eCredit news

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e contents

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What I've Learned by Attending Credit Group Meetings

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About 24 years ago, I was asked by my employer to attend a credit group meeting. I had not attended one before this, nor was I anxious to attend. Attending this group meeting meant that I would have to sit 4 1/2 hours on a plane and be away, not only from home, but from the office for 2 days. I thought that these meetings were for Credit Managers only and even though we were between credit managers (I had not yet been given the title), nevertheless, I agreed to go.

Now, as Credit Manager, I am so thankful that the company that I work for supports my department and my attendance at these industry credit meetings. I don't believe I've missed more than two since my first meeting 8 years ago. Not only are these meetings attended by Credit Managers, but by CFO's, Credit Analysts, Credit Supervisors, and other credit department staff.

The knowledge that I bring back to my job is worth every penny it costs my company to send me to a meeting. Membership in a trade group can prevent one from making mistakes that are far more costly than the cost of

Continued on Page 2...

October Dates To Remember:
10th: Columbus Day
15th: Sweetest Day
17th: Boss's Day
31st: Halloween

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membership. The Industry Credit Group provides wonderful opportunity for a Credit Manager to meet with other Credit Managers, all of whom share a common customer base. There is absolutely no substitute for the accurate, honest, and up to date payment information shared during a roundtable discussion at an Industry Credit Group Meeting.

During an Industry Credit Group Meeting, Credit Managers within a specific industry meet and have the ability to monitor credit worthiness of their common, existing customers. Information is gathered on the latest industry trends, basic issues that are met as a Credit Manager on a day-to-day basis and the newest technological advances. A trained administrator from NACS Credit Services, Inc. is always present to monitor the interchange and to make sure we do not inadvertently cross boundaries, which minimizes the group member's chances of violating antitrust regulations. Members avoid discussion of any future activities--- we stick to historical facts, which are those that can be proved by either our own computer records or court records. We also cannot discuss payment terms or make libelous remarks.

I remember one instance in that I saved $11,000.00 on an order that I would have shipped, but I found out at a meeting that the customer was in terrible financial distress and owed everyone lots of money that they were unable to collect. I called my office immediately and put a hold on the shipment. We were able to sell the equipment elsewhere, and the company to which it was to be shipped originally ended up closing their doors within a couple of weeks without paying anyone. Had I not attended that particular credit meeting roundtable discussion, we would have shipped, and my company would have been out $11,000.00!

Additionally, at each of these quarterly meetings, an educational program or two, is presented. Attendees are provided with presentations given by very knowledgeable speakers on different credit topics and aspects that will assist us in performing our jobs more efficiently and effectively. I have learned everything from how to better handle international issues, to how to work with the financially distressed customer to turn a NO into a Yes and make a sale happen. I've even learned how to "speak" and "dress" more professionally and to be more assertive.

All members attending an industry credit group meeting appreciate the chance to network and being presented with such a valuable exchange of information. Credit Managers are able to become familiar with one another, and get to know each other and familiarize ourselves with common issues. I know that once I left, I can feel comfortable calling any member of the credit group for a credit reference, or an answer to a credit question --- along with also having a face to put to the voice with whom I'm speaking. I also know that I will be receiving like calls from other members of the group.

I really don't understand how companies even function without sending their Credit Managers to trade group meetings. Often the information obtained isn't even public knowledge. If something goes wrong with a customer, I don't want to be the last in line to hear.

Why Someday Every Business Will Have a Digital Lockbox

By: Mitchell Rose, Senior Vice President & General Manager, Corporate Segment, Billtrust
As originally published in the Credit Research Foundation's publication, Perspective by CRF (Q2 2022)

How AR and AP professionals prefer to make and receive payments is shifting alongside the colossal growth of the B2B payments market. When the market was worth a fraction of what it is now, check was by far the preferred payment method. Now that roughly $120T in B2B payments are processed annually, demand for quick, easy and efficient digital payments experiences are becoming a necessity to ensure efficient financial operations. A natural evolution of this has been the introduction of digital lockboxes, an electronic address businesses use to receive payments via ACH, credit card or wire transfer.

I believe, someday soon, every business will have one because, just as physical lockboxes automate check processing, digital lockboxes automate electronic payments where remittances are typically received by email or via a portal. Given the volume of payments changing hands in the B2B space today – as well as the challenges threatening to slow down the movement of cash – it is imperative that AR and AP professionals are able to quickly and easily send and receive payments.

With that in mind, here's why digital lockboxes will soon become commonplace across the B2B landscape.

The Need to Address Mail Delays

Before B2B's massive digital transformation took place – and indeed before COVID-19 and its ensuing economic turmoil upended businesses, organizations sent and received payments primarily via mail. They had relented to the reality that one check cost roughly 50 cents (often even more) to mail, and once they sent it, there was a three-to-five-day lag before it reached its destination.

It was perhaps only when the USPS struggles started to make headlines during the early stages of the pandemic that finance professionals realized the urgency in shifting away from inefficient processes which were contributing to slower settlements. With AR teams already under pressure to maintain their organizations' financial health, they found themselves in a challenging situation where the receipt of paper checks threatened to reverse their receivables as mail delays significantly increased float cost.

Meanwhile, AP and AR professionals who attempted to switch to automated clearing house (ACH) also realized it created more manual work with the person sending the payment needing to call up their receivables counterpart to ask for bank account and routing data. While this is not much of an issue when you are only dealing with a few payments per month, it is a massive problem for organizations sending and receiving thousands of payments. Like mailing checks, it just adds to organizations' outstanding balances and threatens their financial security.

For these reasons, digital lockboxes are emerging as a popular solution to B2B's mail float and cash flow problems.

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The Rise of Accounts Payable Portals

It is ironic that digital payments can create manual work for AR teams. But as buyers shift to AP platforms such as Ariba, Coupa, Taulia, etc., the AR department must learn how to deliver invoices to these systems, collect payments in new formats and manage the disputes that are communicated from them.

Simply put, an AR team’s ability to accept digital payments requires modern processes. In fact, recent research shows that 40% of AR teams do not have the self-service capabilities their customers want, and over 50% lack real-time integrations with their ERP systems or automated integration with their customers’ AP portals. All of this slows productivity and cash flow and creates a poor customer experience. To truly succeed digitally while maximizing cash flow requires a commitment to automation. This is just another reason why digital lockboxes are so valuable. They ensure that buyers' payments preferences are honored and that AR teams’ expectations for speed and ease are met.

Finding Easier Ways to Pay and Get Paid

The rise of digital lockboxes is in direct response to the challenges outlined above, but it is also yet another example of how the consumerization of B2B payments has pushed payments professionals to seek the same ease they enjoy in their personal lives in their business lives.

Similar to how Venmo enables consumers to send money instantly to peers, digital lockboxes offer B2B organizations a faster, cheaper and more secure method of processing payments and invoices. They do this by capturing the payment instruction when an invoice is approved to pay and moves the money to the supplier based on its payment preferences. It obtains the remittance, posts it, and presents it in a format compatible with the company’s AR process. For the B2B space, this is truly game changing, holding the potential to rid the industry of the frustrating inefficiencies that have interfered with organizations’ access to capital for decades.

What digital lockboxes growth showcases is how the challenges of the past two years have inspired AR teams to accelerate the adoption of new platforms that make their lives easier. As a result, the time has come for all digital payments to be streamlined, with suppliers getting paid faster, with fewer exceptions and less labor. Digital lockboxes are key to this transformation, unlocking a more modern, cost-effective and simplified way of doing business.

About the Author

Mitchell Rose is Senior Vice President and General Manager, Corporate Segment at Billtrust. He has worked with hundreds of businesses to help them automate their order-to-cash process. Before Billtrust, he held senior-level marketing positions with Coca-Cola, Mattel and Warner Lambert. Mitch holds an MBA from Columbia University in Marketing and a BS in Applied Economics from Cornell University.

OCTOBER WEBINARS

Credit Professionals Alliance has been working hard to provide our clients with the most up-to-date webinars concerning today's challenges in the credit field. Watch your email for upcoming registration information on all of the following webinars.

October 6th: **Minimizing A/R Dilution as you Prepare for Economic Uncertainty**

October 11th: **Effective Collections, The Art of Getting Paid**

October 18th: **Gain Insight into your A/R—Learn to Create your OWN Dashboards**

Be sure to check out our website www.nacskc.com/education.html for additional educational opportunities as these are constantly being updated.

Are you looking for Certification and Certificate opportunities? Credit Professionals Alliance can lead you in the right direction, contact Rhonda Ross for additional information at rross@nacskc.com or (913) 383-9300.

Educational Update:
Credit Research Foundation Webinars

OCTOBER 2022

CRF offers a variety of educational programs: Proctored Courses, On-Demand Courses as well as webinars.

November 7-9, 2022 CRF November Forum—Phoenix, AZ

It is very simple to participate: Go to http://www.crfonline.org and click on the Education.

Now offering a Certificate Program!

For additional information go to http://www.crfonline.org/events/current.asp

The following webinars are being offered by NCS Credit
to register for these go to: www.ncscredit.com/education-center/webinars

October 4, 2022
Webinar: The Basics of the UCC Process

October 18, 2022
Webinar: The Basics of the Lien and Bond Claim Process

October 25, 2022
Webinar: Securing Mechanic's Lien Rights in Notice of Commencement States