

# BCMA E~CREDIT NEWS

BCMA - It is All About You!

October 2019

## This month's topics...

- 1) [Agency Leaders' Best Advice For Improving Collections](#)
- 2) [What's your company's policy on issuing corporate credit cards to employees?](#)
- 3) [Keys to Working Across Department Boundaries](#)



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## 1. Agency Leaders' Best Advice For Improving Collections

In our just-released survey of collection agencies leaders, one of the questions we asked was for their top three recommendations for improving collections in today's environment. It should be noted that last year, they were quite optimistic about the economy, a prediction that proved to be spot on. This year, however, they are not quite as optimistic. We do not know if that will play out, as they fear. Regardless, in the credit profession, it never hurts to be fully prepared.

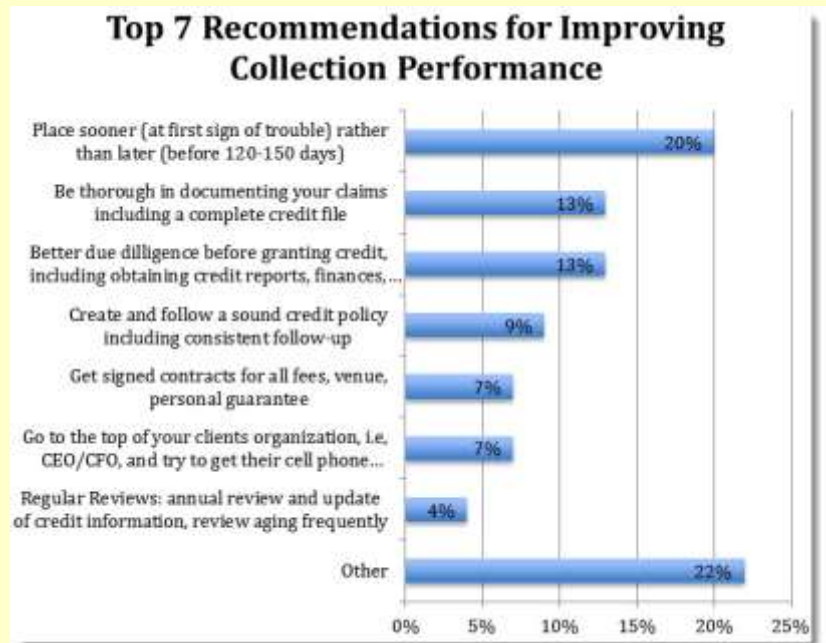
If you think about it, there is no one in a better position than agencies to make recommendations on this topic. They see everything that does not work - the dregs. And they see it all day long, day in and day out. As such, they are in a unique position to evaluate why receivables are not collectible. With that said, read on for their top advice.

### Top Four

Of note, their top four recommendations are unchanged from last year. So as you think the effectiveness of your collection operation, start with these. Covering the basics usually gets you to at least 80% of your goal:

- Avoiding delays in placing claims
- Thoroughly documenting claims
- Being comprehensive when evaluating new accounts
- Consistent follow-up in accord with set policies

Here are their top seven:



## BCMA MEMBERS

- [NACS Credit Services, Inc.](#)
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### GOT AN IDEA?

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- Listen to what customers have to say - don't just collect the money - be prepared to work with them and use payment plans
- Personally reach out to new customers to introduce yourself and your department
- Provide above industry average compensation to your staff to reduce turnover
- Provide ongoing training and feedback for collection staff
- Use UCC1s to secure equipment and funds
- Use your collection agency as a commissioned collection staff, and not a clearinghouse for dead accounts.

**Management tip =>** From the above list, which are you weakest at? Focus on just one to start and see what incremental improvements you can make.

To see the full survey results of this survey (currently on open access), [click here](#).

# 1. Agency Leaders' Best Advice For Improving Collections (Continued)

And here are their additional recommendations:

“ Accelerate late stage customers who break promises or avoid contact ”

- Accelerate late stage customers who break promises or avoid contact
- Be more aggressive with litigation
- Do not speak to the debtor once placed for collections - let the agency do the work for which you hired them
- Don't hold on to larger claims and only place small ones
- Focus on collector effectiveness
- Focus on large dollar receivables
- Have realistic expectations

# 2. What's your company's policy on issuing corporate credit cards to employees?

**I am not only in charge of credit but also responsible for payables and, amongst other things, our corporate credit card program. We are in the midst of changing it and also are addressing a number of other related topics, including cash advances for employees. As you can imagine, this can get to a point that it takes a lot of time and is somewhat dicey. Who should be allowed corporate cards? Is there an agreement signed between the employee assigned a card and the company? Do you allow cash advances? Or, do you not use corporate cards and expenses are simply filed and reimbursed? Do you have a separate written policy within your company concerning this topic?**

Whatever feedback I could receive would really assist me. My boss, our CFO, and I are working on refining all of this and he suggested that I put this out to the group in hopes of seeing how other companies are handling it in today's environment. I know that this is a topic that is constantly changing.

**Accounting Manager, Distribution Company**

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I have launched two corporate credit card programs.

1. Who? We decided on the "management team", sales team, and a select group that need the card...mostly as a procurement tool.
2. Advance? With a card, very few people should have the need for an advance. Personally, I am not a fan of advances.
3. Contract with employee? Yes, who need one as the employee is ultimately responsible. The cc provider most likely has a sample agreement.
4. Policy? Yes, we amended both policies to include corporate credit card usage.

**Director, High Tech Company**

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Jim raises some very good points...some others to consider would include:

- 1) Liability. Make sure that you understand whether there is an explicit corporate guarantee on the card usage by an employee. Even if there is not, you should expect that you might have to provide that guarantee for some employees who have poor credit records. Make sure you understand when any liability waivers are available to you and what you have to do to qualify for them - otherwise you could be in for an unpleasant surprise.
- 2) I agree with Jim - stay away from cash advances as much as you can - the card should help with that a lot. What I have found is that if someone is requesting a cash advance, they are a good candidate for a corporate card.
- 3) We pair our corporate card with a T&E reporting package from a third party, but I am not sure if that is in your plans. Having the corporate card charges feed directly into that system is a help.
- 4) As part of the program launch, you will need to decide how firmly you will require the card to be used. You need to be ready for what you will do is someone on the team wants to put their expenses on their personal card to gain the rewards themselves.
- 5) Think about delinquency reporting policies - what you want to do is be ready for the people who don't handle their expenses promptly, who is responsible for late fees, etc.

If you have, any questions feel free to let me know. Treasurer, Publisher

Thanks to Credit Today Senior Credit Executive Discussion Forum.

### 3. Keys to Working Across Department Boundaries

**Does your credit department work across the various "boundaries" within your company? That is imperative in today's environment. Here are the lessons-learned from a well-known company that has really done a great job and thought this out thoroughly.**

- Spend a lot of time planning.
- Take the word "hopefully" out of the equation.
- Demand fully documented processes.
- Require controls and training programs. You do not want anyone entering one of your teams (in any department) who has not been trained properly.
- You need to have the proper career paths so the people on the teams do not feel like they are stuck in teams without any way to communicate with the rest of the organization.
- You need a very well defined feedback loop within the team so that when you uncover problems you have a way to improve the process.
- Lastly, you need metrics that are constantly reevaluated so that the teams are all pointed in the right direction.