible interactions that go way beyond words. These meetings are more likely to result in agreement and collaboration.

Customer visits for some companies are a road less travelled; however, depending on the volume, profitability and growth potential, it is a road that cannot be ignored if a complete picture of the risk elements versus reward is to be painted.

If customer visits are not possible, it is still very worthwhile to cultivate customer relationships – although they are not as effective as in a face to face setting – in order to more fully understand and to capture the upside of risk.

Mark Cuban once said, “The NBA (National Basketball Association) is never just a business. It’s always business. It’s always personal. All good businesses are personal. The best businesses are very personal.”

Developing and maintaining customer relationships that are built on trust are of prime importance in significantly impacting your firm’s revenue growth, profitability, and shareholder value in achieving corporate and personal success.

Ken Young, CCP, F.I.C.B.

Ken Young has been a credit management professional for over twenty-five years and has global experience in a broad range of industries including the food (aquaculture & beverage), chemical, manufacturing and transportation sectors.

Most recently he was the Credit & Collection Manager at PepsiCo Beverages Canada.

Ken was a founding member and advisor of NACM Canada (National Association of Credit Management). He has served on numerous boards, including the Credit Institute of Canada, the National Credit & Financial Executives' Forum, the Raw Material Credit Group and the International Center for Professional Collectors.

He has been awarded the highly esteemed CCP Emeritus award from the Credit Institute of Canada for distinguished and meritorious service for the advancement of credit education and the credit profession.

Consulting projects with ICPC (International Centre for Professional Collections) include Brunei and Jamaica.

FIFTY PERCENT OF A SUCCESSFUL CONFERENCE?

By: Tim Paulsen

Being there (body and spirit)



Early in my career at a retail organization, I attended a conference in California. For a number of sessions, I decided to take in the sun by the pool rather than go to the break out meetings.

It was much more pleasant by the pool, especially for a Canadian visiting a warmer climate and I told myself I knew most of the material and would have been bored by the presentation. Whether the latter was true or not, I suspect I missed out on a lot of valuable information and I am certain I did not make the important connections – a primary reason to attend in the first place.

The comedian Woody Allen said that fifty percent of life is just showing up. The same applies to conferences and meetings. I'm reminded of the Captain of a Norwegian fishing vessel who was asked if he or any members of the crew brought along their spouses. She said, "*When we fish, we fish, and when we*," you can fill in the blanks from there.

I was to learn my lesson too late, that when you're on vacation, you go to the pool and sit in the sun. When you attend a conference – you work.

Another snake would be 'sober comments' at meetings. I don't mean alcohol related, that's an entire other book for me. I've a quirky sense of humor (I've been told) and didn't hesitate to share it during a meeting. A bit more listening and fewer jokes would have served me better. I know that all of us are a package deal and you have to take the good with the bad, but we can still make some adjustments. I wished I had turned it down a few notches on more occasions.



During a separate visit to California, I was told, "*Don't write a book about collections, write articles and sell 'em to as many organizations as you can, people as you can. Those articles become chapters and after you have enough of them, you've got a book.*"

The same speaker, Frank Hardesty, who was teaching a collection seminar sponsored by American Management Association, also said not to write expecting to make much money. They market for this type of book is too small. However, it does get you recognition and will get you on the speaking and consulting circuit.

Tim Paulsen...

...is author of '*Paid in Full*', '*Tipping the Scales*, and recently, '*Sex, Lies & Negotiation Techniques*'.

As the founder and Managing Director of ICPC (International Centre for Professional Collections) he consulted and trained across Canada and the United States and more than twenty other countries. Mr. Paulsen is the creator of '*SAGE – The Excuse Terminator*' and '*The CollectABILITY Index®*.'

A 500 LB. GORILLA SLEEPS WHEREVER HE WANTS

But, it doesn't mean you don't collect the rent!

By Kathleen Palmer



We shipped some product to Quebec for a multinational. They claimed they were tax exempt and we allowed the exemption. After a tax audit informed us they were not exempt and we had to pay the tax, we invoiced the multinational for the approx \$1,500 in tax.

It remained unpaid. I eventually got a contact from the A/P dept. for a person in procurement who could assist me. That person never returned my calls, but when we finally did connect they referred me to their assistant. Now we are even more substantially overdue. I reviewed the information with the assistant, including the reasons they are not tax exempt, they understood, but had to verify the PO, product, and get the managers approval to pay the invoice.

Many follow ups, later, the assistant continued to have one reason after the other, why the invoice was not yet paid, but reassured me it would be paid once they presented all the information to the manager, who would approve the invoice for payment. And no, they did not need me to speak with the manager, they would handle it. Many more days continued to pass with going back and forth numerous times.

There are many reasons why this small amount travelled so far past due, not a huge amount (especially for our company), the customer was not a financial threat to us, payment of all other items were current, and I had faith in the fact someone was speaking with me and was encouraged they agreed the invoice should be paid. However, I decided it was time to take another tactic.

I went to the web site of the multinational and looked up the name and contact info of their in house counsel. I prepared an email starting with "WITHOUT PREJUDICE" described my issue in detail, I attached all my communication, copy of the invoice, and requested immediate payment. I never did hear from the in house counsel, but the week after I sent my email to the in house counsel, I did hear from the assistant who confirmed the invoice was approved for payment, we should see a cheque the following week. Which we did.

Moral of the story, I trusted what seemed to be a helpful person, as they were telling me all the things I wanted to hear, but in actual fact they were not doing anything to get the invoice approved for payment. So once I changed the dynamics of the scenario, which put that person in a position of having to deal with the issue. In collections we need to take alternative actions in many instances in order to obtain recovery of funds owed.

Kathleen Palmer:

Kathy Palmer, C.C.P. manages the Canadian portfolio for Nexeo Solutions Canada Corp. She has been with Nexeo Solutions for the past 11 years and previously held credit management positions with Para Paints, Toshiba Canada and Signode Canada. Kathy is a member of the Credit Institute of Canada, the National Credit Financial Executives Forum and the Raw Material Credit Group. She also previously chaired this group. Kathy continues to grow, mentor and be mentored while networking with fellow credit colleagues.

JOIN A GANG!

“Individual commitment to a group effort – that is what makes a team work, a company work, a society work, a civilization work.”...Vince Lombardi

By Martin Sher



Back in about 1995, I set up a benchmark group with a colleague of mine. We were both very active in ACA International and had become good friends.

Our idea was to recruit 6 or 7 people we liked, respected, and knew were successful in the collection industry. We thought it best, at first, to find people in different parts of the country. It did not matter what type of accounts each member collected, or if they were going to be a direct competitor or not. Integrity and confidentiality were a must if we were to share sensitive information with each other.

We shared financial statements twice a year, and had open and frank discussions about anything and everything about our businesses, families, and life situations. We helped each other recruit key employees, and shared documents and management compensation plans. We acted as a support group for each other when a life situation came up in anyone's life. We hosted a meeting at each one of our offices until we knew each other's operations and personnel intimately.

In time, the group grew to 18 people but with people selling or retiring, we are sitting at about 12 now. I think if you asked each of us *‘what was the most important and valuable thing you did in your career for your business and yourself’*, I think it would be unanimous that it was this Vision Benchmark group.

We also have an active email discussion all year long to help us with the issue of the day. It is nice to have a group of successful colleagues that you can call in and get an answer and some experience to any business problem.

I would imagine this idea would work in any industry, for any group of like professionals.

Martin Sher:

Martin is the co-CEO of AmSher Receivables Management, based in Birmingham, Alabama. He is the author of a number of books, including *“How to Collect Debts & Still Keep Your Customer!”*

Martin also has a blog with great title, [“Skinny and Debt Free”](#).

STAND YOUR GROUND – EVEN IF SITTING DOWN

By Paul Dover



Credit is a funny business, but it is an essential aspect to any company's operation. You have to know and utilize the 4 C's, for sure, in your role as Credit Manager, but many other skills and attributes need to be put into play in order to be successful.

I had a classic example of this when I was in the electrical industry, where one of our customers, an electrical contractor, owed us just over \$75,000 that had gone quite past due (over 90 days). Most of my collection efforts proved fruitless, so I did some homework.

This was the construction industry, which is governed by the Construction Lien Act of Ontario; it is a law that polices the flow of funds on any construction project, from the owner down through the hired General Contractor, sub-trades and suppliers. This project was the addition to a Toronto high school - I contacted the architect (who was the payment certifier), and learned that payment was made 2 months ago to the General Contractor (who had hired my electrical contractor). I then contacted the General Contractor's accounts payable, and found out that my contractor was paid two days after the General had received their draw.

Thus armed, I had to revert to more drastic measures, so (with the approval from my boss), I put the account on hold. This generated action pretty quickly – it turns out that Nick (the owner & president of the company) was on a job not far from our company, and the next day, he comes storming into my office (accompanied by a rather sheepish counterman, who said "Paul, he insisted in seeing the Credit Manager!"). The conversation went as follows:

Nick – *"Are you the credit manager?"*

Paul – "Yes I am."

Nick – *"I hear that you've cut me off! How dare you ! I've got a company to run, and projects to finish! I want to speak to your superior!"*

Paul – "Well, Nick, let's look at the situation here : we've granted XYZ Electric just over \$185,000 credit in materials for your operations, of which 40% is unpaid and past due over 90 days. And further, calls to your Accounts Payable and Controller have gone unanswered."

Nick – *"Don't worry! You'll be paid shortly."*

Paul – “Really Nick? And when will that be?? I also found out that you were paid your draw for this work over 2 months ago. You’ve spent our money !”

(At this point, all the fire went out of him, and he almost cowered back his response)

Nick – *“Well, I had some immediate expenses I had to take care of.”*

Paul – “Well sir, if I’m not paid by the end of this week (this was Tuesday), I’m putting a lien on the project, which, as you know, will block any further draws to you until I remove the lien.”

I was paid the next day the overdue balance, plus the money due that month – his cheque was sent courier.

In that industry, very often the contractors were immigrant Europeans, just like Nick, who had worked hard, and built their companies into very successful operations – but they came from the old school, and often use intimidation in an attempt to rectify a situation. Nick was about 6 ft. tall, quite fiery, and my assistant told me afterward she was quite amused to see this large Greek towering over me with his loud voice, and me, looking up at him with my responses.

But know your stuff – don’t back down; they have no recourse...and 9 times out of 10, you’ll not only get paid, but gain the respect of your customer.

Paul Dover:

Paul Dover, CCP is Credit Manager at Polytarp Products, who make plastic bags and sheet film for the construction, food, packaging, agricultural and automotive industries. Paul has been a credit professional for over 30 years; he is Past President, Toronto Chapter, Credit Institute of Canada, and has given presentations on the Construction Lien Act to Construction Industry Credit Groups with Equifax Canada, together with Max Shafir, QC, a well-respected construction lawyer in the industry. He currently sits on the Board, Toronto Chapter, Credit Institute of Canada, as Chairman, By-Laws Committee.

THEY CAN BEAT YOU UP, BUT CAN THEY CATCH YOU?

By: Gregg Gregory, CCP



One of my first jobs in credit was working for a Heavy Equipment distributor as a credit representative. Along with selling heavy equipment they were also in parts and service, and servicing the equipment they sold.

We had a customer in the far north who at the time was a very small parts customer. This customer is what I call a PITA account (Pain in the A__) as they required a lot of time and effort to collect with minimal results and usually we did not get paid until we had something he needed that no other supplier could provide.

One day I received a call from our Branch Manager in Sudbury who told me that this customer had one of their excavators in our shop for service, and that it was urgently required as the customer was about to start on a major project. I had always kept him advised of the issues with this customer so he would always contact me when this customer needed something. (The importance of building relationships with all customers both internal and external!!)

I called the customer Bill, and much to my surprise he actually came on the line. At the time of my call the account was pushing 120 days and I had been calling for weeks trying to collect and he continually put me off with numerous excuses. I started my call by asking him how things were going for him and when we could expect payment of the past due balance. Bill made his usual excuses and ended by telling me that he had nothing for me at this time. At that point I started to discuss the new project with him. He got all excited talking about it telling me where it was, the size of the job and everything else. I then brought up that we were doing some service work on the excavator we had in our shop and he said yes he really needed to get it in tip top shape as he badly needed this machine to start the project.

That was when I dropped the bombshell on him. Bill, I'm really glad to hear about this project, but we still have a past due balance that needs to get paid. He again started with the excuses. Then I told Bill, unfortunately that machine will not be leaving the shop until we get a cheque for the past due. There was silence for about ten seconds and then he unloaded on me. You SOB (and other expletives deleted) I need that machine and I need it now and if you don't release that machine I will come down there and beat the S__T out of you!!!

I waited for a few seconds and then calmly and asked Bill how big he is? Bill replied that he was six foot four and 250 lbs. I then answered and said to him, Bill let me tell you, I'm 6 foot 2 and I weigh about 170 lbs and I can run like stink so good luck trying to

catch me. Bill was silent again for about ten seconds and then he started to laugh and said alright you SOB, I will bring the cheque with me when I pick up the excavator.



The lesson I learned from this is not to outwardly react to what a customer may say to you. They may be angry or stressed out or may even be trying to get you off topic. By not reacting or buying into their emotion you can usually help to deflate or settle down the situation. Understanding their issues is key to effective collecting and in building relationships. Trying to deflect these issues and using humour will stand you in better stead going forward.

About a month later, I was making a trip up north to see another customer and I decided to take a chance and go in to see Bill at his office. He looked at me with a mean look and came to over to me. Before he got to me he started laughing and shook my hand and said, *'Good for you, you got me good'*, and yes he was six foot four and 250 lbs. Bill never did become a model account but from that day on we did have an understanding about paying his account, so whenever he needed something and he was past due he would call me to tell me he was bringing in a cheque.

Gregg Gregory, CCP

Gregg Gregory, CCP has worked in Credit for over 30 years in various industries including, Lumber Products, Metals Distribution, Fine Paper Distribution, Construction, HVAC and Mechanical Distribution and has been a consultant in the Financial Services industry working in the Retail Sector. Gregg is a Fellow of the Credit Institute of Canada and has served as a Director on the Toronto Chapter, National Credit and Financial Executives Forum and on the executive of the Credit Institute of Canada.

'AHEM...DO I NOW HAVE YOUR ATTENTION?'

By Pam Crank



I make my living as a credit manager for about 50 companies...working for all of them at the same time actually. Sometimes, it's difficult just to remember who I am and what company I'm representing at the moment, but there are always those clients' customers you just never forget.

Our job is to manage trade receivables for mid-sized manufacturers mostly with sales ranging from \$100 million to \$3 billion. Their customers are a varied bunch---from small contractors and professional service companies to large multi-nationals and government entities. Our job is to manage the trade receivables portfolio to maximize cash flow from the asset and sales opportunities.

Anyone who manages trade receivables knows that collecting receivables is easier than the process of managing the risk and credit exposures. We always know the slow-pay customers before they become past due, because we're assessing the risk of default and slow pay before the customer places their first order. Our job is to predict risk of bad debt as well as the risk of slow pay. Our client determines through their credit policy whether to take on the risks; we're just administrators of the policy.

Several years ago I was operating as a credit manager for one of our clients, a larger mid-market food manufacturer in the Midwest. They had a strategic customer in Florida who represented about five percent of their business. This client had a history that was troublesome on paper: past bankruptcy, ongoing lawsuits, owner convicted of past fraud activity, lots of slow payment history and existing past dues. When I inherited the \$250,000 exposure (which was 85 percent past due) and performed the due diligence, my first thought was to reduce that balance....quickly! I wanted to eliminate that delinquency to keep my client from suffering a big loss.

My first encounter with this strategic customer was shortly after we started working for our client when we put the customer on hold for past dues as they weren't returning our phone calls or emails. Our client had never stopped any orders from shipping to this customer for past due reasons before we took over the management of the asset; that's one of the reasons the balance had grown too large. They just continued to ship as long as the customer was making some type of payments. Well, I needed leverage to reduce the past dues and without their cooperating by returning our calls, I figured I'd start by stopping the flow of orders to get the negotiating rolling.

Needless to say, when the owner of my client's strategic customer got wind of the hold situation, he called to chew me out for holding up shipments for his largest client, the biggest beverage company in the world. Unfortunately for the customer, I had already

left the office that day to pick up my baby from daycare so he wasn't able to catch me in the office; one of my supervisors got an earful instead. The customer, not satisfied but determined, noticed my cell phone number on the email I had sent about the hold and called me just as I was wrapping up my baby daughter in her snowsuit at daycare. I will never forget this conversation.

Recognizing the Florida number, I handed my bundled baby to the daycare person and slipped into another room to take the call. It was a good thing I had my baby far from the phone when I answered so that her newborn ears didn't hear the swear words that customer was yelling to me. *"How DARE you put my g***!&!&n account on hold! What in the h*!! do you know about servicing my account? Who in the f***%!! authorized you to withhold my orders and create a potential loss of my biggest customer?"* The cursing went on for about five minutes. Once he finished and there was no more to be said, I calmly advised him of my concerns about the risks with his business, explaining what I could remember from my notes (pre smart-phone days). Realizing my concerns were all valid and not refutable, the customer went silent for a moment before he calmly said, *"what will it take you to release my railcar?"*

I let him know that we needed a plan. I wanted to know that he would work with me to pay down the past dues and keep his account current with us. I needed him to allow his banker and CFO to discuss his cash situation with me and to understand the expected resolution/risk of the lawsuits so that I could get comfortable enough to offer a continued line of credit. After his angry, four-letter tirade, he calmed down and responded "okay; I understand". With the good faith understanding, I released his orders with a payment promise.

Two weeks later, I was on my way to visit him in Florida to see for myself what was happening. He showed me his books and his bank statement. He invited his banker to lunch with us, showed me the paperwork on the lawsuits, and explained the prior fraud conviction and subsequent bankruptcy. Spending time in his office, I was able to see this man in action: he truly was the most talented sales person I had ever met in my life with a passion that few people could ever match. I believed in him, in his business; and I trusted his plan would actually work.

When I returned and completed a trip report for my client, I recommended we accept the payment plan from the customer and continue to ship orders; my client's CFO was hesitant but agreed with my assessment. He had never been comfortable with the risk from afar but now was accepting of the risk with what I had found out: that the client would be at a cash break-even within 60 days and odds were strong that he would be completely current shortly thereafter. True to his word, the customer paid his account current, we kept the open dialogue with his lender and CFO, and we continued to make twice-yearly visits to discuss and assess progress.

The client who had struggled with his past for so long was finally able to overcome his difficulties. He settled the lawsuits, kept his vendor accounts current, opened up a large operating line with his bank, tripled his sales and grew his business into a cash flow powerhouse. He became the largest customer of my client within three years of that first meeting with him.

Many years later, after we had stopped representing the manufacturing supplier, the strategic business owner called me to see how I was doing and to tell me I was the best credit manager he had ever worked with...and that he missed me. Turned out he had sold his business to a large public company for more than \$100 million...more money than he could spend in his lifetime. He wanted me to know how often he thought of me and how he appreciated that I was there for him when he was turning his business and life around.

I was so proud to have been a small part in his success and honored that he even remembered a lowly credit manager who caused him so much grief years ago. This customer situation taught me to look beyond the numbers and the history of the business to truly understand the existing risk to create solutions that will benefit everyone.

Pam Krank:

Pamela Krank is president and founder of The Credit Department, Inc., a commercial credit management solutions provider that helps businesses increase cash flow and reduce costs by providing sophisticated credit management services, processes and technologies. These services save her clients millions of dollars in interest and bad debt expenses each year. Krank started the company in 1993 after 13 award-winning years in the credit department of 3M. She has been a regular contributor to *CFO Magazine* and has been featured in numerous publications including *Treasury & Risk* magazine.

WADDA' MEAN YOU DON'T WANT A DISCOUNT?

By: Ray Casola

Some years back, we were approached by a customer who was looking to purchase a 'larger than normal' order from us. Naturally enough the sales department had visions of plum faries dancing in their head but we pressed for not only the normal documentation for a new credit application but also financial statements.



All were provided in due course and information was positive...*for the most part.*

One source indicated the company was sold a few months back. This prompted us to ask more questions and we discovered the firm had been sold to an 'interesting' gentleman whose history included being kidnapped, a number of arrests, in short, not a typical customer and far from a shining example of a good corporate citizen.

The other troubling indicator was that not only was the customer trying to place a larger than usual order – they were satisfied to pay the full list price, they were NOT looking for any discount.

We asked to be paid by COD and all orders were cancelled and a month later we learned left all of their creditors in the cold for some twenty million or so dollars.

Ladder lesson learned:

If the deal is too good to be true – it is. Sometimes you should look a gift horse in the mouth.

Nobody is dishonest in just one aspect of their life. A crook is a crook.

Ray Casola

He has over twenty-five years' experience in the chemical & paper industries. He has served on the Board of Directors of the National Credit & Financial Executives Forum as well as the Raw Material Credit Group. Ray believes whole-heartedly in the value of ongoing training as well as the significant impact of mentoring his staff and other Credit Professionals.

A TROJAN HORSE?

A 'guarantee' from sales and a verbal agreement may not be worth much when push comes to shove.

By: Christine Fisher



Late in the day towards the end of the month of July, we received notice that there was a sizable quote (267K) we were working on for our customer in Virginia. Financially, they were not great however one of our leasing partners ---- was involved and pre-approved \$126K of the opportunity (without reviewing financials). This partner stated that if any new entities were introduced to the deal they would be subject to their standard credit review process and it could not be assumed that any changes to the legal structure would be approved. In addition, we were able to get them approved for \$141K from another lender again without sharing financials.

What this means is that we would invoice these lending partners and they would fund us once the customer had received all the product AND signed a delivery and acceptance document. From a credit perspective, we evaluate the lending partners as they are the one's paying us and obviously ensure all paperwork is in place. The customer provided us with a written email indicating they would sign the lease doc's within 7 days. Our vendor agreed that the order was cancellable within 30 days in the event something fell through. The order was entered two days later in the evening and released for \$126K.



In summary - the customer was approved for \$126K by one lender and \$141K from another --the lease doc's were not signed however the customer agreed to sign them and return in 7 days. We had a 30 day window to cancel with the vendor/return the product. Our VP Sales claimed the VP of Operations at our customer was a close personal friend and their office was across from one of our branch locations. We approved the deal.

We were then informed that an acquisition had occurred and our customer had merged with another entity. The financials were then required showing the two entities combined with their new capital structure to our lending partners in order to be re-approved under the new entity.

Our leasing Manager took on the responsibility to follow up with the client (through Sales) to secure financials to ensure we could get the deal re-approved and to create new documentation for signatures with the new legal name. This occurred every few days.

After 25 days, the more we learned about the deal, the more uncomfortable we all were with the transaction. Financials were finally received and provided to our lending

partners who denied approval of the deal that we shipped. The customer was advised that the product would need to be returned however they refused and indicated we would need to sue them to get the product back. Our vendor obviously did not want the product back either and gave us an additional 15 day return extension to allow the customer additional time to try and get access to some cash/funding for the product.

Come late August, the Customer claims they are trying to get the cash together to make the deal work and pay us directly. After an additional 2 weeks of back and forth, the customer finally provided our lending partners with enough evidence/financial information to convince them to approve/lease this deal for them. We finally received the approval mid September and were able to send the invoice out for payment.

In summary and conclusion - the customer did not advise us at the time of the order that the acquisition would occur prior to the doc's being signed and returned. Customer did not sign doc's within 7 days as promised and was unresponsive to Credit/leasing team. Customer was not forthcoming – or acted responsibly.

Our VP Sales appeared to be unable to leverage his relationship to resolve the outstanding issues and in fact, distanced himself from the scenario that had gone bad.

We acted in good faithbased on an email/customer's word.....

What did we learn (the hard way):

- Have finance /Sr. VP speak to their finance folks in advance to get their commitment/buy in on the transaction rather than funnel through Sales team.
- Do not approve deals when documents have not been signed with end users that are new to us (where we saw their financials and new it would be a challenge to get approval).

An option would be to impose a penalty/restocking fee drafted by legal team relating to meeting the time lines on lease execution.

- Make sure the i's are dotted and the t's crossed pertaining to documentation!
- Beware of the huge, hollow, wooden Trojan horse much like the ones made by the Greeks to enter Troy during the Trojan War. Things are not always as they appear.

Christine Fisher, CCP:

She is the Credit Manager at Softchoice, and has been a Credit Professional working on both sides of the border for over 25 years in a variety of industries including Construction, Food, IT, Manufacturing and Distribution.

She holds a CCP designation with the Credit Institute of Canada and served on the Board for 7 years with the Hamilton Chapter. Including President from 2000-2002. She continues to educate herself through a variety of Modules from the CIC and NACM CBF Courses. Christine has also been a member of the NACM for 20 years and continues to be involved in their annual conference.

SATURDAY NIGHT SPECIAL – ON A FRIDAY AFTERNOON

by: David Holloway



I have been in “collections” since the tender age of 17 and started out with a TV rental company in Ft. Worth Texas but I have worked in 8 states and Canada. Texas and Texans think of themselves as a nation apart from the USA & believe me there is no greater pride shown than there is in “TEJAS” so even though the law says no one except law officials & military personnel may carry weapons concealed or otherwise doesn’t stop 75% of the population in Texas from carrying hand guns. The results show in the murder rate for Houston or Dallas...very sad.

The TV/Furniture & Appliance *rent to own* business was a tough teacher for my first venture into the collections field. We were called ‘Account Managers’ and worked hard long hours. A person comes into the store and you sold on something in the showroom, you signed them up to a contract and set a date & time for delivery and then made the delivery – this way we knew where our stuff was (or at least where it went). The customer had a date each month/week or whatever to come in or drop in the slot their rent for that period of time. No rent would mean that we go out and forcible remove the item or items from the property as agreed to in the contract. You are correct if you assume that was not the fun part of the job.

At the end of my third week, on a Friday, the manager told me of a woman who had not paid rent in two weeks for her TV & a set of bunk beds. He neglected to mention she was on the 3rd floor exterior walk up in an apartment section known locally as ‘the projects’. This meant a lot of folks in tough financial situations, often disabled and living on social assistance.

Something else the manager neglected to mention was that for a lot of people in the projects, the third Friday of the month was pay day for a lot of the residents. For those of us lucky enough to have a steady job, pay day is always welcome, but not so much a cause for celebrations. This was not the case for many in the projects and that meant there was a lot of drinking and bbq’ing going on with little hibitichi grills on the tiny walkways and lawns so it looked like a big old party.

I spoke to our customer and the woman frankly admitted that she did not have the funds to pay what was owed and not likely to do so in the foreseeable future. She understood I had to take it back. I loaded the TV and 90% of the bunk beds and was going down the stairs of the third story walk up for perhaps the sixth or seventh time when I heard behind me from an uncle, who was not quite as understanding.

“Hey repo man, WTF ya’ll doing taking my nephews beds and TV & shit....come here and bring it back or you’s gonna be a hurtin now,” half way through his little speech I

look over my shoulder and there are 4 large men, drinking Miller high life out of glass bottles and the guy in front doing all the talking was emphasizing his argument by waving around a snub nose 32 revolver, they used to be called 'Saturday night specials' for all the close range killing they did & were popular with gamblers and drug dealers as are small and concealable. The fellow doing all the talking (the uncle) was smaller than the rest, but the 32 made him bigger.

By this time, when he was half way through his speech and I saw who I am dealing with & the gun I had a flight and a 1/2 head start so I ran with the mattress to my van threw it in and as I come around to the driver's side beer bottles start flying and he starts shooting – I jump in & try to get the keys out – lock my door and by then they are on my side of the van just beating on it till they started rocking it and were actually able to flip it on its side, all in about 90 seconds though it seemed a lot longer.

That is when I noticed I had blood running down my leg & into my shoe.

I'm trying to get up & get away from the windows and use the mattresses to hopefully stop any more bullets when I hear more gun shots but much louder than the 32, more like 357 so I was really praying at that point when the back door was opened and a policeman had a gun pointed at me telling me to get out of the van. Lucky for me there were several patrols of officers on a permanent basis walking the beat, beefed up on a third Friday of a month. Once he had the situation under control and the ambulance arrived I could finally breath – all this in under 20 minutes – holy cow I was in shock.

On Monday, after a weekend in the hospital, I returned to the office, planning to quit my job. I discovered the 'neglectful' Manager had been terminated and I had a nice card and a check for five thousand dollars to *help see me through any difficulties*. I'm not sure the card did much to help but heck, 5k when you are 17 years old back in 1979 was like winning the freakin Lottery!

The other 'account manager' at the store told me about Remco TV Rental needing someone and I should really go there cause the owner was totally cool and the only reason he didn't go himself was because he was related to the owner. I took his advice and met the owner "Bubba" Oxymoron in this case as he was not very big fellow but I tell you what he knew people & how to solve problems, read people & situations and that job changed my life. Hi brother ended up being my BFF – after less than 18 months in training with "Bubba" I ended up managing 6 stores in the Houston & was living just down the street from NASA in Seabrook where I fell in love with the Texas coast – Galveston & Seabrook especially –where else could you pull over, wade out into the sea with your pole & catch a red fish or flounder in a few minutes and go home with supper in the cooler, or the shrimp boats with 1/2 pound prawns for a buck a piece – that job prepared me for many other adventures in collection agencies and "boiler rooms" to owning my own agency for a few years until I got bored with that and started a building

supply business out of Blaine Washington where I met my lovely Canadian wife & got married, started a family and moved to Kamloops BC.

Advice - it has ALWAYS BEEN MY RULE to NEVER, EVER, NEVER live in or near the community to which you serve – I am sure you can think of problematic issues with having someone serve you a meal in a restaurant that you may have just sent a demand notice to or had to repo a vehicle from them or a relative – so I never live any closer than an hour from where I work – besides the drive enables me to close that mental door on my day at work and switch gears to a husband, father, drug & alcohol counsellor.....oh yes but that is another story – anyway I hope you enjoyed my little walk, or limp in this case, down memory lane.

Remember you are a problem solver & can make the difference in someone's life at the same time if you take the time to listen and work with the majority of your clients – our delinquency is a lot lower with this approach compared to my predecessors percentages – so do some good along with the job and always watch your six – this is another good reason for the drive – always watchful & vigilant keeps you safe – but that is yet another story – after 38 years in this line of work which was just supposed to be a backup job until I got a “real job” I have learned a few things, be kind, professional and do what you say you're going to do without hesitation or prejudice – watch out for problem clients and keep an eye in that rear view mirror – it only takes one seriously disgruntled client to really spoil your day – and never take your work home with you, picture a big steel door in an endless brick wall, put all your work through the door and close it and don't let yourself open it until you return to the job – no one wins when you take it personally & home with you – believe me –

David Holloway:

Originally from the United States, David has lived and worked in Canada since he chased until he was caught, a young Canadian girl. His work history includes credit unions, collection agencies, television and furniture rental, and the government.

Of what some may call the ‘important stuff’ he has been a drug & alcohol counsellor and care giver for the Elizabeth Fry Society for the past 17 years taking youth right out of Jail into our home for a stint anywhere from 1 month to 10 months while undergoing counselling& education or skills training.

This is the short (very much so) version of David's background. If you have some time, you might follow [this link](#) to the end of the book where you can find what he originally submitted. A much longer read, but very interesting.

ONE MORE STEP, ONE MORE TRY!

By: Lily Soliman



Back in the 90's, there was a major electronic retailer in downtown Montreal that was going through financial stress; serious rough time.

I was new to the collection industry and new to the credit group forums but was quick to learn this retailer's situation had recently become a hot topic that always came up in the credit group monthly discussions as they owed an excess of \$100K to major suppliers, including the company I worked for.

We had their orders on hold and had always been in contact with our Regional Sales Manager to help us with the collection, who seemed to have lost hope because of what he had heard already in the market.

In February of that same year, our company was hosting their annual 3-days dealer show in Montreal. I was asked to attend the event to extend credit when needed in order to maximize the retailers' buying power. I was excited because our delinquent retailer was on the invite list!

It was no surprise to me that they didn't show up on the first day. Mid second day, I asked our Regional Sales Manager to check whether our prospect was coming to the show. He advised that they had confirmed meeting with him at the show by noon that same day. Two in the afternoon strolled along and they were still a no show. By then, I advised the Sales Manager that I was going to the store to meet with the owner myself.

I instantly saw a look of worry on his face when he told me that he cannot leave the show to accompany me there. I told him not to worry and advised that I would take a taxi. "Not a good idea", he replied "but if you insist, then go, but ask the taxi driver to wait for you to make sure he brings you back! OK? Good luck Lil'!".

Without understanding or grasping his worry, I jumped into a taxi at the main entrance of the hotel and gave the driver the address who was quick to inform me it was only four blocks away on the other side of the road. I told him "I know, but I have trouble walking in this cold. I need to attend an important business meeting for about half an hour and will pay for your wait time to bring me back to the hotel". The driver quoted me a price. I opened my purse and gave him half of his quote on the spot. He dropped me off at the door of the store and he said he would make a couple of loops and be back to pick me up in half an hour.

As soon as I entered the store, I found 2 female retail sales associates and no one else. I thought: "Huh. Not a successful plan!" Although there were no customers in the store,

but they both pretended to be busy. The lady I was standing close to told me to wait a second and started to make a phone call. She mentioned the owner's name and she was talking to him for few seconds about a delivery. At the end, she told him that she would go see him right after she finishes with a customer who happened to be me.

When she asked me how she could help, I advised her that I wanted to meet the owner. She dialed a number and advised the other person on the phone of my name, my company and that I wanted to see the owner. There was a true 1/2 minute silence from her side. Then she hangs up the phone and said that the owner was not in store and not coming today.

I replied: "Listen, Mr. (his name) is here and I guess he can see us through this camera" and I looked at the camera and waved. "So please call him again and let him know that I will not leave the store even if he doesn't show up for few days!" I said.

She was shocked but dialed the number again and was whispering to the other person on the line. She then hung up and said nothing more to me. Ten minutes later a big, big, very big man came to me and asked: "Do you still insist to meet Mr. (his name)?" I had to think fast; the man was really big, biker style, big moustache and had no traces of a smile on his face! I replied, "Certainly, I will be thrilled to finally meet with him".

I followed him in the store, but I was puzzled; where is his office? Then he pushed a button and big mirror starts turning around and there we walked a passage to a dark staircase to lead somewhere. At this exact moment, I understood the comment of our Sales manager and the look on his face.

For an electronics store I expected to see some related inventory; camera boxes, small TVs, audio systems. NOPE! It was kind of dark and there were two big bird cages in each there were a couple of parrots staring at me while I was walking behind the giant man. Then, there was a light at the end of the tunnel, I mean at the end of the dark room! The man I was following pointed at a room and he told me to go there. He literally disappeared and then it was just the four parrots and I starring at each other.

I made big noisy steps with my high heels and stopped at the door. Finally, I see the owner's face. I looked at him before entering the room and I said, "You're missing a great dealer show and an interesting sale. I had to come to bring it to you myself!" The guy stood up and came to greet me half way in the room. As soon as I sat down I handed him the new product brochures and the paperwork for the show offers. I spent a good 5 minutes talking about our new technology and why he needed to give it his attention. The man agreed with me and he said he would place his order and come see us the next day. He also added, "By the way, I already mailed you the \$13.9K last week." He went on to prove to me that he did by opening his system and showing me that the cheque number was issued and cleared all owed balance. I had to come closer to his tiny

monitor to read the screen while he went on to swear that the cheque was mailed. He added while opening his desk drawer that no cheques by the name of our company were still pending. In the drawer I saw many envelopes on top of each other but the surprise is the first envelope was for my company. I stretched my hand and grabbed it. And I told him that his secretary probably screwed up.

The phone rang. He picked up the phone as I opened the envelope, and here was our cheque with the full amount. Now I needed to come up with an exit strategy with this precious cheque in my hand!

To my surprise, he said: “Your ride is downstairs”. I didn’t know what he meant. He proceeded to lead me to the door, then the stairs. Finally, I am at the store again and guess who was waiting for me inside the store? It was the Taxi driver. Apparently when the 1/2 hr passed, he came to the store to let me know he is here. When he asked about me, they told him that they hadn’t seen me. The driver went crazy and told them he dropped me here and he had been watching the door for the last 1/2 hr and didn’t see me leave and threaten that he would call the police! True story!

We left and he drove me back to the hotel where I was greeted by the yelling –out of worry- sales manager that I was late and I made them worried. I calmly opened my purse and I handed him the cheque. He couldn’t believe his eyes.

I was still worried as with the store’s financial distress, there was a possibility that the cheque could bounce. A week passed after the deposit and it seemed that everything went alright.

Exactly 17 days after my visit, the landlord shut the business down and all other suppliers lost their money.

One more thing I forgot to mention earlier is that my company insured the receivables and this account was insured. We continuously reported the arrears. When the list of creditors got published I received a call from our insurance company to advise us that our name was not on the list. So I confirmed to them that we collected the debt 17 days before the closure.

Now that the suspense is over, here are the takeaways:

For a small insured debt, did I need really to go through this adventure to get paid? Not all adventures are safe; I was completely lucky on this collection. What made the difference is that from that incident on, our insurance started noticing our unique capabilities. We also added few more wins on other high-risk portfolios that were noted by our insurance as well. A company’s credit policy and the strength of its credit management team has a value not only in negotiating your insurance price but also the in determining the required ongoing coverage.

When collecting from stressed customers, it is better understand how they reached that stage and keep strong communication with your sales team. Engage your sales management to work with you on a safe exit strategy.

If you know that all creditors are not getting paid, don't give up too fast. There is always one more call or a visit that may get you closer to complete your collection.

Lily Soliman

Lily currently is the Director of Credit and Underwriting at Samsung Electronics Canada. Lily has held other credit & sales administration positions at Samsung Electronics, Sharp Electronics and Daewoo Corporation.

For the last 10 years, Lily has been selected by her industry peers voted as the Chairperson of the Equifax Canada Major Electronic Credit Group. This group meets regularly to review and discuss industry trends, and hosts the major retailers' key finance & operation management as speakers. Lily is also a member of the National Credit Financial Executives.

Lily speaks 3 languages; English, French and Arabic. She graduated from Helwan University in Egypt with a Bachelor of Commerce & Business Administration.

THE ROAD UNPLANNED

By: Phyllis Saavedra



While I am sometimes reluctant to share this story it was a valuable learning experience from the early days of my career. I should warn you that while I learned a very valuable lesson, at the time it did not end well. Fairly fresh out of college, circumstances and a need for employment lead me to a small crystal figure manufacturer in the sleepy town of Santa Barbara, CA. I was hired as a credit analyst with no finance degree and only a year of consumer credit experience under my belt. Two short weeks after joining the company our Credit Manager was fired and I was promoted to manager. Our CFO told me that I was smart, had a college degree and could figure it out. My survival instincts kicked in and I got a mentor, went back to school to fill in the gaps in my accounting education and joined several trade networking groups. I was on my way.

Learning to Adapt

Those early days were tough. Many, if not most of our interactions were antagonistic. Customers were either on credit hold or not. A “good customer” was simply defined as someone who paid their bills on time. Credit checks were simple; a good Dun & Bradstreet report and positive trade and bank references meant you got a credit limit somewhere close to 10% of your working capital. Exceptions were not considered. While we took great pride in being known as the “sales prevention team” I somehow knew that there had to be a better way of working with my peers, management and customers. Instinctively I knew that my behavior had to change if our business was to grow and prosper. I needed a whole new attitude if I was going to stand out and be successful. Don’t get me wrong changes did not come over night and have evolved and honed my behaviors over a long career.

Where Did I Go Wrong

It was around this time that I was approached by a customer opening a small gift shop. He came to me asking for a small credit line and net 30 terms to get his business off the ground. At first I said no, but he was rather persuasive. I agreed to a small line and said we would monitor his account on a sale by sale basis. For about 9 months he paid like clockwork. He even sent me a letter (email was not the norm in those days) telling me how grateful he was and how I helped him launch his store. I patted myself on the back and felt marvelous about how I handled things. I thought to myself “this is how a business should be run”. It was not much more than a few months later that things began to deteriorate. His payments started slowing and my collector was telling me that he was not returning phone calls. Eventually we were completely unable to locate the

owner and placed the account with a collection agency. The balance was ultimately written off to bad debt.

An Unhappy Ending and a Lesson Learned

Several more months went by and I received a letter. To date this may be saddest letter I have ever read or received. The letter was from my customer. It was written on hospital stationary. He explained to me that he had tried to commit suicide because he could not make a go of his business. He wished that people like me had not aided in helping him to get started. I was understandably horrified. Where had I gone wrong? Did I create this nightmare? I was very young and new to the business world and I chose not to answer his letter. Others provided me with solace and told me that I should move on and take this as a life lesson. He was after all still among the living and had a chance at a fresh start. At this point I could have thrown my hands up in the air and used these events to go back to my old ways of guilty until proven innocent. I am thankful to this day that I had great colleagues and mentors who pushed me to move on past this and continue my journey toward being a team player and a corporate leader.



I did not share this with you to tell you not to trust anyone. I tell my tale for just the opposite reason. I know today and every day since this happened that I did the right thing. Irrespective of the outcome (you will likely never experience anything as horrific as this incident), you need to work with your customers. You need to listen to their needs and help them to be strong business partners. If they grow, you grow. You need to understand your company's risk threshold and on occasion, test the limits. Be a partner to your customers and your fellow employees. I am happy to report that since that day oh so many years ago I have taken numerous business risks and have yet to be let down.

“YOU HAVE A LICENSE FOR THAT MUNKEY?”¹

By: Declan Flood



Early in my credit career, while still young and inexperienced, I attended a sales training course. One of the exercises they got us to do was to write down the direction we wanted our career to go. Even though it was over thirty years ago I remember writing “To be recognised as the number one credit professional in Ireland.” I don’t know if it was the clarity, the simplicity or just the fact that I wrote it down but that simple sentence has shaped my career since then and depending on who you talk to, there are times when I think I have achieved that goal.

My methods were simple; I first completed a three year Diploma course with the Institute of Credit Control in Ireland and as soon as that was complete embarked on a one year management course in the Irish Management Institute. The thinking here was that with four years’ credit experience, combined with two qualifications I was on track to land a credit management position.

As you know, sometimes things don’t go fully according to plan! I complained so loudly about the constant problems in the warehouse and distribution area of the business that I was offered a position to manage seven warehouse staff, the distribution and stock control function in addition to my credit control responsibilities.

This was the most difficult role I had ever attempted, and there is a huge difference between learning management on a course and doing it in the real world, to be honest, things got a lot worse before they got better.

I found myself going in early in the morning and coming home increasingly later at night, then the odd Saturday and even Sunday. Before long it was every Saturday and every other Sunday. The funny thing was that it didn’t seem to make a difference and the workload kept coming in waves and I was struggling to keep up. Still my ambition and pride made sure I would never give up and kept going to get on top of the constant issues that kept coming up. As busy as I was, it was fairly obvious that not only were things not getting any better, they were getting worse!

Knowing that something had to be done, not only was I under pressure at work, now I was under pressure at home as well, with two small children that I didn’t see most days and increasing absences at weekends, so desperate times called for desperate measures so I called my management lecturer looking for some advice. She listened to my story and recommended that I read a book. “Read a book!” I said “Read a book? Did you not

¹ Question asked by Peter Sellers as Chief Inspector Clouseau of a monkey grinder as a bank robbery is taking place in the background.

hear a word I said? I am working eighteen hours a day seven days a week and you want me to read a book!" I couldn't believe it! Where would I find the time?

I found the time the next Sunday morning, I sat down with a cup of tea and the book called "The One Minute Manager meets the Monkey" and it saved my life!

The reason I am telling this story here is that I hope will be of help to you, as you make the transition into management or even if you are overwhelmed with things to do. There are lots of stories in the book, the one that had the greatest impact on me was the scene where the hassled manager was on their way to a board meeting and met one of their staff in the corridor. The staff member greeted the manager and immediately said "Boss, we have a problem" The boss listened for a moment, learned enough to know that a serious situation had developed and as yet, not knowing enough to make a decision. Now, even later for the board meeting they were going to, backed away with words like "Leave it with me" and headed for the board room.

The board meeting was a blur to the manager, who was thinking and worried about the implications of the meeting in the corridor and then took additional action points from the board meeting and headed back to their office.

As soon as they sat down, there was a knock on the door – the staff member asked "Boss, have you had a chance to do anything about what we spoke about earlier?" The boss apologised and said, "No, sorry, come in we'll do it now."

Does this sound familiar? Could you have been in this situation yourself? Would you know how to deal with it?

Let's change the picture: Can you imagine the meeting in the corridor – except this time, imagine the problem in the physical form of a 200lb monkey, hanging on the staff member's back. As the staff member struggled up the corridor with their monkey, they were indeed happy to see the manager!

With the words "Boss we have a problem." The monkey placed one hand on the bosses shoulder and the other hand on the staff member's shoulder waiting for what would transpire. With the words "Leave it with me" – can you see what happened? The monkey jumped on to the bosses back, and the staff member skipped back to their desk with nothing to do.

The boss then brought the 200lb monkey to the Board meeting and probably picked up a number of additional monkeys there and brought them all back to meet the thousands of monkeys that were all over the office in various states of health, some were very sick and others were dying from neglect.

Fact is that if you are a constant “monkey-picker-upper” you will soon be overwhelmed and not able to cope. Fact also is that most credit staff end up with monkeys from every other department.

Very soon I realised this was what I was doing wrong. As my staff members came to me with their monkeys I took them! I took them all, to the point where eighteen hours a day seven days a week weren't enough to do everything. So I learned how to manage monkeys – simple! As manager, all I have to do is to define the next step for my staff and allow them to keep the monkey! So, in the corridor, instead of saying “leave it with me” if the manager said “Can you write a single page outlining how the problem occurred and include two or three possible solutions?” That way the staff member leaves with the problem and the tools to deal with it. Then on returning from the board meeting, the manager would go to their office via the staff member's desk to enquire how they got on with it. Chances are, 9 out of 10 times the problem will be resolved at that stage.

The manager can then enjoy working in a monkey free environment.

For me, in case you are interested, as soon as I finished the book, I went to the office for the last Sunday ever. Took my big pile of papers and turned it into eight little piles, one for me and one each for the guys in the warehouse. First thing on Monday morning, I called each one of them in turn and returned their monkeys to them one by one. As soon as the exercise was complete, I was alone and took a walk to the warehouse, they were all too busy to talk to me. I remember the feeling of finally becoming a manager in the true sense of the word, a manager that would never again take monkeys away from my staff, but help them to deal with them by simply defining the next step.

Monkeys can be action points, emails, pieces of paper, appointments, tasks or problems and as soon as you recognise them and learn how to deal with them you can begin to focus on the most important things and begin to make a real contribution to your organisation.

I hope by reading this story and implementing the lesson you will come to realise your potential as a great manager, I would love to hear your story of how you made this simple lesson work for you.

The lessons are:

1. Know what you want
2. Write down your goals
3. Be careful what you wish for, it just might happen!
4. See “monkeys” at all times
5. Delegate “monkeys” to the lowest possible level

6. Keep your workspace “monkey” free
7. Life is short, enjoy what you do,

Declan Flood FIACP, FCICM is The Credit Coach and a lifetime credit professional, author, speaker and trainer on all aspects of credit he can be contacted at Declan@thecreditcoach.ie. Website www.icmt.ie . To receive your weekly inspiration from The Credit Coach simply send an email with the word “EZine” and your first name in the subject to be added to the list.

ADDITIONAL INFORMATION:**David Holloway:**

Well now, let's see, I graduated the Whatcom Community College the same year my high school class graduated high school with an AA Degree in Psychology & business all while living on my own on the streets of Bellingham Washington at the tender age of 13, but that is another story best told over a good scotch – I attended the Texas Credit Institute I think it was called and obtained a certificate in Dallas Texas in early 80's – was mentored by the owner of RJH Enterprises in Dallas who he himself started out with a high school education as a janitor at the hospital and did night school and 7 years later was the new administrator of that hospital and once retired he opened the collection agency in Dallas where I worked with him for several years until his health declined and I helped look after him until his death in 1984.

Prior to that I left Washington state to go back to my roots in Flippen Georgia & the farm to help Nana sell it & get into an apartment while working as a warehouseman in a small town, McDonough Georgia, where I met a girl and she got transferred to Dallas so I went & started out in 79 with the TV rental business as you know and by 81 was managing 4 stores in Houston – I often slept in my office so much I had to have a shower installed – could only do so much of those 18 to 20 hour days and nights which is why I moved back to Dallas at Xmas in 82 and from there I have worked in retail collections, repo work & tried my hand at owning an agency for a couple years – Note – never – ever take on a partner – not my favorite memory – taken allot of courses through Dalhousie university and have assisted in making the collection course here at SASCU, have all my lending tickets but for agriculture – so never wanted to go and get the letters behind my name as I always thought was a waste of time and money considering my 1st job when I left BC Government to come here was to collect a restitution order against my predecessor for theft from the credit union after locating him - he had all the fancy letters behind his name as he too was a fellow of the credit institute of Canada – I am old school I guess and have always felt and taught staff to treat people with empathy & respect until they prove otherwise – to take the time to listen and help them help you – formulate a budget that keeps them sustained and you paid and you will have a loyal debtor forever – I still get more Xmas cards, gift baskets and such than anyone else which boggles my bosses mind but it works which is why my percentages for a F.I. doing more than 500MM in loans has an average collections number around .45% consistently – we go up and down like everyone else but it is pretty consistent and I have found a home here & will most likely stay until I retire unless a better something comes up but I have already turned down several offers from Alberta, Vancouver and Kelowna so likely I will sit tight until retirement....

The 2nd part of success is, if you are “Public Facing” meaning they can come in and see you or know who and where you are, never live closer than an hour from where you work – it is not a good idea for a multitude of reason, safety for you & your family being primary among them, but again stories for another time. I live 90 minutes from where I live so in 6 years my little Toyota has racked up over 450,000KM & is still running strong – good cars those guys built.

I am and have been a drug & alcohol counsellor and care giver for the Elizabeth Fry Society for the past 17 years taking youth right out of Jail into our home for a stint anywhere from 1 month to 10 months while undergoing counselling& education or skills training and in most cases it is the 1st time they have ever been in a real – normal family setting – well as normal as you can get with two teen daughters and a wife 3 cats and a dog – the wife manages the Kamloops & District BCSPCA – my “Other” job where we all volunteer or is it “Volun-Told” can never get that one right, lol – the secret to success in my eyes is the respect and empathy to the debtor while focusing them into a plan that will sustain long term viability for them and your accounts, don’t live in the community you serve if your public knows who and where you are & heck I don’t even go to restaurants here because it is a small resort town and you never know who is cooking/serving or has access to your meal – it could be the lady whose husband just had his truck repossessed or who’s Aunt is in foreclosure so just not a good idea – that and a little trick I picked up from my old Aikido sensei’ – when you leave work – really leave it – when you hear the door shut – picture the big steel door in your mind with work & all the chaos & noise on the other side – door shuts in both places at the same time – if it creeps back then open and close a door at home – in the car wherever until it takes – sanity is very important in this line of work which had always been something I could do while looking for a real job.....lol

I hope this helps, I ramble but we all love to talk about ourselves I suppose which is why the face to face with the debtor is so important – active listening can tell you what kind of issues your likely to have with this person after getting a feel for them & their situation.

Currently besides all this, along with my 12 hour days, were caring for my mom in law 24/7 at our home as she has terminal brain cancer with 6 months or less, now we just learned my handicapped little brother in Texas has stage 4 Cirrhosis of the liver from a tainted blood transfusion most likely done when he was injured when we lived in San Miguel Mexico after our dad was killed in action in Vietnam – mom moved there to complete her master’s degree in education to become a professor and he was trampled by 4 wild horses – and again a story for another time – anyway were busy arranging

respite for 2 weeks while we go down and take him on a cruise – something he has always wanted to do.