

Credit Line

A MEMBER NEWSLETTER

JUNE 2008

Thinking Outside The Box

by Debie Wanggard, CCE, Stock Building Supply, Corporate Credit Training Manager

Over the past several months the construction industry has seen a dramatic slow down as the U.S. housing market takes a nose dive. As sales slow, both sales and credit find mounting pressure to keep things status quo.

Sales people are challenged to meet budget, and have to work harder to find a new customer or increase their sales to existing customers. Competitors are just as hungry and margins can begin to erode as competition heats up.

As the customer's work slows, the threat of late payments increases which causes stress for the credit manager. Marginal accounts may pay even slower while, customers who have always paid on time find their payment habits slipping.

Because sales is pushing for every sale possible, and credit's natural reaction is to tighten up the credit process, it is easy to understand why there could be tension between credit and sale associates.

So what can be done to get through these tough times?

One thing is certain, we cannot do business the way we have in the past and survive. We must distinguish between those customers who are paying slow that will weather the storm and those who will probably not make it through the slow down. We should get to know our customers better than we ever have before. Customer visits should be a priority. Don't be afraid to ask the customer if he is in trouble. You are not helping the customer by letting him get in over his head.

IN THIS *Issue*

PAGE ONE

Thinking Outside The Box

PAGE TWO

Thinking Outside The Box continued

PAGE THREE

Industry Groups Appreciation Luncheon

PAGE FOUR

Education Awards Luncheon

PAGE FIVE

The Importance of Credit Education

PAGE SIX

July Credit Boot Camp

New NACM Members

PAGE SEVEN

Calendar

Q & A Credit Forum, NACM Office

PAGE EIGHT

June ICEL Luncheon

08-09 NACM BCS Board of Directors

Communication

Communication is another essential key element of the equation. Make sure that you are communicating with your sales team. Make it a policy to inform sales of any pending action that might take place. Communicate the good as well as the bad. Let sales know we are on their team. We will do what we can to find a way to sell each account while protecting the company from loss. This means we may have to think OUTSIDE THE BOX.

Thinking Outside The Box

Use the tools available to you that you might not have used when times were good. These tools might include but are not limited to:

- Joint Check Agreements
- Letters of Credit
- Verifying construction funding and making sure the check comes directly to you from the bank
- Shortening terms on marginal accounts
- Exercising Lien Rights on accounts we would typically not lien
- Taking collateral or security interests
- Verifying Bonds
- Shortening terms for more frequent payments to reduce exposure on higher risk accounts
- Updating credit files more frequently

These tools will help you reduce risk as we manage more marginal accounts.

Continued on Pg. 2

Thinking Outside The Box Continued

Know When to Stand Your Ground

Since most sales people are commissioned, they will be pushing harder than ever to keep their accounts off hold. Although this is a natural reaction, we must remember we are both on the same team working toward good business decisions that will bring profit to our shareholders. There will be times we must say NO. Do not be persuaded into keeping an account open just to keep peace. While we want to support sales initiatives, we must support them with collectable sales.

Do Your Homework

Do not over react to information you hear on the street or that a salesperson brings to you. If a salesperson trusts you and brings you information about the customer and then you immediately put the customer on hold before doing your homework, it won't be long before the information will not longer be given to you. Remember the sales team is our eyes and ears on the street, but we should always gather the facts and then make a good business decision based on those facts.

Learn to Be a Good Negotiator

Becoming a good negotiator can take time. Here are a few tips that will help you develop good skills as a negotiator.

- Prepare before you start the negotiation. Know what you need and want the end result to be
- Never take the 1st offer from the customer. A good negotiator will make his first offer low. They are anticipating you will want more.
- If a customer asks what he will have to do to keep his account open, start high. Give yourself room to move. This makes the customer feel like he got a good deal.
- Don't accept long term payment deals if you can set a shorter time frame. Circumstances can change for the better, and if you are locked into a long term deal, there is no way out even though the customer may now have the money to pay. Also, the longer we carry the customer, the more risk we have of not being paid in full. It would be better to take monthly payments with a balloon payment at the end. Then renegotiate the balloon payment if the customer keeps his commitment to pay as agreed.
- Keep emotion out of the discussion. When customers fall on bad times, they will have lots of sad reasons why they cannot pay. While we can be sympathetic to their situation, we must have our company's best interests at heart.
- Listen to what the customer is telling you and repeat back to them what you heard. It is too easy to interpret something wrong. Follow up with a written communication that outlines your expectations.
- Do not sign a note if it weakens your position. If we have a personal guaranty with our credit application and accept a promissory note on behalf of the business only, we have limited our options if the business defaults. In other words, our position is weaker because we no longer have the personal guaranty to fall back on. Signing a promissory note forms a new contract for payment that will supersede your credit application.
- If you do take a promissory note, use a stipulation of judgment clause in the note. This clause lets you have an automatic judgment if the signer defaults on the note. This saves time trying to schedule court dates and also saves costly attorney fees.

During difficult economic times, a credit manager can shine. We get paid to make the tough decisions and protect one of the company's largest assets, Accounts Receivable.

By stepping up and making a difference now, we WILL weather the storm. By being positive and professional, we can handle tough credit situations in a way that will foster loyal relationships with both our customers and sales team.

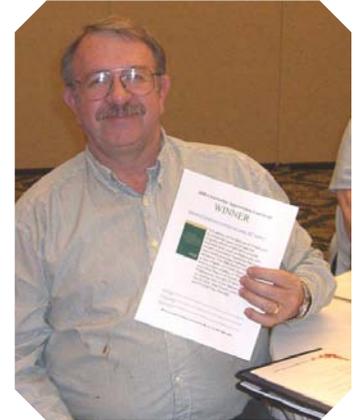
Industry Credit Groups Chairleaders Luncheon



NACM Industry Credit Groups Manager
Dave Sekino, CCE



Allen Vickers, A & K Railroad
NACM Chairman of the Board



Jim Jensen, For-Shor Company
Co-chair Concrete & Paving



Karole Frashure, Lake City Trucks LLC
Chair Diesel Engines & Related Products



Scott Lee, CCE, NACM Vice-President
A little brush up on Antitrust



Lana Harris, Burton Lumber
Chair Salt Lake Contractors



Dara Bohn, Herrick Industrial Supply
Co-chair Industrial Supply



Duane Lee, CCE, SOS Staffing Services
Chair General Services



Mel Huppi, Deseret Book
Chair Book Distributors

Education Awards Luncheon Presented by Dean Wangsgard, CCE, President NACM BCS



Speaker, Shanna Sorge, CBA
Easton Technical Products



Speaker Ruth Brown, CBA
Turf Equipment & Irrigation



Mike Jenkins, CBA
Sunrock



DeAnna Stock, CBA
Sunrock



Kay Stewart, CBA, Won Door



Brenda Martinez, CBA
La Point Automotive



Nicole Hicks, CBA
Allied Building Products



Tyler Steenblik, CCE
Electric Sign Company



Kelley Kunz, CCE
Martin Door Manufacturing



Janae Jeffs, CCE
Muir Enterprises



Todd Blackburn, CCE
Orbit Irrigation Products, Inc.

The Importance of Continuing Education

by Adam Houskeeper, Hajoca Corporation

As the old saying goes, “People don’t go looking for credit. Credit comes looking for you.” Eight years ago, when I applied for a clerical position, I had no intention of making a career in this field. I didn’t know what NACM was or how integral the organization would be in defining my position within the credit industry.

The decision to go back to school was an easy one, as I had been looking for a way to do so for years. As a single father with three children, I have been looking for a way to enhance my career, but didn’t have the time or money to get a degree. NACM’s National Professional Designation program and my employer’s tuition reimbursement program finally made my continuing education a possibility.

At work, I was taught basic skills, how to do things and why. However, I was left with questions at times. I decided to take the first class, which was Principles of Business Credit, just to get my feet wet. This class gave me a complete background of the credit industry. The hows and whys of the credit business became clearer. Luckily, Georgette Bevan was the instructor, so there was never a dull moment. She is very knowledgeable about the industry and used many real life examples to help me answer my questions.

The only question I’m left with now is, “Why didn’t I do this before?” The class was fun and informative, but more importantly, I took the first step to achieve a nationally recognized Professional Designation that will further my career. I can’t wait for the next semester to begin.



Conference scholarship recipients: (back row l to r) Susan Archibeque, CCE; Shane Inglesby, CCE; Kelley Kunz, CCE; Sandra Brown, Tyler Steenblik, CCE (front row l to r) Susan Lujan, CCE; Janae Jeffs, CCE; Bonnie Snider, CCE; Barbara Mackay, and Lana Harris



Credit Management Certificates:
L to R: DeAnna Stock, CBA; Kay Stewart, CBA;
and Shawna Cannon with instructor
Georgette Bevan, CCE, in the background

Welcome New NACM Members

Superior Insulation #5680

895 West 2600 South
Salt Lake City, UT 84119
Industry: Floor Covering Wholesale
Rep: Cathy Thompson

KT Hardwoods, Inc. #5681

7858 S 1300 West
West Jordan, UT 84088
Industry: Floor Covering Wholesale
Rep: Tracie Tolbert

Data Bureau LLC #5682

5725 So. Wasatch Dr. #E 104
Ogden, UT 84403
Industry: Services
Rep: Bill Goodsell

Ridge Rock Inc.. #5683

6611 South Cottonwood
Murray, UT 84107
Industry: Concrete
Rep: Dennis Ray

Contractor Resource Flooring #5684

3346 No. Main St.
Spanish Fork, UT 84660
Industry: Floor Covering Wholesale
Rep: LaDina Eden

Timberline Tools and Supply #5685

1402 West Center St.
Orem, UT 84057
Industry: Tools
Rep: Marilyn Chadwick

Allied Building Products #5686

4700 So. Riverside Rd.
Murray, UT 84123
Industry: Roof Supplies
Rep: Nicole Hicks, CBA

Harwood Mechanical #5687

425 No. 400 West #38
No. Salt Lake City, UT 84054
Industry: Contractor
Rep: Kim Harwood

Morgan Pavement Maintenance #5688

625 So. Main
Clearfield, UT 84015
Industry: Paving
Rep: Jeremy Nielson

JM Thomas Forest Products #5689

P.O Box 12668
Ogden, UT 84412
Industry: Lumber Wood
Rep: Bill Anderson

July Credit Boot Camp Report For Duty

Wednesday, July 9, 2008

7:30 a.m. – 12:30 P.M.

NACM BCS Office, 7410 Creek Rd., Ste. 301 (1130 East), Sandy, Ut.

\$50 Members/\$60 Non Members



Here's The Drill:

7:30 – 9 a.m.

Collection Calls:
What really works!

- Essential communication skills
- Guidelines for effective collection calls
- Typical customer reactions
- You are on a fact finding mission
- Collection Policy & Procedures

9:15 – 10:45 a.m.

Credit Reports:
Read, Interpret & Utilize
Everything On A Report

- Where does NACM get their credit information?
- Key to good credit decisions, facts before making a decision
- What's in an NACM report?
- Bureau Express Reports

11 – 12:30 p.m.

Credit Policy &
Credit Application:
Protection For
Your Company!

- Credit applications, tax certificates
- Terms and conditions of an open account
- Personal guarantee
- Refusing credit
- Policies and Procedures Manual:
Your weapons arsenal

Are YOU Prepared? It's a Credit & Collections Battle Out There!

- Collection Calls–Tactical Offensive
- Business Credit Reports–Intelligence
- Credit Policy & Applications–Defensive

Instructors:

Georgette Beven, CCE
David Sekino, CCE
Scott W. Lee, CCE

Basic training in the fundamentals of credit & collections for new credit staff. Fast track your Credit & Collections Department with indispensable information to protect and improve your bottom line. This series of Credit Basics is repeated quarterly.

NO CHARGE FOR NEW MEMBERS WHEN ATTENDING WITHIN THE FIRST QUARTER OF MEMBERSHIP.

Sign Up With Georgette at 801-433-6116 or email GBevan@nacmint.com

Code

Black: Industry Credit Groups

Red: Other events

June, 2008

Looking Ahead

Monday, June 23rd

FREE Q & A Forum

NACM Office

July 9

July 12

July 28

Aug 20

Sep 19

Oct 15-17

Sept 22

Credit Boot Camp, NACM Office, 7:30 a.m. - 12:30 p.m.

ICEL Summer Social, 5:30 p.m. at NACM Training Center

Professional Designation Exam

Fall Semester begins

NACM Member Golf Outing, Old Mill Golf Course

Western Region Credit Conference Las Vegas, NV

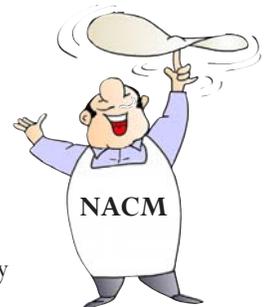
Application Deadline for Professional Desig. Exam (Nov 10 Exam)

Sat./Sun.	Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5 Hardware & Lumber Regional Ag	6 Steel & Welders Boise ID
7/8	9 Fine Paper	10 Food & Restaurant	11 SLC Contractors National Dist. Credit Professionals	12 ICEL LUNCHEON RED LION HOTEL	13 Concrete, Paving, Excavating & Waterworks
14/15	16 Masonry & Landscaping Book Sellers & Related Products	17 Printers of Utah Heating & Plumbing Automotive & Truck Suppliers Roofers & Siding	18 Advertisers, Media Ut. County Contr.	19 Industrial Supply Waste Haulers Electrical Floor Covering	20 Diesel Engines Ogden Contractors
21/22	23 FREE CREDIT Q & A FORUM NACM OFFICE	24 Equipment Dealers	25 General Services	26 General Contractors	27
28/29	30				

Get Your Credit Questions Answered **FREE** Over Pizza & Soda

Credit Q & A Forum, Monday, June 23rd, 11:30-1:30 p.m., NACM Training Office, 7410 So. Creek Rd., #301

Do you ever wish you had a resource for those nagging questions and problems? Do you wish you could just bounce ideas off your peers? You could ask the owner/CFO/CEO if that person understood what credit really does. But too often that person doesn't, so ... Our job at NACM is to try to help with your questions. And to help even more we have decided to experiment with a Q & A forum. We will provide pizza & soda on Monday, June 23rd, from 11:30 a.m. to 1:30 p.m. in an "open house" style. Bring your questions on accounts we are collecting for you. Bring your questions on accounts you haven't sent to us. Bring your questions on how collections work in general or on situations that just drive you crazy. Bring your questions on how to set up your credit department or how to pull and utilize credit reports. You get the picture - it's just an OPEN FORUM. You can pose your questions to your fellow credit managers and/or to NACM. We will do our best to help. If you find the forum helpful, we will continue it. If the forum isn't helpful, tell us what you need and we will try that. Let's see what happens. Come on down!



"In The Trenches" ICEL, June 12, Red Lion Hotel, 11:45-1:15

Experienced credit managers share tales of credit battles fought & won

Speakers:

Mary Jane McIntosh, CBA, Credit Manager, Henderson Wheel
Carolyn Thompson, Credit Manager, Meadow Gold Dairies

ICEL'S annual "In the Trenches" meeting is consistently one of the highest rated meetings of the year! Mary Jane McIntosh and Carolyn Thompson will share "Every day solutions to every day problems" and "My life as a credit manager" to help us gain new insight and strategies from their experiences.

We hope you'll join us!



NACM BCS Board of Directors, 2008-2009

BOARD OF DIRECTOR OFFICERS:

Allen Vickers Chairman A & K Railroad	Grant Weller Vice Chairman CMC Construction Services	Sandra Brown Treasurer Schmidt Sign Service
---	--	---

NACM OFFICERS:

Dean Wangsgard, CCE President NACM BCS	Scott W. Lee, JD, CCE Vice President & Secretary NACM BCS
--	---

BOARD OF DIRECTORS:

Bonnie Snider, CCE Alder Sales Corp	Susan Cummings, CCE Arnold Machinery	Dana Farmer, JD LienCounsel
Doug Darrington, CCE Altaview Concrete, Inc.	Barbara Mackay Intermountain Concrete Specialties	Penny Williams Midwest Floor Coverings

COUNSELOR:

Susan Lujan, CCE
Kenworth Sales Co.



P.O. Box 460
Midvale, UT 84047-0460
(801) 487-8781
(800) 977-6226
www.nacmint.com