

How can the CMI be used for performance insights?

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NACM's Credit Managers' Index (CMI) not only reflects the financial health of industries but also serves as a predictive tool for credit team performance. By leveraging the CMI, credit teams can better understand economic trends, adjust their strategies and stay ahead of potential challenges.

The CMI is a monthly survey of credit managers across the United States, covering key sectors such as manufacturing and services. It is a forward-looking index that assesses various factors influencing credit conditions, including new credit applications, collections, dollar amounts beyond terms and accounts placed for collection. The CMI's structure is similar to that of the Purchasing Managers' Index (PMI), which is widely used to gauge the overall economic health of the manufacturing and service sectors.

With data provided directly by credit professionals, the CMI delivers real-time insights into the financial pulse of the business-to-business (B2B) credit market.

Early Warning System

Credit teams are often tasked with managing risk while maximizing revenue, and understanding where the economy is headed can make all the difference. The CMI provides an early indicator of economic shifts, allowing credit professionals to anticipate downturns or upswings. For example, a decline in the CMI's favorable factors like new credit applications and sales can signal a slowdown in customer demand, giving credit teams the opportunity to tighten credit policies and mitigate risk before it impacts cash flow.

Informed Decision-Making

One of the most important responsibilities of a credit team is determining which customers pose a risk and how much credit to extend. The CMI offers data on collection performance, delinquencies and slow payments, giving teams a clear view of the financial landscape in which their customers operate. This insight helps credit managers make better-informed decisions on credit terms, extending or tightening them as necessary.

Strengthening Communication with Stakeholders

Credit professionals often act as the link between a company's sales team, financial department, and executive leadership. The data provided by the CMI enables credit teams to provide real-time updates to stakeholders, helping them understand the broader economic conditions that may impact credit and collections. These insights can foster stronger communication and collaboration across departments, as all parties work together to navigate shifts in the market.

Real-Life Impact: Why Credit Teams Rely on the CMI

Jon Hanson, CCE, CCRA, VP, director of corporate credit at OVOL USA, was recently awarded a \$250 gift card for participating in the CMI for 12 consecutive months. Reflecting on the importance of the CMI, Jon noted that the index provides him with real-time data that influences the way he manages his department. "It's very important to be able to measure and benchmark the impact credit managers have

with their contribution to these decisions,” he said. “It’s also equally important to understand outcomes on a macro-economic scale to effectively manage our portfolios going forward. The CMI represents these very outcomes reflecting a snapshot of business activity and preview to the environment we are making these very important decisions in.”

For Jon and his team, the CMI has helped them avoid potential risks by identifying warning signs early. “It’s very valuable knowing if the pulse of our industry is reflective of the overall CMI as this provides guidance and business perspective,” he added. “I always forward the CMI results to our upper management as they too can weigh this valuable information along with other industry specific factors.”

How to Get Involved with NACM’s CMI

In a world where credit conditions can change rapidly, having access to timely, accurate insights is critical. NACM’s Credit Managers’ Index is a key resource for credit professionals looking to optimize their performance, anticipate economic shifts, and drive business success. By leveraging the CMI, credit teams can better navigate the challenges of today’s marketplace, making informed decisions that protect their companies’ bottom lines while improving operational efficiency.

The more credit professionals who participate in the survey, the more accurate and valuable the data becomes for everyone.

Don’t miss out on the benefits the CMI offers—become a participant and take your credit management strategy to the next level. In return, you’ll gain access to comprehensive reports that provide actionable insights into the state of B2B credit.