THREE RECESSION INDICATORS TO WATCH:

- any sign of a deteriorating employment situation
- consumer confidence and its impact on retail
- sales inflation

>> CONTINUED FROM PAGE 1 / DEFINING 2020

utilization, slowing demand for durable goods and consistent reports suggesting manufacturers have become very tenuous and cautious. It has been pointed out the yield curve has been inverted for an extended period of time and in the past, this has pointed to a recession in the next 12 to 24 months. The global economy has not been this slow in decades and estimates of its health continue to weaken every month.

There will be three crucial indicators to watch as far as an impending recession is concerned. The first would be any sign of a deteriorating employment situation. If there are mass layoffs and the jobless rate starts to climb there will be an immediate impact on the consumer's attitude – even if the overall rate stays traditionally low. A rate of 6.0% unemployment is still considered normal but if the jobless numbers go from 3.5% to 6.0% there will be real panic. The second thing to watch is consumer confidence and its impact on retail sales. The consumer can shift attitude very quickly if they feel spooked by something and if that translates into a sharp reduction in retail activity the economy will feel it. The third area will be inflation. Thus far the Federal Reserve has not had to worry about inflation at all and has been able to focus exclusively on stimulus. A sharp hike in commodity prices (such as oil or food) will make the Fed nervous and there is always the possibility that wages will start to rise. The Phillips curve holds that this should have happened by now but for a variety of reasons this reaction has been delayed.

+ Chris Kuehl, PhD, the Chief Economist for the National Association for Credit Management (NACM) and is on the Board of Advisors for the global division – Finance, Credit and International Business. He prepares NACM's monthly Credit Managers Index.

CALENDAR

NOV

11/4–11/7	**CERTIFICATION COURSE:** Financial Statement Analysis 2: Credit & Risk Assessment
11/4	**CERTIFICATION EXAM**
11/7	**WEBINAR:** How to Handle Difficult/Angry Customers
11/8	National Ag Retail Great Lakes Regional Meeting
11/11	NACM Heartland Steel Group Meeting
11/12	**WEBINAR:** INCOTERMS 2020: What Changes are being Made, Why You Should Care and What Every Exporter Must Know
11/21	NACM Heartland Construction Meeting *Des Moines*
11/22	NACM Heartland Lunch & Learn — Rountable Discussion | *Des Moines*
11/28	**HAPPY THANKSGIVING!**

DEC

12/12	NACM Heartland Board Meeting | *Des Moines*
12/25	**MERRY CHRISTMAS!**

JAN

1/1	**HAPPY 2020!**
1/6–4/17	**ONLINE COURSE:** Accounting
1/6–3/27	**ONLINE COURSE:** Business Law
1/6–3/27	**ONLINE COURSE:** Credit Law
1/22	NACM Heartland Construction Meeting *Omaha*
1/23	NACM Heartland Construction Meeting *Des Moines*

NEW MEMBERS

Star Blends
NuWay-K&H Cooperative

NACM National Association of Credit Management | HEARTLAND *Driving results*

HEARTLAND HEADLINER
NOVEMBER 2019

PUBLISHED BY
NACM National Association of Credit Management | HEARTLAND *Driving results*

Issues Likely to Define 2020

IT IS NEVER TOO SOON FOR AN ECONOMIST TO START LOOKING AT THE COMING YEAR AS IF THE CHANGING OF A CALENDAR HAS ANY REAL BEARING ON ECONOMIC PERFORMANCE.

The truth is most of the issues that will vex and concern next year are the same issues vexing and concerning us now. The challenge is determining which of these are likely to fade from view and which will continue to build in significance in the months ahead. The two concerns that seem destined to shape the majority of the economic conversations in the coming year include the ongoing trade and tariff war between the US and China and the potential for a recession in the US.

The trade and tariff war between the US and China has transcended its origins and has metamorphosed into a much more comprehensive confrontation that will determine how the US and China will manage to coexist in the future. What started as a relatively simple demand that China take steps to reduce the trade deficit the US runs by buying more from the US has become a battle of economic systems. Through the 1950s, 60s, 70s and 80s the US considered China an enemy but in the 90s that started to change and China became a trade partner as well as an economic rival. This shift has not worked out as well for the US as hoped and there is now a move to return to more of a Cold War relationship. The trade war will continue throughout the next year but there will be ups and downs as agreements and truces are experimented with.

The second major issue to play out next year will be the potential for a recession in the next 12 to 24 months. The current data shows a developing weakness in the manufacturing sector with contraction readings from the Purchasing Managers' Index, reductions in capacity

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Don't underestimate credit's role on the greater good

It almost seems an American precept – a meeting of strangers, in which a natural lull in conversation is immediately remedied with the inquiry, "so, what do you do?"

After fielding that question for decades now, I could almost go into autopilot. Yet, I was thrown off-guard at a recent charity event. After answering questions about my role and day-to-day responsibilities, one individual asked something I had never encountered before. There are certain conversationalists who can skillfully set a course past the pleasantries and surface interactions. She was one of those people.

"How does your credit job in corporate America positively impact humanity?" she asked directly. I took a deep breath, and I stumbled through my answer. This question, the entire situation caused reflection: How do we contribute to the greater good? It is a question that strikes to the core of who we are.

This is how I wish I would have answered:

Companies in my industry (Agricultural/Animal Health) help treat and prevent disease in our pets and livestock. We help strengthen the bond with our pets, and we support and reinforce the world food supply.

This is a noble cause and a worthy reason to get out of bed every morning, yet it is was something I had not thought about on a broader scale. People with the credit role within any organization are responsible for protecting the A/R asset and ensuring timely cash flow to support the business operation.

The credit role is an important activity responsible for maximizing sales and minimizing bad debt or slow payment risk. It is an extremely difficult job in balancing between making the sale and not over extending customers. Our decisions on credit limits and payment terms help determine the appropriate financial outcome.

The credit role is a business partner with the customer.

How do we contribute to the greater good? It is a question that strikes to the core of who we are.

Issues around money can many times create an emotional response. Customers that are struggling financially are physically and mentally drained from the experience. Credit managers are many times counselors/therapist and help customers through negative situations.

In addition, the credit management role is responsible for significant aspects of the business such as building a team, establishing an overall budget, financial forecasting and ensuring processes and procedures are followed based on the overall business strategy.

Finally, the credit manager is also responsible for promoting company culture and creating an environment of support for employees to foster strong team work. We encourage continuous learning that helps support staff and provides personal satisfaction to employees.

At the end of the day – and on those tough days especially – we can take a step back and look through a larger lens to see that all our efforts are worth it. There is even power in a single conversation, in a single question. We have the power to contribute to the greater good by helping our colleague sitting at the desk near us, or the customers over the phone.

We positively impact humanity much more than I originally thought. Now I will be ready for my next deep question at a charity event, and you will be too.

This article was written by Mark Bounds, Credit & Collections Associate Director for Boehringer Ingelheim, Animal Health. Mark is a long-time member of NACM Heartland.

PLAN NOW FOR THE 2020 Credit Congress

JUNE 14–17, 2020 | LAS VEGAS

We're excited about next year's Credit Congress for a lot of reasons. But, right at the top of our list is our very own NACM Heartland board member Ty Knox, director of credit and risk for EFCO, will be presiding over the event as chair of the NACM National board of directors. This is the first time a member of our affiliate has held this leadership position, and we'd love to have as many of our members there as possible.

PLANNING EARLY IS THE BEST WAY TO SAVE MONEY.

Until December 6, you can save $190 on a full delegate registration. An early bird discount extends to team registrations of five or more who register on the same day as well. Check out creditcongress.nacm.org to register.

SCHOLARSHIP APPLICATION DEADLINE

Nov 30
2019

Once again, the NACM Heartland will provide scholarships for two full-delegate registrations. Contact Maggie Bessenbacher at maggie@nacmheartland.com for details and an application. Deadline for completed applications is Nov. 30.

FOR MORE INFORMATION + TO REGISTER
www.creditcongress.nacm.org

Best Practices Roundtable

FRIDAY NOV 22
11:30 am – 1:30 pm

Exchange ideas and share solutions about a wide variety of topics facing today's credit department.

Des Moines Golf and Country Club
1600 Jordan Creek Parkway
West Des Moines, Iowa

$40 members | $50 non-members
CEUs available upon request

RSVP By **Friday, November 15** at **nacmheartland.com** or to Maggie@nacmheartland.com.