NACM Canada 13th Annual Credit Conference and Expo

Employee/Policy/Automation

21/10/11

PRODUCTIVITY ENHANCEMENT
AGENDA

World Class Credit Organization

- First - Get the right (people) Employees on the bus
- Second - Define through a Credit Policy how the various processes will be managed
- Third - Automate to remove inefficiencies and drive productivity
« **Success is...** the sensitivity to understand what other people want and the willingness to give it to them... »

anonymous
Hiring

- Hire... right people... right place
  - Understanding the needs
    - Credit Assistant
    - Credit Analyst
    - Senior Credit Analyst
    - Credit Manager
    - Director of Credit
TRAINING

- Train... purposely... for the future
  - Understanding the Core Credit Competencies and Proficiencies required
    - Risk Assessment
    - Collections
    - Business, Commercial, and Bankruptcy Legislation
    - Collateralization / Securitization
    - Cash Flow Forecasting
    - Global Risk Management
    - Measurements of Performance / Reporting
    - Process Development
    - Certification
Retain... Retain... Retain

Understanding the Behavioral Competencies required

- Adaptability
- Flexibility
- Assertiveness
- Communication
- Initiative
- Interpersonal Skills
- Analytical Skills and Judgment
- Leadership Skills
- Negotiations
- Team Spirit
How important is a Credit Policy?

- In the absence of effective credit policy, Chaos takes over the credit department

How necessary is a Credit Policy?

- It establishes a framework or guide for consistency of actions and decisions
FIRST STREAM

- Development of an optimal level of sales.

- Policy guidelines:
  - New customer
  - Existing customer
  - Terms of sales
  - Credit Investigations
SECOND STREAM

- Minimizing the carrying costs of receivables:
  - Policy guidelines:
    - Systematic follow-up of Past Due Accounts
    - Credit Reports
Minimizing bad debt losses

Policy guidelines:
- Conversion of open account to note or payment plan
- Use of Collection Agencies
- Use of outside attorneys
- Bankruptcy proceedings
- Allowance for bad debts and write-offs
The ability to optimize processes is KEY to productivity… However…

To further enhance productivity, Automation becomes a MUST
  - Challenge all manual processes
  - Put a plan to automate
Strive to remove all inefficiencies to:

- Improve cash flow through automated collections
- Gain visibility to cash flow forecasting, risk exposure, collection performance, etc
- Consolidate data from various sources
- Drive performance through automation of deduction workflow process
- To reduce costs and improve AR turns with e-billing
- etc
WHERE DO YOU GO FROM HERE?

Challenge is ...

- To position your department to win:
  - Strong Partner to sales and their supports
  - Strong Partner to Treasury and help them achieve their Working Capital goals
  - Automate the majority of your manual processes
  - Measure meaningfully (metrics)
  - Value your Human Capital