



# Credit and Financial Development Division NEWSLETTER

The Official Publication of the NACM Credit and Financial Development Division

August 2014

## Letter from...

**Charlene Gothard**  
CFDD Vice Chairman  
Education, Programs and  
Chairman-Elect



Greetings,

As we look forward to the CFDD National Conference, I would like to thank everyone who has donated items for the auction and those who have participated in the dessert auction over the last several years. These events are the largest fundraisers for our organization. Donations from members have allowed us to increase the number of scholarships awarded. I would challenge each and every one of you who have received a scholarship to please pay it forward so that others may continue to apply and receive a scholarship. Donations for the Silent Auction can be made at any time prior to the conference. They may include gift cards, electronics, small appliances, gift baskets, home decor items, art, handbags, jewelry, wine, cookbooks and other items that will travel well for the purchaser.

On the NACM website under **CFDD**, be sure to access the information on scholarship applications to take advantage of this wonderful benefit. Also, please note that there are several educational modules available for chapter programs. If you have questions regarding the programs, you may reach out to the Board or NACM staff for information or directions on how to use them. If you have a topic you would like for a future module, please let us know. There is a wealth of talent, experience and wisdom within our organization.

I am here to be of assistance to you and your chapters at any time. The Board is also here to support the membership and the chapters. Let us be your tools to make our organization the best we can be. The theme for this year is "Together Everyone Achieves More" = TEAM. We can do this as individual members and as chapters. If you have any questions or comments, you may reach me at [cmgothard@landolakes.com](mailto:cmgothard@landolakes.com).

**Submit Your Topics for the  
Best Practices Roundtable**

This year's Best Practices Roundtable session at the CFDD National Conference is a can't-miss event. Moderated by Duane Schwartz, CCE, this open forum discusses best practices and effective strategies. To contribute questions and topics of interest, please email Melanie Brohawn at [melanieb@nacm.org](mailto:melanieb@nacm.org). All entries must be received by August 29.

## Inside...

- P. 2 Top 10 Reasons to Attend NACM-CFDD National Conference
- P. 3 Member Viewpoint: How I Got Started in CFDD
- P. 3 Member Viewpoint: GSCFM—Year One
- P. 4 Member Viewpoint: On My Way to Professional Excellence
- P. 4 Chapter News
- P. 5 Practical and Proactive Tips for Dealing with Preference Actions
- P. 6 2014 CFDD National Conference Session Highlights
- P. 7 Awards & Achievements
- P. 8 Programs and Events
- P. 8 Monthly Credit Survey
- P. 8 CFDD Mission Statement/CFDD Vision Statement

**SILENT AUCTION  
2014 CFDD National Conference**



CFDD's popular Silent Auction is on its way! You can help fellow credit professionals achieve their educational goals by donating and/or bidding on items for the Silent Auction. All proceeds raised will be used for the CFDD Scholarship Fund. Donations are welcome from individuals, chapters and corporations. Items should be new, with a starting value of \$25. For more information about the 2014 Silent Auction, please click [here](#).

# Top 10 Reasons to Attend NACM-CFDD National Conference

September 17-19 • Minneapolis, MN

10. **“Together Everyone Achieves More” = TEAM.**

This is our National Chairman’s theme this year and it is what an organization like ours strives to be, a TEAM. We are looking to the past for guidance, working together in the present and being filled with joy and anticipation for the future of this great organization.

9. **FUNraisers/Silent Auction:** Out bid...Out last...Out of my way! It’s MINE!

Join in the craziness of the Silent Auction. All proceeds raised from members in attendance will go to the National Scholarship Fund. Another way you can give back to CFDD National is to donate items with a value of \$25 or more to the auction. Let’s beat last year’s total!

8. The **business meeting** is a brief look inside the workings of National CFDD and a chance to find out what is happening within our organization. Hear from your Area Directors and Executive Board about the strengths we have and how to overcome any weaknesses.

7. One of the best things about CFDD is the **networking and mentoring** available when you and your team attend the conference. The common bonds of friendship, leadership and ongoing support play a huge part in our growth as credit professionals in our chosen field.

6. **Education.** What can I say about this? Why would you not take advantage of the educational opportunities within your chapter and during the CFDD National Conference? ICEU and CCE recertification points will be available, as will top-notch speakers, an open forum for roundtable discussions and much more.

5. **Minnesota** is “The Land of 10,000 Lakes” (I have counted them), home of super shopping at “The Mall of America” and home of the Vikings and Twins. It’s all good!

4. **Dessert Auction:** “Let them eat cake, pies and cookies!” Start planning today to purchase your chapter’s favorite dessert. Proceeds go to the National Scholarship Fund for scholarships being awarded in 2015.

3. **PLAY BALL!** Don’t strike out by missing out! Here is the chance for Chapter Presidents to sit down and voice their ideas while attending the National Board meeting. Look for more details about time and place at the conference!

2. **Membership:** Every volunteer organization needs members to participate and support the efforts of their leadership on a National and local basis. Membership in CFDD is an honor and it belongs to YOU.

Finally, the number 1 and best reason to come to the CFDD National Conference is:

Because you believe, along with other TEAM members, **this organization is special** and without the educational classes and seminars, scholarship funds and networking, you would not be where you are today in your life: in pursuit of credit and collection professional excellence.

Please join us! I am looking forward to seeing all of you there.

*Submitted by Kim Lancaster, CCE, Vice Chairman Member Services & Publicity and Area Credit Manager at Rexel Holdings, Inc.*

## Raffle Ticket Winners

Congratulations to Marlene Groh, CCE, ICCE of the Charlotte Chapter and Kristine Kohman, CBF of the Minneapolis/St. Paul Chapter on winning the two sets of tickets to the Minnesota Twins baseball games being held at the time of the CFDD National Conference.

SPS Companies, Inc. generously donated the tickets that were raffled off to benefit the Scholarship Fund. A total of \$610 was raised. SPS President William Weber drew the names on August 1 and announced the winners. Go TEAM!

## How I Got Started in CFDD

Back in 2000, I was approached by one of Sioux Chief's vice presidents inquiring about my knowledge of CFDD. His next-door neighbor was a member and he encouraged me to introduce myself. I made contact with Lori Clark, CCE, CICP and she invited me to a meeting. I had worked for several years in accounts receivable/credit with no knowledge of NACM or CFDD. If there was any benefit to my company or me, I wanted to learn more.

Over the course of the following year, I attended several meetings and was then asked to serve on the board of directors. I was HOOKED! Soon after, I was introduced to the certification program, took several self-study courses and earned my CBA.

Looking back, I can't begin to articulate what CFDD has done for me over the years and how much it means to me. The education is priceless. The mentoring and encouragement of fellow chapter members has contributed to my professional growth that has led me to leadership roles I never dreamed I could or would hold. My personal success exists due to my active participation and involvement in CFDD.

CFDD can provide you with the same pathway to reach educational and professional success. I encourage YOU to take advantage of what CFDD has to offer. You will be amazed.

*Submitted by Shawn Ismert, CBA, Kansas City Chapter and A/R Credit, Sioux Chief Manufacturing Co., Inc.*

## GSCFM—Year One

What can you expect when you attend GSCFM during the first year? You will meet amazing people, enjoy a beautiful college campus and learn so much more than you thought possible. You will learn how to bring together corporate strategy with credit decision making and how business ethics play a role in our assessment of a company's character. I promise you that you will never ever look at a cash flow statement the same way again!

You are challenged to move outside of your comfort zone in a supportive and encouraging environment.

The NACM staff ensures that you are well taken care of. If there is anything you need, they are there for you!

While living in a dorm doesn't sound like much fun as an adult, it really is at GSCFM because you stay connected to everyone. It is a

wonderful experience to be hanging out with all the students during breakfast, dinner and evenings and learning so much about them personally and professionally. The networking is invaluable!

If anyone has ever thought about attending, I would highly recommend that you make a commitment to do it. I heard about a number of other students who demonstrated the value of the program to their company and the company paid 100% of their attendance. I was able to use our company's tuition reimbursement to offset costs.

Everyone in the first-year group is excited about coming back next year!

*Submitted by Sabrina Perez, CBA, CICP, San Diego Chapter and Accounting and Credit Manager, AMETEK Programmable Power*

### SCHOLARSHIP DONATIONS NEEDED

Please bring scholarship donations to the 2014 CFDD National Conference in Minneapolis on September 18-19. Last year alone, CFDD raised \$4,051 at the silent auction. CFDD awarded 70 scholarships totaling \$28,828 at Credit Congress this year. The cumulative total from 1990 to today is 7,615 scholarships valued at \$1,703,474. We are so grateful for your contributions.

Mark your calendars so you can apply for a scholarship in 2015. If you need assistance filling out your application for a scholarship to Credit Congress, CFDD National Conference or any of the additional scholarship offerings, please contact Charlene Gothard, CBA, Vice Chairman, Programs, Education and Chairman Elect at [cmgothard@landolakes.com](mailto:cmgothard@landolakes.com).

### CFDD NATIONAL'S EDUCATIONAL PROGRAMS

Now available, CFDD National's Programs free of charge! Program topics include:

- Antitrust and You
- Ethics—It's a Matter of Choice
- Business Etiquette
- Mediation—An Alternative to Dispute Resolution
- Selling Marginal Accounts—Are the Rewards Worth the Risk?

These programs can be conveniently downloaded from the [CFDD Members Only](#) Area of the CFDD National website. Please check out these timely resources!

## On My Way to Professional Excellence

It all started out on a Tuesday morning. It was my third month with Morrison Supply Company. My regional supervisor asked if I would be interested in attending a CFDD meeting. I responded, clueless, "Attend a what?" I personally had no idea what a CFDD meeting was, let alone what CFDD stood for. But, after being told that dinner would be included, I willingly followed my supervisor to the land of promised food. CFDD started out as nothing more than a meeting that got me out of cooking, but it ended up being so much more.

The meeting was truly a new experience for me. The dinner was great. I had the opportunity to talk with credit professionals other than those I work with on a daily basis. The speaker presented valuable ideas that I could use right away in my job. That was an unexpected bonus. The meeting provided new professional contacts, good speaker information and an introduction to the educational opportunities available through NACM and CFDD. All in all, it was a wonderful evening.

As someone new to the world of credit, collecting payment on customer accounts was not easy. I struggled to find the confidence required to make the necessary judgment on an account. After attending more meetings and networking with those who attended, I was able to seek advice and tips on the everyday credit world. As

time went on, I found myself making the necessary decisions more easily. But something was still missing.

Because of my new enthusiasm for professional excellence, I signed up for the online classes to pursue my first professional certification with the full support of my supervisor, LeeAnn Garrington, CCE and guess what! I made it. I have my CBA. I am now on the road to securing my CBF. The confidence these accomplishments have created in me has been life changing.

I have new responsibilities in my position at Morrison Supply and am able to perform them with the self-assurance I never dreamed possible. Each day brings new challenges, new successes and new personal and professional satisfaction. What a tremendous journey this is and the best is yet to come!

Thank you NACM and CFDD for being a catalyst of success for one more member. One member at a time equals a truly successful organization.

*Submitted by Amber Armstrong, CBA, Dallas/Fort Worth Chapter and Assistant Regional Credit Manager, Morrison Supply Company*

## Chapter News

### CFDD Kansas City

The Kansas City Chapter had the pleasure of meeting "The People Whisperer," Frank Keck, CSP, Founder of Excellerant, Inc., who presented "Everything is Clearer with a Different Pair of Glasses" at its July meeting.

Frank shared that when people identify the real issues rather than the symptoms, they are able to create and sustain positive change, leading to better results.

People get stuck in patterns and ruts which create a blind spot, so symptoms are identified rather than the real issues. That blind spot becomes the perspective through which all things are filtered. Change cannot be sustained because only symptoms are being addressed.

With mind exercises, lateral thinking puzzles and speed reading, a better understanding is obtained in utilizing a new perspective for a greater impact.

### CFDD Minneapolis/St. Paul

The Minneapolis/St. Paul Chapter has a superb relationship with Forius, their NACM Affiliate. Forius facilitates the chapter's roster information and newsletter. Two years ago they had a joint arrangement where new members received a discount on Forius and CFDD memberships, if they belonged to both organizations. There are several chapter members who are also on the Forius Board. Minneapolis/St. Paul feels that their chapter has one of the most compatible and dynamic relationships with an NACM affiliate. They partner for success and surround themselves with smart!

### CFDD Seattle

The Seattle Chapter held a Silent Auction in July to raise money for their Scholarship Fund. Included in the many fabulous items up for auction was a football signed by one of the Seattle Seahawks. The chapter used a commercial website to process the bids which worked very well. They would like to thank all who participated.

# Practical and Proactive Tips for Dealing with Preference Actions

**“Why are we being sued? We didn’t do anything wrong. All we did was get paid!”**

This is a very common refrain heard from credit departments when faced with a preference demand letter or lawsuit. A preference claim is the ultimate “no fault” cause of action. When you ship goods or provide a service, you expect to be paid. When you do receive payment, you do not expect to have to return it, particularly where no extraordinary collection efforts were involved. Becoming the subject of a preference action can be very frustrating. One good way to temper that frustration, however, is to be prepared. Understanding the most common defenses and the documents and data you will need to assert those defenses will ensure that you are in the best possible position to deal with a preference demand letter or lawsuit.

Some common preference defenses include:

- **Ordinary course of business.** This defense compares the debtor’s historical payment timing for some period of time prior to the 90-day preference period with the timing of each payment during the preference period. Although this defense involves more art than science, one common method is to look back a specific amount of time prior to the preference period (this varies depending on factors such as the length of the relationship between the parties) and to calculate the average time it took the debtor to pay your invoices during that period. A range is placed around that average (which also depends upon the facts of the particular case) and payments made during the preference period that fall within that range will be deemed to have been made within the ordinary course. Those payments are not recoverable.
- **Subsequent new value.** This defense applies where the creditor continues to ship goods or to provide services to the debtor during the 90-day preference period after receiving a preferential payment. As the name of the defense implies, only goods or services that you provide *after* receiving a preferential payment qualify for this defense.
- **Prepayments.** This is the silver bullet—a prepayment is not a preference at all. A payment is a preference only if it satisfies a pre-existing debt (i.e., a prior shipment or invoice). If your customer pays you *before* you release goods or provide services, then that prepayment is not recoverable as a preference.
- **Secured creditor status.** If you hold a security interest or lien, then you might have a good defense. For a payment to constitute a preference, a creditor must receive more than it would if the debtor’s assets were liquidated. Therefore, hypothetically, if you are a secured creditor who would have received a full payout in a liquidation of the debtor, then you can assert your secured status as a defense to any preference claim.

A basic understanding of some common preference defenses is useful, but it only helps to combat a preference demand or lawsuit if you have saved documents and data needed to prove a defense. Once you realize that a customer has filed bankruptcy, be sure to save the following:

- Full account history for the customer dating from at least two years prior to the bankruptcy filing through the date of the filing, including:
  1. Invoice numbers, dates and amounts
  2. Payment dates and amount with reference to invoices satisfied (if possible)
  3. Notation of manner of each payment (i.e., check or wire) with check numbers and wire reference numbers
  4. Invoices for shipments during the preference period, including invoice numbers, dates and amounts (whether invoices are paid or unpaid)
- Copies of all invoices referenced on account history
- Copies of all checks referenced on account history

Armed with information about common defenses and the documents and data needed to support those defenses, contemplate your options when you receive a preference demand letter. Too often, companies simply pay the amount demanded because the demand letter threatens that a lawsuit will follow if payment is not made promptly. But you might have a good defense that could greatly reduce your exposure. Do not simply write a check simply because you receive a demand letter. Instead, utilize the knowledge that you have about the defenses available to you and the documents that you saved as a proactive step to combat any preference claim. Consider doing a thorough analysis and responding by asserting your defenses. You might be able to offer a much lower amount in order to resolve the preference demand. Very often, this exercise is successful and your liability is reduced or even eliminated entirely!

*Submitted by Jason M. Torf, bankruptcy and creditors’ rights partner with Horwood Marcus & Berk Chartered*

# 2014 CFDD National Conference Session Highlights

## The Future of the Credit Department

Presented by **Pam Krank**, president, The Credit Department, Inc.

This session will help credit professionals understand what will be expected of credit departments in the future. It outlines existing expertise gaps between what CFOs/CEOs expect of the credit department versus what's currently offered. We will discuss why changes are happening so quickly now and how drastically technology is shaping our roles into the future. We'll uncover challenges before us to meet future needs of our companies and specific strategies and skill sets credit professionals can employ to prepare for the future.

### CFDD NEWSLETTERS

Did you know that you can access not only the National CFDD newsletters, but also other chapter newsletters from the National CFDD website? Need a fresh topic for an upcoming meeting or a new fundraiser idea? Is your chapter ready to launch their newsletter, but needs some direction? Check out what other chapters are doing by logging onto the [CFDD Members Only Area](#) and clicking on Chapter Newsletters from the menu on the right.

## Risk Mitigation Tools: Credit Insurance, Letters of Credit, Security Interests, Lien Rights, Setoff and More

Presented by **Bruce S. Nathan, Esq.** and **Christopher Loeber, Esq.**, Lowenstein Sandler LLP

Every credit executive dreads a financially distressed customer and the risk of its customer's bankruptcy filing. This session provides the credit executive with useful tools to enhance the likelihood of payment of claims against a struggling customer. Hear about various credit enhancement devices that should increase the likelihood of payment of claims.

Other risk mitigation tools that will be discussed include the following:

- Selling on a consignment or secured, including purchase money security interest, basis
- Statutory lien rights and trust fund rights
- Setoff and recoupment rights where seller and buyer have claims against each other and the risks of setoff agreements
- Third party support: Standby letters of credit
- Third party support: Guarantees and side collateral
- Third party support: Cashing out claims through sales and puts of claims.

## MINNEAPOLIS – THE CITY OF LAKES

### 2014 CFDD National Conference

#### September 18-19 • Minneapolis, Minnesota

Next month, we will gather for the 2014 CFDD National Conference in Minneapolis, which offers priceless educational resources and multiple networking opportunities.

Our preliminary agenda includes the following presentations:

- Can You Hear Me Now? Communicating with Different People Differently presented by **Julie A. Berg**, Leadership Development Consultant
- The Future of the Credit Department presented by **Pam Krank**
- Unclaimed Property Update—What's New on the Horizon presented by **Val Jundt**
- Risk Mitigation Tools: Credit Insurance, Letters of Credit, Security Interests, Lien Rights, Setoff and More presented by **Bruce S. Nathan, Esq.** and **Christopher Loeber, Esq.**
- Payments Fraud and Prevention: What You Need to Know presented by **Amanda Dorphy**, Senior Payments Information Consultant
- Best Practices Roundtable moderated by Duane Schwartz, CCE

Several networking events will also be held, including an opening night social featuring a Silent Auction and a closing night party.

The DoubleTree Bloomington-Minneapolis South will be the meeting site for all events.

For more information, contact Melanie Brohawn at [melanieb@nacm.org](mailto:melanieb@nacm.org) or 410-740-5560.



# AWARDS & ACHIEVEMENTS

CHAPTER	MEMBER	COMPANY	AWARD/ACHIEVEMENTS
Charlotte	Valarie Hardesty, CICP	American & Efirm LLC	CBA
	Reid Montross	W.W. Grainger, Inc.	CBA
	Stephanie L. Moore, CICP	Atlas Copco Compressors LLC	CBA
Dallas/Ft. Worth	Ashley Templin	Rexel Holdings, Inc.	CBA
Kansas City	Ron Brooks	O'Connor Company, Inc.	CCE
Minneapolis	Josh Gagner	Robins, Kaplan, Miller & Ciresi, LLP	CBA
Phoenix	Cindy Mortenson	TDIndustries	CBF
Portland	Charlene Gothard	Purina Animal Nutrition LLC	CBF
	Clara Nemeth, CGA	NACM Oregon, Inc.	CBF
	David Newman	Orepac Building Products, Inc.	CBF

## NOTIFICATION OF A DUES INCREASE

In 2011, The CFDD National Board unanimously voted for a National dues increase. Rather than imposing a larger increase in dues all at one time, it was decided, after some discussion, that dues should be raised in smaller increments over the subsequent four years. In accordance with that decision, CFDD National dues will increase \$2.50 per member in 2015. The chapters will be billed \$75 per member reported and for direct member dues will be \$85.

Each chapter has the ability to pass along this increase to their membership, or they may decide to cover the cost. If you have any questions regarding the dues increase, please feel free to contact any member of the CFDD National Board.

## Reminder to All CFDD Chapters

As CFDD chapters elect new boards of directors, please keep CFDD National in the loop!

Please send an email to National ([cfdd@nacm.org](mailto:cfdd@nacm.org)) with contact information

for all newly installed board members.

We appreciate your help in this matter.

## CHECK OUT NACM'S LINEUP OF PROGRAMS AND EVENTS

- Sep 8 **NACM Teleconference: Emerging Trends for Small/Mid-Market Credit Departments: Collections**
- Sep 10 **NACM Webinar: The Multiple Uses of Credit Applications**
- Sep 15 **NACM Webinar: Accurately Forecasting Cash**
- Sep 15 **FCIB Teleconference: Global Economic Outlook**
- Sep 17 **NACM Teleconference: The Credit Department's Role and Responsibilities to Ensure Unclaimed Property Policy Compliance**
- Sep 18-19 **CFDD Annual Conference**
- Sep 29 **NACM Webinar: Fortifying Your Credit Foundation: Getting Ahead of the Next Superstorm**
- Sep 30 **FCIB Webinar: Seven Best Practices for Dealing with Change in Multicultural Business**
- Oct 8 **NACM Webinar: Developing an Internal Credit Scoring System: Best Practices**
- Oct 15 **NACM Webinar: Credit in the Service Industry**
- Oct 20 **NACM Webinar: LinkedIn? What's in It for Me and My Company?**
- Oct 22 **NACM Webinar: Leggo My Alter Ego! How to Legally Pierce the Corporate Veil and Get Paid**
- Nov 5 **NACM Teleconference: My Customer Just Filed Bankruptcy—Now What?**

## Monthly Credit Survey

You are invited to participate in the monthly Credit Managers' Index (CMI) survey of U.S. credit and collection professionals. Each time you take the survey, you receive 0.1 point toward your [NACM Career Roadmap](#). Contribute to the CMI and have your experience count.

The results from the survey are processed and presented each month in NACM's *eNews*, *Business Credit* magazine and at [www.nacm.org](http://www.nacm.org). Since its inception, the CMI has been a startlingly accurate economic predictor, proving its worth most notably during the recession.

The survey asks participants to rate whether factors in their monthly business cycle—such as sales, new credit applications, accounts placed for collections, dollar amount beyond terms—are higher than, lower than or same as the previous month. The results reflect the entire cycle of commercial business transactions, providing an accurate, predictive benchmarking tool.

All credit and collections professionals are invited to take the survey each month during the timeframes listed below. NACM membership is not required.

Read more about the CMI [here](#).

### 2014 Survey Dates

CMI Timeline	Survey Opens	Survey Closes
September	Mon, September 22	Fri, September 26
October	Mon, October 20	Fri, October 24
November	Mon, November 17	Fri, November 21

## CFDD MISSION STATEMENT

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

## CFDD VISION STATEMENT

To be a leading provider of professional development opportunities through learning, coaching, networking and individual enrichment.

# CFDD Logo Items



Searching for that perfect gift that combines practicality, value and pride? Look no further than CFDD's extensive selection of logo items! From mouse pads to umbrellas, CFDD logo items can satisfy even the most discerning recipient. They also make great gifts for speakers and special guests. Don't delay! Browse the [CFDD logo item web pages](#), part of the online NACM Bookstore, and purchase merchandise that reflects your investment in the CFDD professional credit community!

## CFDD logo items currently available:

Acrylic Desk Tray (\$10)

Aluminum Card Case (\$8)

Business Card Album (\$15)

Can Holder (\$2)

Cork Mouse Pad (\$10)

Flashlight (\$15)

Luggage Grip (\$2)

Mesh Bag (\$10)

Metal Pen and Pencil Set (\$15)

Robotic Book Light (\$5)

Super Mini Umbrella (\$15)

USB Drive (\$15)

Wired E-Gadget Portfolio -  
Black Leather (\$30)



**NEW!**

