

## **Credit Reports: The Snapshot to An Accurate Credit Picture**

*The National Association of Credit Management Puts Credit Reporting Into Focus*

Unless you're independently wealthy, chances are at some point in your life you have been concerned about your credit rating. This angst becomes especially significant when you want to purchase a car or a home, and you realize that the number on your credit report can affect your interest rates—and it can even preclude you from making an important purchase.

Many people don't realize that credit ratings—and credit reports—play an equally significant role in business. Companies rely on credit for their day-to-day operations; and those extending this credit need a reliable tool to help them decide if a business is creditworthy. The National Association of Credit Management (NACM) can provide this tool: a credit report.

### ***How NACM's Credit Reports Can Protect You***

NACM credit reports can make a credit manager's job easier by reducing the risk of extending a company's goods and services to a bad payer. According to Kathleen Quill, CAE, president of NACM South Texas, a credit report "provides a lot of information a credit manager needs to make an informed decision in one document."

Quill says that because companies will not volunteer negative information about their own credit history, the only way a credit manager can ascertain what negative financial baggage a customer is carrying around is by reviewing a credit report. "A credit report often tells a credit manager if an order can be released, or whether more information must be gathered before making the decision to allow company assets out the door."

And this is where the NACM can help.

At an affordable price, the NACM can furnish a credit manager with invaluable information, which has been supplied by credit professionals in the same industry, about a potential customer. Darryl Rowinski, CCE, president of NACM Wisconsin, believes that this process can best protect a potential creditor from losing money to a potential bad credit risk.

"Debtors will jump from one supplier to another without notice or when other suppliers have cut them off from open credit terms and values," says Rowinski. "The credit person who hasn't had a relationship with that debtor previously can find out from their peers what their relationship was with that debtor. There is always a reason why a customer jumps from a supplier—and it's not always price."

NACM's credit reports are thoroughly compiled by trained credit investigators who review public records and Secretary of State information to get a picture of a company's history. Additionally, NACM's professionals obtain corporate information and references from the subject of the credit inquiry. The association then digs deeper and gets additional information from those references to find out what other companies the subject has done business with, and what the financial relationship was like. Through this process, NACM can have access to dozens of different companies in a particular industry, which creates an in-depth analysis of a company's payment—or nonpayment—history.

### ***NACM's Hot-Off-the-Press Credit Reporting***

For the busy credit manager who does not have the time to "get it in writing," NACM offers an oral credit reporting roundtable. With this service, a credit manager can request an oral credit report from an NACM affiliate, and have the information on a potential customer within hours.

"We are the best in the industry at monitoring oral discussions," says Don Gerlach, president of NACM Louisiana. "We adhere to all federal laws and are always present to make sure all guidelines are strictly followed in the various industry hearings."

### ***Improving the Credit Selection Process***

Through dedication to impeccable service, NACM is working to improve the credit selection process to help reduce the risk of a company losing money to a high credit risk. NACM believes that one way to ensure this is by the open flow of information, which includes greater involvement from the business community. The more information businesses volunteer about their trade line experience, the more informative NACM's database of subjects becomes.

"If you want to avoid giving your products and services away for free, help stop customers who do it to others," advises NACM South Texas' Kathleen Quill. "Scam artists and customers who don't pay succeed because they hit one company and move on quickly to another, and another. Credit information from lots of sources is the best way to keep them from hurting **your** company, because ultimately we all pay for the customers who don't."

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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.

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