

We're all on a tightrope!

Good credit managers could do with some the character traits of Nick Wallenda.

By: Ken Young



In Niagara Falls on June 15, 2012, history was made. Millions of people worldwide watched Nick Wallenda's slow, step-by-step crossing, on a tightrope 60 metres above the gorge. It was a spectacular feat that made hearts pump faster while watching him hold onto a 12-metre balance pole that appeared to sway dramatically. The 550-metre crossing, while on a steel wire only 5 cm in diameter was remarkable.

Remarkable yes, but not magical. What did Nick Wallenda do that could well serve us in the business of credit and collection management?

1. Be prepared:

We heard that from the early age of two Nick started walking on a tightrope. Throughout his life, he practised his skill. Recently, he spent months of in-depth training to prepare himself for crossing Niagara Falls. The training included practising tightrope while being sprayed with a high-pressure hose and winds from fans hitting him at 125 km/hr. This was done in the attempt to recreate the inclement weather that he could face during the actual crossing. This entire practise was to prepare him so that he could be successful in the walk above the Falls – which ended up only taking him 26 minutes.

In collection and risk management, preparation is also an important key to success. Knowing the elements of risk and how to deal with them, along with having the complete picture of an account, is essential for success. Knowing the facts and assessing the situation may be time consuming, but preparation is necessary for making sound judgement decisions and effective collection calls.

2. Never walk alone:

While crossing over the brink of the Falls, Nick Wallenda surely felt alone in his challenge. Although his Dad and ABC reporters were talking with him and interviewing him as he crossed, Nick was responsible for completing the task. Every step he took was with great potential for peril. In reality, however, he was not alone. A tether had been strapped to him; a rescue helicopter was standing by; and highly trained engineers created the rigging.

In collection and risk management, decisions that are made may leave the impression at times

that you are alone. If, however, the facts have been investigated and the business knowledge has been gained to understand the appropriate risk, the best interest of the company is the net result and in that you are not alone. Significant due diligence has been completed and the previous history of the account researched. Even though all others may not be in agreement with the decision you made, it is the right one with the data that has been mined.

3. Take a balanced approach:

For Nick Wallenda a balanced approach was a very basic requirement. That balance pole played a significant part in his walk. The wire had to be tight enough, but not so tight there was no give in it. He knew very well the risk he was taking, versus the reward. He would not have taken the risk – having such a young family – to simply gain fame, if he didn't believe in his competency and abilities.

In collection and risk management a balanced approach is also necessary. Risk versus reward or the rate of return is fundamental in achieving a balanced decision. Why take a risk if there is no return on your investment? In collections, a balanced methodology is also required to achieve results. You do catch more flies with honey than vinegar. Remember, the collection goal is to get paid and keep the customer.

4. Focus on the goal:

From the outset, Nick Wallenda kept his eyes on the finish line – the goal. He did not want to look down, as that would only cause fear and trepidation. Not only was his family at the finish line waiting, but he could also see how far he had come and how little was remaining with each step.

In collection and risk management, we not only need goals, but we are constantly striving for new methods to achieve or exceed the goals that have been set. Our goals could include collection dollars per month, write offs or DSO, all of which are critical elements in focusing on the goal.

Nick Wallenda's tightrope walk over Niagara Falls can easily be compared to collection and risk management. In his interview upon completion of the event, he said that the reason he rose to the challenge was to inspire people around the world to reach for the skies. Hopefully, we do that everyday as well.

By: Ken Young CCP., CCP (Emeritus), CFCP.

Note from Tim Paulsen.

Hope you enjoyed this special article written by a former associate and good friend – Ken Young.

As well as having worked at the same firm many years ago, Ken and I more recently worked with one of our favourite clients in Brunei, literally the other side of the world. We had fun and we know the client was happy. The acting managing director said (in part): *“Your team brought light to our Collection & Recovery, making the job less daunting by providing the right collection tools and processes in place. I have never seen anyone bringing in so much energy and excitement to Collection.”*

Ken is now the Credit & Collection Manager at PepsiCo Beverages Canada.