CFDD NEWS

NATIONAL ASSOCIATION OF CREDIT MANAGEMENT CFDD

LEADERSHIP NETWORKING SCHOLARSHIPS

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EDUCATION PROFESSIONAL DEVELOPMENT MENTORING

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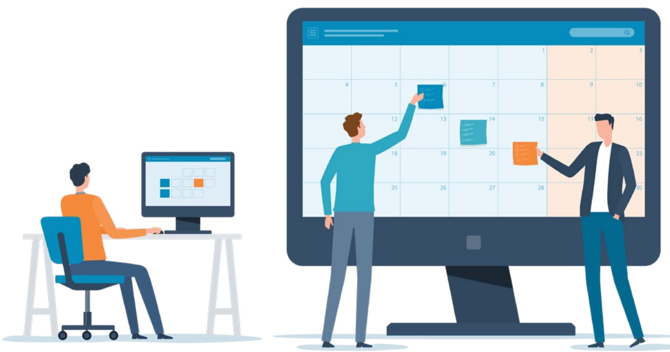

Come Prepared or Prepare to Circle the Drain: **Turning Meetings into Momentum**

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DATES TO REMEMBER

Call for Proposals Due **September 30**

Quarter 3 Membership Reports Due by **October 10**

Most of us have watched water circle a drain. It is not dramatic. It does not make noise at first. It just spins... and spins... and spins... taking longer than it should to disappear. And then, finally, it lets out that hollow, echoing gulp as it goes down, the kind of sound that is not exactly pleasant and always seems louder than it needs to be.

Organizations can do the same thing.

It rarely begins with a crisis. It begins with small, ordinary moments. In business, one of those moments happens in meetings.

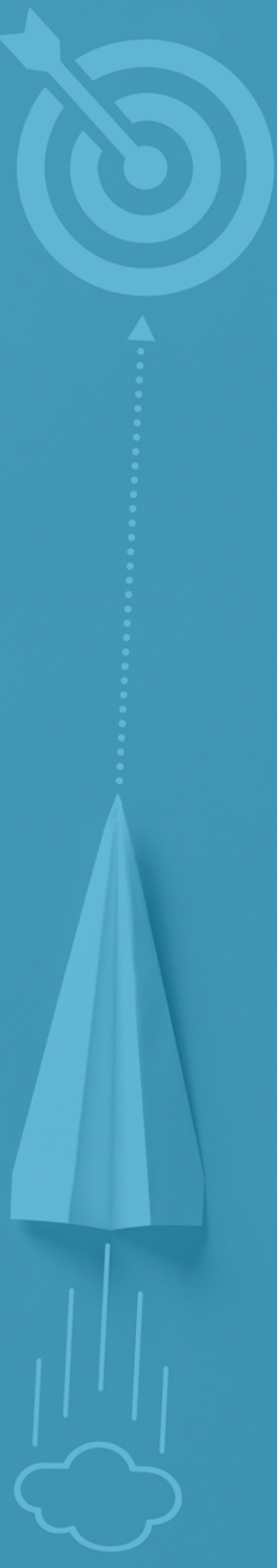
There is a leadership test that shows up every day. It does not appear in dashboards or strategic plans. It appears when materials are distributed in advance, complete with context, impact and a proposed path forward, and someone says, “I did not get a chance to review this.”

We have all witnessed that moment. The polite nods. The shuffle of papers. The quiet hope that someone else read it closely enough to summarize it on the fly. It is the professional equivalent of being called on by a teacher when you were absolutely certain eye contact alone would keep you invisible.

It feels small. It is not.

Meetings exist to move work forward. When preparation is missing, the conversation resets to the problem instead of advancing the solution. Background is revisited. Questions are re-asked. Someone says, “Can you walk us through this again?” Progress pauses. Energy drops. What could have been momentum becomes maintenance.

Preparation is not about perfection. It is about respect for time, urgency, customers affected by the outcome, and the person who did the work to diagnose the issue and propose a solution. Reviewing materials in advance is not a courtesy. It is part of responsible decision-making, and that responsibility belongs to everyone in the room, especially those with authority to decide.



When that discipline is absent, momentum slows and the unintended message can feel like, "Your expertise is not valued." No one intends that message, but impact does not always follow intention.

Over time, behavior adapts. Fully developed solutions become cautious observations. "Here is the recommendation" becomes "Here is something to consider." People who once brought answers begin bringing safer commentary, not because they lack ideas, but because they have learned what the room responds to.

That is not just a meeting inefficiency. It is a cultural shift.

The individuals who show up with analysis and a recommendation are modeling forward-thinking leadership. They are not escalating problems. They are advancing answers. They are doing the hard work before the meeting so the meeting can be productive. When that effort is engaged and recognized, it reinforces accountability and ownership. When it is sidelined, even unintentionally, it signals that circling is safer than solving.

Consider how easily this unfolds.

An operational issue is identified. Revenue may be delayed. Risk exposure may increase. Customers may experience friction. The issue is summarized and a practical solution is proposed.

If attendees arrive prepared, the recommendation is evaluated and a decision is made. Work moves forward. Calendars clear. Emails decrease. Teams leave aligned.

If they do not, context is rebuilt and the issue circulates long after the meeting ends. Clarifications multiply. Side conversations begin. What should have been a single decision becomes a string of follow-ups.

Eighteen emails later, the original document is attached again, usually with "per my last note" somewhere in the thread.

Strong organizations interrupt that pattern.

They begin meetings with clarity. What is the objective? Is a decision required? Who has authority to act? Materials are reviewed in advance. The right people are in the room. The recommendation is evaluated. A decision is made. Communication follows.

They also structure meetings intentionally. Agendas are purposeful. Time is protected. Discussions are redirected when they drift. If the conversation begins circling the background again, someone brings it back to the decision at hand.

Nothing builds confidence like a meeting that ends with clarity. Nothing erodes it faster than one that ends with, "We need to revisit this," which everyone quietly understands means, "We will meet again."

Efficient meetings are not about speed. They are about discipline. They reflect shared expectations, mutual respect and a willingness to do the work before asking others to engage. That discipline compounds. Over time, it builds trust, clarity and credibility across teams.

Listening also matters. The individuals closest to the work often see friction long before it appears in summary data. They know where revenue or risk may be quietly shifting. Inviting their perspectives strengthens decisions and improves execution.

But listening without preparation still leads to circling. Insight deserves engagement.

Culture shifts when behaviors are modeled and reinforced.

When someone goes above and beyond to bring a thoughtful, data-supported solution instead of simply identifying a problem, recognize it. Engage with it. Reinforce it. That is how forward leadership becomes the norm rather than the exception. What gets rewarded gets repeated.

Leadership is not measured by how many meetings are held. It is measured by whether meetings create movement.

So ask yourself, how will you add value in the next one?

- Will you come prepared?
- Will you clarify the objective and move the room toward a decision?
- How could you restructure your meetings to reinforce accountability instead of repetition?
- Will you recognize the people who bring solutions, not just problems?

Culture does not change through intention. It changes through behavior.

Meetings will always exist. The question is whether they will propel progress or quietly circle the drain.

A clear, timely decision is not just an outcome. It is how culture moves forward.

And if you are unsure whether your meetings are advancing momentum or circling the drain, listen carefully at the end. If it sounds like clarity and alignment, you are moving. If it sounds like that familiar hollow gulp followed by, "Let's reconnect next week," you may already know the answer.

Michelle Kelly, CCRA, CCE, ICCE, LSSGB, is Senior Credit Manager at Mansfield Energy Corporation, responsible for enterprise-wide credit risk, with three decades of experience in credit leadership. She is a direct member of CFDD.

SHARE YOUR CFDD STORY

Be Featured in Our "Why I Joined" Video Series!

Send a short video (1–2 minutes) sharing why you joined CFDD, what you've gained, and what makes it meaningful to you. Record it on your phone, webcam or any device, no fancy equipment needed!

Please email your video to alaina.worden@carsonteam.com. If you need help recording or have questions, we're happy to assist!

Tax Returns Decoded: Turning Filings into Financial Insight

As credit professionals, we are often tasked with making informed decisions using incomplete or imperfect information. One of the most underutilized but highly valuable resources available to us is the business tax return. While these documents can feel overwhelming at first glance, they hold critical insights into a company's financial health, operational trends and potential risk factors.

Understanding how to interpret tax returns allows credit professionals to move beyond surface-level analysis and uncover the story behind the numbers.

Before diving into analysis, it's important to understand the different types of tax returns you may encounter. The most common include:

- **Form 1120** for C-Corporations
- **Form 1120S** for S-Corporations
- **Form 1065** for partnerships and LLCs
- **Schedule C** for sole proprietors or disregarded entities

Each form provides a different level of detail, but they all share a common purpose: reporting financial performance for tax purposes. However, tax reporting doesn't always align perfectly with financial statement reporting, which is where careful interpretation becomes essential.

Beyond the main forms, certain schedules provide the most meaningful insights. In particular, Schedule K-1, Schedule L, and Schedules M-1 and M-2 are key areas for credit professionals to focus on when evaluating a business.

Tax returns often require you to look beyond the primary pages and into the supporting schedules to fully understand a company's financial picture.

- **Schedule K-1** reveals ownership structure, profit allocation and individual partner or shareholder activity. This is especially useful when evaluating guarantor strength or identifying reliance on specific owners.
- **Schedule L** provides a balance sheet view, allowing you to assess liquidity, leverage and overall financial stability.
- **Schedules M-1 and M-2** bridge the gap between tax reporting and book reporting. These schedules reconcile net income and track changes in retained earnings or capital accounts. They highlight differences caused by items such as depreciation methods, non-deductible expenses (like penalties or political contributions), and timing differences between accounting methods.

Together, these schedules help translate tax-based reporting into something more aligned with financial analysis.

One of the most valuable skills for a credit professional is the ability to reconstruct financial statements from tax return data.

For C-Corporations (Form 1120), you can derive both a profit-and-loss statement and a balance sheet directly from the return and its schedules. This allows you to analyze revenue trends, expense structure and retained earnings while also evaluating assets, liabilities and equity position.

With S-Corporations (Form 1120S), certain income items may be broken out differently, such as gains from asset sales or “other income” categories that often require reviewing supplemental attachments. Understanding where to find these details is key to avoiding incomplete or misleading conclusions.

For partnerships (Form 1065), the structure becomes more complex due to multiple owners and allocation of income. The K-1 becomes especially important here, as it shows how financial results are distributed and how capital accounts are changing over time.

Not all tax returns provide a complete picture. For example, Schedule C filings, commonly used by sole proprietors, offer only a profit and loss view, with no balance sheet included. This makes it difficult to assess liquidity, leverage and long-term viability.

In these cases, credit professionals must rely more heavily on ratios and trends, such as:

- Gross profit margin
- Net profit margin
- Operating expense ratio

While helpful, these metrics alone cannot fully replace a comprehensive financial analysis.

Similarly, reviewing a personal tax return with K-1 income provides insight into an individual’s share of business performance, but comes with limitations. You can evaluate profitability, cash flow and capital account trends, but you won’t have access to detailed financial statements or asset breakdowns.

When reviewing tax returns, certain warning signs should prompt deeper investigation. Common red flags include:

- Missing or inconsistent schedules, which may indicate incomplete reporting
- High distributions paired with low taxable income, potentially signaling cash flow concerns
- Frequent loans between shareholders and the company, suggesting financial instability or reliance on owner support
- Declining gross profit margins over time, which may reflect competitive pressure or operational inefficiencies
- Discrepancies between cash and accrual reporting, often highlighted in Schedule M-1

These indicators don’t necessarily mean a customer is high risk, but they do warrant additional questions and, in some cases, supplemental documentation.

One of the key takeaways when working with tax returns is recognizing their limitations. Tax filings are prepared with compliance in mind, not credit analysis.

Because of this, it’s often necessary to request additional documentation, such as:

- Internally prepared financial statements
- Aging reports
- Interim financials
- Detailed schedules or notes

For example, if you're reviewing a personal return that includes only K-1 income, requesting the underlying business tax return (such as a Form 1120) can significantly improve visibility into the full financial picture.

When used effectively, tax returns can provide a powerful window into a company's operations. They allow credit professionals to:

- Validate trends seen in financial statements
- Identify inconsistencies or potential risks
- Better understand ownership structure and capital flow
- Strengthen overall credit decision-making

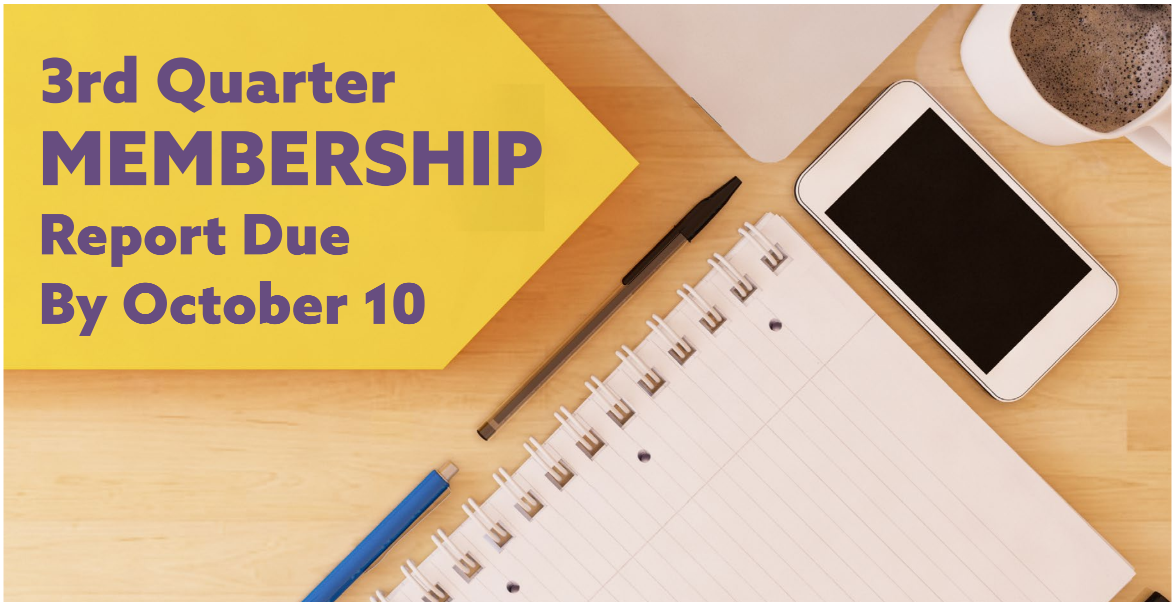
The key is not just knowing where to look but understanding how to interpret what you find.

Tax returns may never be the most user-friendly documents we encounter, but they are one of the most insightful tools available to credit professionals. By focusing on key forms and schedules, translating tax data into financial concepts, and watching for red flags, you can unlock valuable intelligence that supports stronger, more informed decisions.

As with any analysis, context matters. Tax returns should be used alongside other financial information to build a complete and accurate picture of your customer.

When we take the time to decode these filings, we move from simply reviewing numbers to truly understanding the business behind them.

Kim Fish, CBA, is Assistant Credit Manager at CECO, Inc., in Portland, Oregon. Kim is a proud member of the CFDD Portland Chapter.



Moving from Measuring Engagement to Actually Creating It

Employee engagement is one of those topics we all hear about constantly. There are surveys, benchmarks, dashboards and no shortage of data telling us whether our teams are engaged or not.

But here's the question I keep coming back to: Are we spending more time measuring engagement… or actually creating it?

In my experience, especially in credit and collections, we tend to default to metrics. We track aging, days sales outstanding (DSO), collections calls, disputes—everything is measurable, and that's part of what makes us effective. But engagement doesn't work the same way. It's not something you fix with a report.

It's built into how we lead, every single day.

One of the biggest shifts I've seen over the years is the realization that engagement doesn't come from big initiatives. It's not about launching a new program or sending out another survey.

It comes from the small, consistent things:

- Taking a minute to recognize someone's effort
- Asking for input and actually listening
- Following up when someone shares an idea
- Letting people know their work matters

None of this is complicated, but it does require intention. And if we're honest, it's easy to let these things fall to the bottom of the list when we're busy.

But those are the moments that people remember.

The manager sets the tone, whether we realize it or not. If there's one thing I've learned from leading teams, it's that the day-to-day experience an employee has is shaped more by their manager than anything else.

Not the company mission statement.

Not the engagement survey results.

Not even the compensation structure (within reason).

It's the manager.

Employees pay attention to how we show up:

- Do we communicate clearly?
- Do we create space for questions?
- Do we recognize effort or only point out issues?
- Do we trust our team to do their jobs?

In credit, our teams deal with challenging conversations and pressure situations regularly. That environment can either wear people down or build strong, confident professionals. The difference often comes down to leadership.

Recognition Isn't Optional. It's Part of the Job!

This is one area where I think many of us (myself included at times) can underestimate the impact we have.

We start to assume that doing a good job is just expected—and it is—but that doesn't mean it should go unnoticed.

Recognition doesn't have to be formal or overdone. In fact, some of the most meaningful recognition is simple:

- "I appreciated how you handled that customer call."
- "You stayed on top of a tough account—nice work."
- "Thank you for jumping in to help the team this week."

Those comments take seconds, but they reinforce behaviors we want to see more of.

More importantly, they tell people they matter.

Another factor I've seen make a real difference is helping employees understand the bigger picture.

In our world, it's easy for someone to feel like they're just managing invoices, making calls or reviewing accounts. But when you connect their work to the broader impact, it changes how they see it.

For example:

- Strong credit decisions protect the company and support growth
- Effective collections maintain customer relationships while managing risk
- Clean processes and follow-through keep the business moving

When employees understand how their role contributes to something bigger, the work becomes more meaningful and engagement follows.

If I had to pick one area that consistently impacts engagement, it would be communication.

Not just sending information out, but real communication:

- Keeping people informed about changes
- Explaining the "why," not just the "what"
- Asking for feedback and creating space for conversation

I've also learned that communication matters most when things are uncertain or changing. Those are the moments when teams are looking to leadership for clarity and reassurance.

The instinct can be to pull back and figure things out first, but that's usually when we need to lean in more, not less.

We talk about culture a lot, but culture isn't something that lives in a document. It's what people experience day to day.

It shows up in:

- How teams work together
- How we respond when mistakes happen
- Whether people feel supported
- Whether success is shared or siloed

A strong culture isn't built through one initiative, it's reinforced through consistent actions, especially from leadership.

And the reality is, our teams are paying attention to those actions more than anything we say.

If you're looking to strengthen engagement on your team, my recommendation is not to try everything at once. Start small and be consistent.

A few simple habits can make a big impact:

- Make recognition part of your daily routine
- Ask your team for input on how things can improve
- Take time to explain the bigger picture not just the task
- Follow up on conversations so people know they were heard
- Be present and approachable, even during busy times

These aren't groundbreaking ideas, but they work.

Engagement isn't a program we roll out or a metric we chase. It's the result of how we lead.

In credit and collections, we're naturally focused on results, and that's important. But long-term performance comes from engaged teams, and engaged teams come from leaders who are intentional about how they show up every day.

At the end of the day, people don't stay engaged because of a survey score.

They stay engaged because they feel valued, supported and connected to their work.

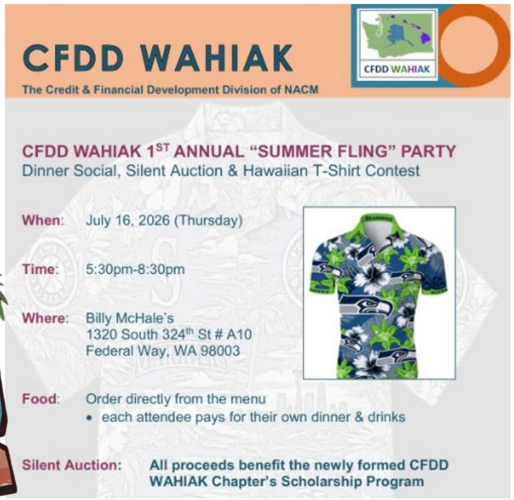
And that's something we have the ability to influence every single day.

At the end of the day, it comes down to this: what will you do today to create a better experience for your team tomorrow?

Alaina Worden, CCE, is Credit and Collections Manager at CECO, Inc. in Portland, Oregon. Alaina serves as Vice Chair - Education, Programs & Chairman Elect on CFDD's National Board of Directors and is a proud member of the CFDD Portland Chapter.

Chapter News

CFDD WaHiAk hosts its first annual "Summer Fling Party"



CFDD WAHIAK

The Credit & Financial Development Division of NACM

CFDD WAHIAK 1ST ANNUAL "SUMMER FLING" PARTY

Dinner Social, Silent Auction & Hawaiian T-Shirt Contest

When: July 16, 2026 (Thursday)

Time: 5:30pm-8:30pm

Where: Billy McHale's
1320 South 324th St # A10
Federal Way, WA 98003

Food: Order directly from the menu
- each attendee pays for their own dinner & drinks

Silent Auction: All proceeds benefit the newly formed CFDD WAHIAK Chapter's Scholarship Program

Membership Milestones

Let's celebrate the following CFDD members for reaching their membership milestones in September and October of 2026.

Celebrating 20 YEARS

Diane Campbell
CFDD Omaha/Lincoln Chapter

Jeffrey Borgens, CBA
CFDD Tacoma Chapter

Tom Tremblay
CFDD Louisville Chapter

Celebrating 15 YEARS

Monica Schweitzer, CBF
CFDD WaHiAk Chapter

Celebrating 5 YEARS

Andre Prescott
CFDD Phoenix Chapter

CMI SURVEY

Earn 0.1 roadmap points each month
Receive email alerts when survey opens

Tuesday, September 8–Wednesday, September 16
Tuesday, October 6–Wednesday, October 14
Tuesday, November 3–Wednesday, November 11

NACM CMI
CREDIT MANAGERS' INDEX

The **Mission** of the NACM Credit and Financial Development Division is to develop tomorrow's business leaders through core offerings.

Our **Vision** is to be a leading provider of professional development opportunities through learning, coaching, networking and individual enrichment.