

***For Immediate Release***

**Going With the Flow**  
***NACM Gives Credit Managers The Tools They Need***  
***To Keep Their Company's Lifeblood Flowing***

*April 28, 2005: Columbia, Maryland*—As every credit manager knows, cash flow is the lifeblood of any business. In order to keep this lifeblood flowing, and thus protect a company's financial well-being, it is imperative that customer payments are received on time. But, as every credit manager also knows, this is not always the case and it is sometimes difficult to get invoices paid. Because receivables are so important to a company's financial health, credit managers must be diligent in getting invoices paid in a timely manner.

"Accounts receivable is usually the single largest asset on the balance sheet of many small businesses. It is the largest source of cash resulting from credit sales. Cash is a company's lifeblood," said Curt Johnson, CCE, Credit Manager at S. Abraham and Sons, Inc. "It is through this source of working capital that a business is able to meet its own obligations, thus taking advantage of cash discounts for early and prompt payment to vendors, and invest in new machinery, equipment, expansion of facilities and other investment opportunities."

**Easier Said Than Done**

Any credit manager will tell you that, at times, getting customers to pay their invoices on time is no easy task. There are many internal and external issues that may preclude a company from paying its bills. On an internal level, a company may not have adequate staff, tools, or technology to efficiently handle its accounts payable obligations. Likewise, external factors that can make paying invoices difficult include the state of the economy or governmental regulatory changes. It is the responsibility of a credit manager to find out which factors are preventing a customer from paying its bills.

"The credit manager must recognize or determine what is affecting the customer and react accordingly. If the customer is not meeting its obligations in a timely manner, the reason is either (1) it cannot, or (2) it does not want to pay on time," said Johnson.

This investigatory work is the first step in getting the problem of late payments solved. Once a credit manager determines why a customer is not paying its invoices, it is time to develop a strategy to get the payments back on track and into the company's lifeblood where they belong.

Gary Goldberg of Russell Sigler, Inc. said he suggests a credit manager work in partnership with a customer from the very beginning of the relationship, instead of behaving like a collections agent who only calls when troubles arise. "One of the most successful procedures for new customers is to contact them shortly after the first shipment as a courtesy call from the credit department," he said. "Make sure everything was received in order, and then follow up if the payment for that order goes 16 days past due. It is a way of educating the customer to the manner in which your credit department works."

Handling late payments does not only have a negative effect on a company's bottom line, it may also take its toll on the credit manager as well.

"From a personal perspective, late payments can sometimes grow on the psyche of the credit manager. It can simply wear on the credit manager," said Curt Johnson. "If the accounts receivable portfolio is eroding and delinquency is running rampant, the credit manager must react positively and take appropriate steps to reverse the trend. Sluggish cash flow resulting from slow-paying customers and late payments will diminish the working capital of the company."

### **NACM Can Help A Credit Manager Save The Company's Lifeblood**

Credit managers shouldn't have to feel drained when handling late payments. NACM's services can give a credit manager the piece of mind and the knowledge necessary to tackle delinquent accounts. The organization can help a credit manager with every step of the collections process through staffing, credit reporting and collections assistance.

One of the staples of NACM membership is access to professional development through continuing education and networking. When they desire formal training, members can take advantage of seminars, regional meetings and the National Credit Congress, as well as other training opportunities to receive professional designations such as Credit Business Associate (CBA), Credit Business Fellow (CBF), or Certified Credit Executive (CCE).

"NACM classes assist the novice as well as the experienced credit person in becoming educated on the tricks of the trade in collections. The manner in which you set up your accounts receivable system is directly related to the efficiency of your department," said Gary Goldberg.

When it is networking a credit manager wants, NACM also provides members with invaluable access to colleagues, and opportunities to share information in committees and industry groups. Members depend on these services for their professional development.

"I have been a strong proponent of networking with other NACM members and credit professionals. Serving on NACM Affiliate Boards and committees has benefits—professionally and educationally," said Curt Johnson. "My recommendation to any credit professional is to contact the nearest NACM Affiliate or check its website and meet with a representative to review all their available services."

NACM is more than just a band-aid. Taking advantage of the association's services can mean the difference between a healthy flow of payments and the potential for a financial bloodletting. Don't wait until your company needs a tourniquet to stop the bleeding—see how NACM can help you tackle late payments now!

###

The National Association of Credit Management (NACM), headquartered in Columbia, Maryland, supports more than 25,000 business credit and financial professionals worldwide with premier industry services, tools and information. NACM and its network of Affiliated Associations are the leading resource for credit and financial management information and education, delivering products and services which improve the management of business credit and accounts receivable. NACM's collective voice has influenced legislative results concerning commercial business and trade credit to our nation's policy makers for more than 100 years, and continues to play an active part in legislative issues pertaining to business credit and corporate bankruptcy.

Media Contact: Norma Heim  
Phone: 410-740-5560  
E-mail: [normah@nacm.org](mailto:normah@nacm.org)  
[www.nacm.org](http://www.nacm.org)