



# THE MENTOR SHIP

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

# Table of Contents

Dedication ..... 3

Introduction ..... 4

The Importance of Being Ernest ..... 5

    Tough messages and long term relations ..... 5

I left my part in San Francisco ..... 7

    Love competition – hate competitors! ..... 7

Customers do not pay a company! ..... 8

    Who’s on first? You! ..... 8

Half baked credit sales: ..... 10

    A credit sale that makes no sense – makes no cents! ..... 10

Building a Reservoir of Trust ..... 12

    They don’t care what you know, until they know you care. .... 12

Fifty percent of a successful conference? ..... 14

    Being there (body and spirit) ..... 14

A 500 lb. gorilla sleeps wherever he wants ..... 16

    But, it doesn’t mean you don’t collect the rent! ..... 16

Wadda’ mean you don’t want a discount? ..... 18

The Customer comes first? ..... 19

## **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

## **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 important connections thru networking – 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. He 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 could be an entire book on its own for me. I've a quirky sense of humor (I've been told) and didn't hesitate to share it during meetings. 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 possible. Those articles become chapters and after you have enough of them, you've got a book.*"

The speaker and author who gave me the advice was, T. Frank Hardesty. He also said the objective in writing a book on collections was NOT to make much money. "*The market*" he told me, "*for this type of book is too small. However, it does get you recognition and will get you on the speaking and consulting circuit.*"

Advice that has served me well.

**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, C.C.P.**

Kathy 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.

## **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 fairies 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 lessons:

- 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**

Ray Casola 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.

## **THE CUSTOMER COMES FIRST?**

..Also second and third.

By: Steve Coyle:



Early in my collection career, I was working for a national telecommunications firm based in Seattle. One of the accounts I reviewed was for a contactable customer with about \$500.00 long overdue. The collectors who had worked the account said it was pretty well hopeless; promises were made, but always broken.

I never liked to give up when the customer was contactable. Wendy (not her real name) answered the telephone when I called and was very pleasant. She apologized for the account being outstanding and made a promise to bring it up to date. I did not raise my voice, did not come across harshly or accusingly, but let her know the following: *“The time for promises is over. You need to be aware that your account has reached the end of the line and if the full payment of \$500 is not made, I will personally see the number is disconnected. If you get another number somewhere, that means you’ll have to update all your friends and others with the new number, change your business cards – all of the hassles that come with losing or having to change a telephone number that you have had for quite some time.”*

It was obvious that she did not want to lose the number, but said she could not pay the full \$500.00 today. *“What I can do, and I promise,”* she told me, *“is to pay \$100.00 starting next Monday and every day after until up to date.”*

I agreed, but made her aware that if even just one payment was not made, I would ‘personally’ ensure the account was cancelled.

Early Monday afternoon, I received a call from a manager in our Minneapolis office. He provided a long job title for himself to let me know he was important and then asked if I had sent “this Wendy” into their office to make a payment.

When I told him I had, he asked, *“Do you know what she does for a living?”*

“No.”

*“She is a prostitute, Steve. Huge blond wig, a red leather mini-skirt, white go-go boots, some kind of fox fur around her neck and wave after wave, fumes of marijuana and cheap perfume precede her into the office and we can smell it still, even though she’s been gone for nearly a half hour.”*

I’m not sure what he expected us to do, maybe arrange payment by another means. However, I wasn’t impressed with his title at the time, it was early in my career, like I

said, though truth be told, I would probably be less impressed today. I let him know that ‘a customer is a customer’ we provide service, which includes taking a payment. We are not concerned what she does for a living, so...take the money, give her a receipt.

She kept her word and visited the office for five days straight to drop off her payment of \$100.00.

About the middle of the following week, I received a call from the same manger who asked me if I remembered him calling about “Wendy” a few days earlier. I told him I did.

*“Will Wendy be coming back into our office?”*

*“Has she caused a problem?”*

He went on to explain that truth be told, and not just him but the entire office, missed Wendy’s daily visits. *“It’s dull here without her,”* he explained. *“She has to be one of the most cheerful and positive person I’ve ever met. Despite the occasional aroma of cheap perfume and sometimes marijuana, she was actually a breath of fresh air into the office. We never knew what colour her wig would be or the length of her skirt, but we looked forward to the visit and missed her when she left.”*

#### **Ladder lessons:**

1. A person may be of questionable virtue or there may be no question concerning their virtue– but a customer is a customer.
2. Sometimes, in a nice way, you’ve got to let some customers know they are at the end of the line – enough is enough.

You don’t have to be nasty about it, but I suspect the “I will personally” aspect of my promise made a difference. People get into habits and they are difficult to break. I suspect that Wendy broke promises in the future and perhaps lost service, but not that day and the firm was \$500 better and manager in in Minneapolis learned a lesson or two about judging a book by its cover.

#### **Steve Coyle:**

Originally from Seattle, he has lived in Malaysia since 1995. His background is in banking, telco and education. Dealing with thousands of customers and learners in his work as a trainer and consultant, he is also the author of *‘Debt Collections: Stir Fried or Deep Fried?’*