

Excellence



November, 2006

A newsletter for the members of Intermountain Credit Education League (ICEL)

Thursday
November 9
ICEL
Luncheon
Red Lion

**HAND
GRENADE
NEGOTIATIONS**



President's Message

Larry Brooks, CPA, CCE
ARUP Laboratories Inc.

QUOTES, Part III

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity."

-- George S. Patton(1885-1945),
American military leader

If you wait until all the lights are "green" before you leave home, you'll never get started on your trip to the top.

Zig Ziglar

Vitally important for a young man or woman is, first, to realize the value of education and then to cultivate earnestly, aggressively, ceaselessly, the habit of self-education.

BC Forbes

Sometimes the situation is only a problem because it is looked at in a certain way. Looked at in another way, the right course of action may be so obvious that the problem no longer exists.

Edward de Bono

Leaders are made, they are not born. They are made by hard effort, which is the price which all of us must pay to achieve any goal that is worthwhile.

Vince Lombardi

Customers today want the very most and the very best for the very least amount of money, and on the best terms. Only the individuals and companies

that provide absolutely excellent products and services at absolutely excellent prices will survive.

Brian Tracy

Ever notice how your senses are heightened when you are in challenging situations? You're experiencing an adrenaline rush that gives you extra energy. If you see every day as a challenge, you'd be surprised how efficient you can become, and how much can be accomplished.

Donald Trump

The successful person makes a habit of doing what the failing person doesn't like to do.

Thomas Edison

I do not deny that many appear to have succeeded in a material way by cutting corners and by manipulating associates, both in their professional and in their personal lives. But material success is possible in this world and far more satisfying when it comes without exploiting others.

Alan Greenspan

Formulate and stamp indelibly on your mind a mental picture of yourself as succeeding. Hold this picture tenaciously. Never permit it to fade. Your mind will seek to develop the picture.

Norman Vincent Peale

There is no amount of money in the world that will make you comfortable if you are not comfortable with yourself.

Stuart Wilde

ICEL Luncheon

Thursday, Nov. 9

**"Hand Grenade
Negotiations"**

Red Lion Hotel

**Featured Speaker:
James Jackson**

James Jackson is a 4 time winner of The Best Humorous/Inspirational Speaker in Toastmasters District 15. James served in the United States Marine Corps for 12 years completing 2 tours of duty. As a professional instructor for the United Nations, James conducted training for the Governments of Laos, Cambodia, and Vietnam, in ordnance safety, recognition, and Render-Safe-Procedures (RSP). James has spent 6 years as the Territory Sales Manager for an Electrical Marketing/Engineering firm.

James will engage ICEL members with a basic look at communications skills, using a simple but effective training tool; a #2 leaded pencil, followed by Hand Grenade Negotiations & How to Walk Into AND Survive Negotiations With Explosive Situations. James employs the "ALMOST" principle, adapted from his years of military training.

Cost: \$13.50

For reservations contact
Georgette Bevan, CCE
at 487-8781, ext. 116

Setting Credit Limits

Marianne Maddox, CBA
AchieveGlobal



Creditors should understand and follow the provisions under the Equal Credit Opportunity Act (ECOA) when evaluating Credit Limits. Setting credit limits is a somewhat complex decision. There is no perfect way of figuring out credit limits, but within the limitations of credit management this is just one more daunting challenge. There are experienced credit professionals that have used and relied merely upon their gut feeling to grant credit limits. However, it is always better to take a 'calculated' risk than base your decision purely on gut feeling!

Setting Credit Limits helps the creditor in the following ways:

1. It frees up valuable time for other credit management tasks
2. It speeds up the sales process
3. It reduces risk and improves collection activity and efforts.
4. It is an account-monitoring tool

Credit limits have also been known to upset customers. Thus, the decision to communicate credit limits to your customers rests upon you. This is the time to collect more information on your customer or talk them into paying overdue amounts. Credit Limits need not be Sales Limits and should be used as a guide to enhancing profitable sales. They can be flexible and revised often.

Issues to consider when setting Limits

The first thing that the company needs to consider is its own exposure. What is the kind of exposure that a company can take with its customer base? Will it be a 'Liberal' or 'Conservative'?

Important factors influencing these elements will be:

- The strength or weakness of 'the

product or service' that is being sold.

- The degree of 'competition' or 'opportunities' in the marketplace.
- The nature of your industry. Is it growing or going?
- Your role as a supplier, especially if you are the key supplier to your customer.
- Whether you are a 'Secured' or 'Unsecured' creditor.
- Are there lien rights that can be exercised?
- What is the financial strength of your customer?
- How many years has the customer successfully run that particular business and the reputation carried in the marketplace, both business and its management.
- What is the customer's businesses plan or blueprint for future operations?
- What is the overall 'margin' that the product or service contributes to the bottom line?
- How much confidence do you have in your in-house 'collection' process?
- What is the length of your terms to your customer (because risk is directly proportional to the length of your terms).

Another vital question that senior management in the company needs to answer is: How much of their working capital are they willing to employ in their customers? Often companies forget to first evaluate these questions and get themselves into a cash crunch situation.

Methods of Setting Credit Limits

As indicated earlier, setting credit limits is not a science. Although, by incorporating the process into scoring models, some companies have made it into a near science. The starting point to setting most credit limits are the needs and requirements of the customer. What is the customer asking for and subsequently what will be future requirements? The question might be should the credit limit be set

higher than what is being sought in order to save time in the future due to increased sales volume?

Common techniques applied in setting Credit Limits:

Trade References: After obtaining trade references you can compare the amounts of the high credits awarded to your applicant. You can choose the 'highest' from the 'high credits' or take an 'average' or pick the 'lowest'.

Bank References: In doing a bank reference on your applicant find out the amount of the line of credit established by the applicant with the bank. If this line is unsecured then perhaps it can give you a little more comfort in setting a relatively higher credit limit for the applicant. The use of this information is rather sketchy because banks are generally secured creditors with stiff remedies upon default.

Agency Credit Reports: Credit Agencies generally give two pieces of information that aid in the setting of credit limits.

1. **Payment Performance:** This section lists the paying habits of the applicant. The information is collected from different suppliers. You can treat this section almost like doing a trade reference. It will give you high credits and the applicants payment habit in different dollar ranges. It is quite possible that the customer might be a good paymaster in the dollar range requested which would increase your confidence level.

2. **The Rating:** Based on certain credit and financial information obtained on the applicant, agencies assign ratings. These ratings can assist you in setting your own credit limits. You can map your own limit amounts against individual ratings that a credit agency assigns.

Next Month: Using Financial Statements To Help Set Credit Limits
by Marianne Maddox, CBA

Guaranteed To Deliver Holiday Joy!

by Shane B. Inglesby, CCE
Geneva Rock Products

Thanksgiving is just a few weeks away which means you need to begin planning for the Christmas holiday. For the sixth year in a row, the Intermountain Credit Education League has chosen to work with the Candy Cane Corner for our Christmas charity. Many of you have taken the opportunity of donating time and items to this wonderful organization in the past and know how much this service benefits our community.

For those of you that have not had the opportunity to participate, Candy Cane Corner has been established to provide those that are less fortunate the opportunity of selecting new toys and new clothing items for loved ones in their family. Candy Cane Corner attempts to provide a store-like environment from

which its "shoppers" can select "purchases" that meet the needs and interests of the recipient.

All shoppers are screened by case workers who verify the legitimate need of those shopping at Candy Cane Corner. Beneficiaries of the "store" include battered and abused women who are striving to leave abusive relationships, homeless families, teen mothers and many other needy families. As you begin preparations for the holiday season, please consider including these individuals on your Christmas list.

Toys, toiletry and clothing items for children and adults are always needed. Cash donations are also accepted as the managers of the store will then, in turn, purchase items that are in high demand.

Candy Cane Corner is also in need of volunteers to assist at the store. Its anticipated opening is December 11th. Hours of operation will be from 1:00 p.m. to 8:00 p.m. daily until December

23rd. If you can volunteer two hours to assist, please contact Jan Smith at 537-8601. Let her know you are a member of ICEL. The store location will be moved from its previous years location to 341 South Rio Grande (455 West). Volunteer times do fill rapidly so if you are interested, it would be best to get on the schedule as soon as possible.

Plan to bring your donations on December 14th to our monthly ICEL meeting that will be held at the Little America Hotel. Christmas is a time of joy for many. Your support of Candy Cane Corner will help many that otherwise may not experience the magic of this wonderful time of year.



ICEL Spotlight Larry Brooks, CPA, CCE ARUP Laboratories

Larry was born in Memphis, TN. He joined the US Air Force two days prior to his 18th birthday, served for 3 and 1/2 years active duty. He was stationed in England, South Vietnam, Texas and Oklahoma.

His first job after release from military duty was Federal Protective Officer at the Federal Building in Memphis wearing a 38 caliber pistol while on duty.

Larry has an Accounting Degree from Brigham Young University and is a CPA licensed in Utah.

He has been married 34 years to the same woman, Paula Kay Nichols, has six children (5 girls, 1 boy) and 4 grandchildren. Larry presently resides in Sandy.

Larry is the Credit Manager for ARUP Laboratories (almost 9 years).

His hobbies include: Baking, Exercising (used to be

running until a total hip replacement last December), playing SCRABBLE (either with live bodies or against the computer), and working crossword puzzles.

Favorite TV channel: TV Land (the old shows like Leave it to Beaver, Andy Griffith, etc.)

Ran the St. George Marathon in 2001 (52 year old first-timer). He has run 3-half marathons since then.

Recap October 12 ICEL Luncheon

by Connie Johnson, CBF
BMC West Building Materials

The speaker at our ICEL October luncheon was Georgette Bevan, CCE, NACM Business Credit Services. The topic was "Clear-Cut Communications."

As Georgette pointed out, the top 5 skills needed for success in America are:

1. Oral Communications
2. Problem Solving Ability
3. Working in Teams
4. Written Communication Skills
5. Technical Skills

Georgette showed us how to use the Journalistic Approach to communications. Give the HEADLINE first. The average American has a 14 second attention span. You only have 8 seconds to captivate your audience.

Using an inverse pyramid as an example, she showed us how to start small (at the bottom of the pyramid) and give the HEADLINE of what you need to say. Moving up the pyramid next would be the CRITICAL INFORMATION, the purpose of your communication. Then the TARGET (the goal), and end with the DETAILS, which would be the supporting information.

Georgette instructed us to start communications knowing what you want. Have a firm target. Begin with the END in mind. Consider your audience. Remember to Budget your Time and Content, and Keep It Simple Sweetheart.

5 C's of Communication are:

1. Clarity
2. Candor
3. Credibility
4. Consistency
5. Caring

Georgette practiced what she preached. Her presentation was well thought out, she got to the point, and she definitely knew her audience. Thank you Georgette!

Business Ethics Seminar November 14, 8 a.m. – 12 Red Lion Hotel

*You won't want to miss this seminar!
Contact Georgette to register.
487-8781, ext. 116*

2006-2007 ICEL Board of Directors

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