

BCMA E~CREDIT NEWS

September 2019

BCMA - It is All About You!

This month's topics...

- 1) [Deduction Management: Getting Cross-Departmental Cooperation](#)
- 2) [Six Strategies to Improve Cashflow](#)
- 3) [Five Goal-Setting Ideas for Credit Staff](#)



1. Deduction Management: Getting Cross-Departmental Cooperation

Most companies (particularly those selling consumer products) have problems with deductions (amounts not paid for invoices).

One of the keys to solving deduction problems is getting cooperation from other departments. After all, the Credit Department is only picking up the pieces (the "mess") after the fact. Solving it properly means getting ahead of the game – at the root causes.

Moreover, that means getting other departments involved.

Over the years, our friend, deduction expert Jessica Butler has heard something like the following many times:

"I've tried to get cross-functional task force meetings, but they just haven't happened ... every time I try to tell another department how they can help avoid chargebacks, they take it as a personal attack."

Here is what she recommends to overcome this mentality:

- First and foremost, you must have senior management buy-in. Without a commitment from the top, there is a low probability that a cross-functional effort will succeed.
- Just as with senior management buy-in, enlightenment is critical. The department heads need to understand that chargebacks are rarely, if ever, caused by the accounts receivable or finance departments. They just have the honor of trying to clean up the mess. The goal is to tactfully show how most preventable chargebacks stem from activities in the warehouse, customer service, sales and information systems areas. Therefore, to be proactive and prevent controllable chargebacks, these areas might be involved.
- Form cross-departmental "project teams" to review current practices and procedures and address specific opportunities. In a recent informal survey of 35 companies attending a NVCA conference, over 50 percent reported having cross-functional project teams in place to address chargeback issues. (If you do not have one yet do not worry--60 percent of the companies with teams indicated that the teams have been in place for one year or less.)
- Consider using a team approach that focuses on a single initiative at a time and has a relatively short time frame from start to finish. Begin the process with an issue that has a high chance of success. Quick "wins" serve to motivate.



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GOT AN IDEA?

Would you like to contribute to the BCMA Newsletter? The most important part is your idea. We can handle the polishing. Just write to us at BCMAEditor@CreditToday.net with your idea!

1. Deduction Management: Getting Cross-Departmental Cooperation (Continued)

- Include representatives from all departments "touched" by the issue. Participation and involvement often lead to a commitment to succeed.
- Establish a steering committee (or advisory board) of senior management to provide oversight and establish high-level objectives. Having high-level support for this effort increases the chances of success because senior management increases its stake in the overall outcome.
- Again, consider using outside assistance to facilitate the teams. While companies have used internal "outside" resources such as Human Resources, to facilitate these teams, our experience has shown that more success has been shown when outside is truly outside. In addition to providing industry experience and an objective perspective, an outside facilitator is often able to lend structure and credibility to discussions, offer best practice solutions and eliminate perceptions of "finger pointing".

Jessica Butler is founder of Attain Consulting Group, a deduction and chargeback management advisory firm. Telephone: 201-280-4773 or e-mail: jbutler@attainconsultinggroup.com. On the web: www.AttainConsultingGroup.com

2. Pre-Litigation Checklist: What To Do Before Contacting Your Attorney

Much time and money is wasted having lawyers research information you already have.

An essential element of winning a lawsuit, without spending excessive time and money in attorney's fees, is gathering the proper information yourself - before your attorney even enters the picture.

Use this handy checklist to make sure you have covered all your bases before you contact your attorney.

Pre-Litigation Checklist: What To Do Before Contacting Your Attorney		
Wasting Your Attorney's Time is Expensive For YOU: Use This Handy Checklist to Cover Your Bases First		
Done	Not Yet	Action Items
<input type="checkbox"/>	<input type="checkbox"/>	Review of your company's credit files, sales files, correspondence, and reports.
<input type="checkbox"/>	<input type="checkbox"/>	Interview the sales people responsible for the account. Identify any unusual problems such as disputes or accounting or credit issues.
<input type="checkbox"/>	<input type="checkbox"/>	Again, make a broad analysis of the likelihood of collection.

Pre-Litigation Checklist: What To Do Before Contacting Your Attorney (Continued)

Done	Not Yet	Action Items
<input type="checkbox"/>	<input type="checkbox"/>	Assemble all the relevant facts and documents.
<input type="checkbox"/>	<input type="checkbox"/>	Compile a list of the names and addresses of all debtors and guarantors, and identify any collateral in which your company has a security interest (e.g. a deed of trust). Research the locations and value of the collateral.
<input type="checkbox"/>	<input type="checkbox"/>	Investigate the other assets of the debtors and guarantors, including whether or not these assets are free and clear of other liens, security interests, etc.
<input type="checkbox"/>	<input type="checkbox"/>	Determine the form of the debt and the exact amount owed, and collect all relevant original documents.
<input type="checkbox"/>	<input type="checkbox"/>	Run a statement of the account, and determine if and when any payments were made by the debtor to your company and to other companies within the preference period in case the debtor were to file or be placed immediately in an involuntary bankruptcy.
<input type="checkbox"/>	<input type="checkbox"/>	Determine whether any goods are in shipment or whether any goods have been shipped within the last ten days or three months.
<input type="checkbox"/>	<input type="checkbox"/>	Finally, prepare a brief summary of the situation and contact your attorney with the above materials. The summary should include all the relevant facts and documents, any possible counterclaims, setoffs, defenses, etc. as well as your analysis of the account and any suggestions about achieving a favorable resolution.

Thanks to Michael Niborski and Credit Today's

3. Know Thy Customer

"The most important factor in good collections is knowing your customer," says one New York credit manager. "Join job-related organizations so you can network with customers. Call on customers when there is a problem. However, do not wait for problems to arise--see them at other times. See how they operate. That can help you plan your approach when collection calls are necessary.

"Do everything you can to establish rapport. People tend to pay creditors they know personally and see on a regular basis because they want to keep up friendly relations." For instance, he may call a customer and say, "Hey Jim, I don't have your check yet." The reply is usually, "Sorry, I'll get it in the mail right away. And he does."

He suggests the following steps for getting to know your customers better:

- **Get the name right.** When calling a new account, ask for the person responsible for payment. Get the name and put it in your credit file, so future calls will be directed to the right person. "Then always ask for that person by name."
- **Keep records.** Record the time and date of every call, along with notes on the conversation. Keep all collection files current and in alphabetical order so the information you need is always at your fingertips. "Nothing is more frustrating than talking to someone when you can't find the information they are referring to," he says. "Have purchase numbers, invoices, dates, and the name of the person who signed for or placed the original order right in front of you."

3. Know Thy Customer (Continued)

- **Listen and act.** "Listen to what customers say," he urges. "Often, an unpaid notice is the result of a misunderstanding, and the matter can be worked out to the satisfaction of both parties. If there is a dispute, take care of it immediately. Get all the facts together and take them to people in your company who were involved in the transaction. Then call the customer promptly with your findings."
- **Be an organized communicator.** When it comes to collections, it is important to be organized, outgoing, and communicative. Be pleasant and considerate. Have a good command of the English language, oral and written. Take the bull by the horns and make good decisions."

Thanks to Credit Today's Tip of the Week.