THE CREDIT TIMES

CCC of New York

Serving the Credit Industry's Professionals

March 2017

A Publication of The Commercial Collection Corp. of NY, Inc.

To update or not to update?

By: Bryan Rafferty

Contracts and credit applications are indispensable instruments that many creditors rely upon when qualifying new customers and determining credit limits. However, many of these same companies do not have policies and procedures in place to make sure the information they receive at the outset of the business relationship remains current. Ensuring that the information on file is current, while the customer account is in good standing with your company, it can save headaches in the future, should the account become delinquent. In many of these situations, it appears that everything is business as usual and that nothing has changed. When in reality, the business has changed ownership and the creditor is not privy to the transition. Without your knowledge or authorization, a new entity is utilizing your services, or purchasing your product, under the old entity's account. Should this situation arise, the new entity will be responsible for the purchases they made, and the information that you have on file will not provide you with any insight into the entity using the account. This situation can prove even more detrimental when there is a personal guaranty involved, as the guaranty may no longer be enforceable should a transfer of ownership occur, since the previous owner did not receive the benefit of the services or goods that you are now outstanding. There are warning signs to look for, and in turn, proactive measures you can put into place to help avoid this type of situation. The following are just a few samples of the possible warning signs and proactive measures:

Warning Signs:

1) Purchasing habits have changed. This can include an increase or decrease in the amount of product being ordered.

2) There is a change in the frequency as to how many times a customer makes purchases or needs service.

3) You notice a change in personnel making the orders.

4) Receiving payment from entities other than the customer. Checks in another entity's name should be cause for investigation.

5) Payment trends from your customer start to change without explanation.

Proactive measures:

1) Run a current credit report on your customer and compare the new information to the original information in your file.

2) Have discussions with your sales team on key accounts. Utilize them as a tool to find out if anything "different" has been happening with the customer.

3) From time to time, if you have a personal guaranty on file, ensure that the guarantor is still part of your customer's organization.

4) Re-check credit references and contact information from the most current credit information to identify discrepancies.

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In this Issue

Management Team

Congratulations to Barb Bever from Overhead Door & Gayle Yeager from Cobra Equipment on winning an Amazon Kindle Fire in our drawing.

Make sure to enter this month's drawing by using your Special Placement form. For every claim you place you will be entered for a chance to win one of two 8" Amazon Kindle Fire HD.

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Recognizing that many credit professionals are responsible for more than just credit, adding additional work through more policies and procedures may be a daunting task, or even impossible, depending on the volume of your client base. Some creditors in this situation will utilize the 80/20 rule to minimize the number of customer accounts that are being monitored. The 80/20 rule states that 80% of a company's income is earned from approximately 20% of their customers. By implementing some form of policy and procedure on the largest 20% of your customer base, you are proactively reducing your potential exposure by up to 80%.

So what is attracting so many companies to Business Process Outsourcing (BPO)?

By Chad Haynie

In a nutshell, BPO allows businesses to better focus on the core components of their operations and increase output and bandwidth while saving the company resources. Here are 5 ways this happens:

1) **Reduced Payroll Costs:** Outsourcing allows organizations to increase staff at a net cost far less than what most companies can hire new employees at once you factor in overhead, compensation, taxes, training and more.

2) **Recruiting and Training:** Finding and hiring the right staff can be challenging enough. When you factor in training and development it's often much more efficient to utilize an established third-party with proven, trained employees already on hand.

3) **Laser Focus on Core Operations:** By stripping away the peripheral tasks and allowing employees to focus on their core responsibilities companies can improve efficiency and performance resulting in greater output, more bandwidth and better results.

4) **Open Channel for Communication:** Because BPO employees interact with client customers regularly they are in a unique position to share customer feedback which can be used to improve operations leading to better performance and customer retention.

5) **Technology and Overhead:** Software licenses, facilities, workstations, computers, etc. These are all associated costs of employees that can be reduced or eliminated by using a BPO provider. Additionally, BPO providers often have access to superior software or technology that clients can leverage without assuming the added expense to purchase these enhancements.

In today's business climate, an analysis of how BPO can free cash flow, human capital and other resources while improving efficiency and profitability is a smart strategy for most businesses. To arrange a free consultation with a BPO specialist from CCC of NY please contact, Chad Haynie at: chaynie@commercialcollection.com

Believe It or Not

The 2017 NACM Credit Congress is around the corner!

This year it will be held in Dallas, Texas at The Gaylord Texan from June11th-14th. Our booth number is 408. Be sure to stop by and visit with us. Email brafferty@commercialcollection.com if you plan on attending.

Join our Client Birthday Club!

Send an E-mail to Luz Colon at lcolon@commercialcollection.com to become a member and watch for your gift from CCC on your birthday!

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