



>> CREDIT GROUPS

To remind credit group participants about how each member is expected to behave, the following statement is read at the beginning of every meeting:

*All information emanating from this credit exchange, written, verbal or otherwise, is considered strictly confidential. Under no circumstances shall any information obtained during or outside this meeting be used or divulged to the accounts reviewed or used to the detriment of any member of NACM Heartland Unit, Inc. No agreements, expressed or implied, shall take place in regards to action a member may take as a result of information obtained from this meeting. Each member shall make its own individual decision as to future credit to be extended to any account. Only factual past transactions may be discussed. Future plans, policies, pricing, or terms, are prohibited from discussions.*

**CONFIDENTIALITY.** Periodically, members are required to agree to the terms and conditions of using the data gathered by their credit groups. It reinforces the actions that keeps their group on the right side of the anti-trust laws, as well as promotes confidentiality. Confidentiality is key for the group to trust their information is safe and secure, and it is clearly defined in the annual contract. It states:

✚ The database is for the sole purpose of making decisions regarding the extension of commercial credit, with only credit personnel or their superior with direct credit responsibility of the member having access to (ICE). **Sales and marketing personnel as well as any other personnel other than credit personnel are strictly prohibited access to the database.** This means credit managers cannot give their sales team access to the database or even a report from the database. For example, you cannot provide a report to the sales team that shows shared customers. Nor can you share a report that shows how much a company – even if they are your customer – owes others.

✚ Information derived from the database is for the exclusive internal use of the members and not to be shared with third parties. If you can't share with your sales or leadership team, you probably guessed you can't share the information with anyone else.

✚ The names of the members of the group are confidential and not to be shared with anyone outside the group. While from time to time we may ask you to contact a potential new member where you may discuss who else is in the group, there is never a purpose to distribute a list of the group members – with or without contact information.

If you ever have a question, ask. NACM Heartland group administrators are trained to help you navigate the anti-trust and confidentiality provisions. And, remember, there are consequences to violating the terms of the group.

CALENDAR

APR

- 4/10 NACM Heartland Board Meeting, Johnston, IA
- 4/18 **WEBINAR:** LC Series-Roles and Responsibilities of Banks in the Payment Process
- 4/24–25 NACM Heartland Construction Meeting, Omaha/DSM
- 4/24 **WEBINAR:** Trends in Credit Card Acceptance – UTA/WorldPay Michael Williams
- 4/25 **WEBINAR:** Rolling Out a Credit Card Surcharge Program
- 4/25 **LEADERSHIP WEBINAR SERIES:** Building Credibility
- 4/29–7/26 **ONLINE COURSE:** Business Law
- 4/29–7/26 **ONLINE COURSE:** Credit Law
- 4/30 **WEBINAR:** Doing Business in Turkey

MAY

- 5/6–8/23 **ONLINE COURSE:** Accounting
- 5/13–8/16 **ONLINE COURSE:** International Credit & Risk Management
- 5/19–5/22 123rd Annual Credit Congress & Expo, Denver, CO
- 5/19 Certification Exam CBA, CBF & CCE, Denver, CO
- 5/23 NACM Heartland Construction Meeting, DSM
- 5/23 **WEBINAR:** Measuring Key Performance Indicators In Credit
- 5/31 Applications due for the CBA,CBF & CCE exam on July 22
- 6/6 **WEBINAR:** Strategies for Dealing with Term Push Back
- 6/12 NACM Heartland Board Meeting, Johnston, IA
- 6/13 **LEADERSHIP WEBINAR SERIES:**

- Conducting Effective Meetings
- 6/17–6/27 The Graduate School of Credit and Financial Management (GSCFM)
- 6/27 NACM Heartland Construction Meeting, DSM

JUL

- 7/22 Certification Exam Date: CBA, CBF & CCE
- 7/24–25 NACM Heartland Construction Meeting, Omaha/DSM
- 7/25 **WEBINAR:** Multi-Generations in the Workplace – Overcoming Conflict and Confusion with Multi Generation in the Workplace

NEW MEMBERS

Gannon Roofing  
Superior Ag Resources Cooperative  
Tri-Rotor Crop Services, LLC  
West Gaines Seed



HEARTLAND  
HEAD  
LINER

APRIL 2019



# Credit Groups:

## Committed to maintaining confidentiality and managing anti-trust compliance



“I DON’T THINK THESE GROUPS ARE LEGAL.”

This is a statement we often hear when we are recruiting new members. Often, it isn’t the credit manager saying this, but an attorney or other c-level executive who doesn’t understand how credit exchange groups can legally operate. The second statement comes from the sales team and it is a variation of “I don’t want to share our customer list with my competitors.”

What do these statements have in common? The people making them are fearful that the data exchanged will create a disadvantage to someone and they are working to make sure it isn’t them. However, if you are part of a credit exchange group, you know that most important rules governing the group’s activities are those that maintain confidentiality and adhere to

antitrust laws. These strict but clear rules allow credit managers access to a tool that assists in management of the extension of credit. So, what are the rules?

**ANTI-TRUST LAWS.** Anti-trust laws exist to promote fair and competitive business for consumers. If a group of credit managers were to gather and decide how they were all going to treat an identified and shared client, then this would be a violation of the anti-trust laws. However, if this group of credit managers met and exchanged factual information about the company, this is fine. In fact, this is what the credit exchange groups do. They exchange data about the past payment trends of shared customers – without judgment or comment. It is important to note that it is past information that is shared. Any discussion of future plans would be a violation of anti-trust laws.





# Ask the board:

Privately NACM Heartland members have noted that they have experienced “unexpected” bankruptcies increase throughout the last year. In addition, the mainstream media is beginning to speculate about an uptick in bankruptcies as the ag sector experiences a number of challenges. This brings up a question. How do you deal with a customer that has experienced bankruptcy? How do you communicate with the sales team about how the impacted customer will be dealt with in the future? Any tips, best practices, experiences to share?

**Norman W. Honas** | Credit Manager, Helena Agri-Enterprises, LLC

**How do you deal with a customer that has experienced bankruptcy?**

If this is a new bankruptcy, we immediately involve our attorney. The account is placed on credit hold, if it has not been already been placed on credit hold.

**How do you communicate with the sales team about how the impacted customer will be dealt with in the future?**

We are up front with our sales team. The customer will not be sold to until all bankruptcy issues have been dealt with and resolved. Worst case, we may no longer do business with the customer going forward.

**Any tips, best practices, experiences to share?** Generally slow paying customers are the ones that will file bankruptcy. When a slow paying customer pays in full, we immediately do a complete review of the customer’s credit limit, which may include obtaining updated financial information. Based upon all factors, we may leave the credit limit as is, reduce the credit limit, obtain collateral or convert the account to COD only.

**Jennifer Leachman** | President & CFO, Leachman Lumber

Customers that have a bankruptcy (especially where we have a loss) are no longer our customers. My experience is if they have a bankruptcy (or a write-off on a balance) it is likely to happen again. To that end, new customers with prior bankruptcies are handled on a case-by-case basis. One comes to mind that I opened with a prior bankruptcy. That account is always extremely past due. I usually have to call to get payment.

**Mark Bluml** | Director of Credit & Financial Planning, Landus Cooperative

My company recently completed FYE as of Sept. 30, 2018. Leading up to that we reviewed problem loan customers via a report that was sent out to the staff, indicating that we would be having a conference call. They were given five minutes per customer to bring credit and management up to speed on each. Items to discuss were: plan of action, loan loss reserve, and triggers for movement in either direction. Also, we did a lot of re-rating customers for their probability of default.

# Using Credit Write-ups

In mid-February Joey Jordan, assistant credit manager for Helena Agri-Enterprises, was featured in our Lunch and Learn, “The Components of a Credit Write-up.” Joey provided a great overview of the subject, which we summarized below.

**What is a credit write-up?** In general, any business or industry that has a credit department can use credit write-ups. It is primarily used by credit department personnel to understand the big picture summary, as well as the strengths and weaknesses of a credit applicant and credit request. Credit write-ups are used for all customer types. Typically, the less detailed write-ups are for smaller dollar credit requests and low-risk credit applicants, and the more detailed write-ups are for higher dollar credit requests and riskier credit applicants.

**What is the most important thing a credit write up should include?** The credit recommendation is the most important component of a credit write-up. It summarizes your credit decision. Think of the recommendation as the final paragraph of an essay or report – it outlines the most important pieces of the write-up and justifies your decision for the credit request.

**Any advice you would pass along?** Know your customer and know who you are selling or lending to. The more you know or can find out about your customer, the more of an informed credit decision you can make. Credit professionals can’t get every decision right, but we can give ourselves a better chance by receiving or finding quality information on the applicant.

Another piece of advice would be to “trust but verify.” If we receive information on a credit applicant, we should trust the information will be correct, but it is our duty to verify this information and ensure it is true and accurate.

## NEW WEBINARS!

**Trends in Credit Card Acceptance**

April 24 | 2–3 p.m. CST

**SPEAKER:** Michael Williams, UTA/WorldPay

Credit card acceptance continues to be a hot topic among credit professionals. With more and more companies opting to pay by credit card, the cost of credit card acceptance continuously chips away at your company’s bottom line. Join Michael Williams from UTA as he addresses some of the most frequently asked questions regarding credit card acceptance, interchange, and surcharging from a practical standpoint.

**COST:** NACM Heartland members: \$29.95  
Non-members: \$79

**Rolling Out a Credit Card Surcharge Program: Hot Topics & Best Practices**

April 25 | 2-3 p.m. CST

**SPEAKER:** Scott Blakeley LLP

Card payments continue as the fastest growing payment form in the B2B space. Card issuers continue to increase rewards to cardholders, and are marketing cards for companies to pay their supply chains. Visa and MasterCard have amended their rules to allow suppliers to surcharge the interchange fee. But with a nationwide surcharge rollout, there are some legal issues that companies need to address before they roll out a new policy. Join Scott Blakeley, Esq., who will identify some of the potential legal pitfalls with rolling out a surcharge program, and how to overcome them.

**COST:** NACM Heartland members: \$29.95  
Non-members: \$79

In partnership with an alliance of other credit professional organizations, NACM Heartland members have the opportunity to participate in periodic webinars covering a variety of topics. These webinars are competitively priced, but advanced registration is required. You may register for these webinars either on our website or by contacting Maggie Bessenbacher at 888.222.1447 or [maggie@nacmheartland.com](mailto:maggie@nacmheartland.com). You'll receive confirmation the day of your registration, as well as an email with the login information on the day of the webinar.



## NACM Heartland Credit Congress Reception

**SUNDAY, MAY 19 | 6–8 PM**

**GAYLORD ROCKIES RESORT AND CONVENTION CENTER**

Join your fellow NACM Heartland members, board members and vendors to celebrate the beginning of Credit Congress.

**RSVP**

TO [MAGGIE@NACMHEARTLAND.COM](mailto:MAGGIE@NACMHEARTLAND.COM) BY FRIDAY, MAY 10



**Measuring Key Performance Indicators in Credit – Including DSO & DDSO**

May 23 | 2-3 p.m. CST

**SPEAKER:** TBD

Measuring Key Performance Indicators in Credit – (Including DSO & DDSO) & Communicating the Performance of Your Credit Department Upward

**COST:** NACM Heartland members: \$29.95  
Non-members: \$79

**Strategies for Dealing with Term Push Back: When Customers Dictate their Terms**

June 6 | 2-3 p.m. CST

**SPEAKER:** Scott Blakeley LLP

Credit teams are witnessing more customers who are disregarding supplier-set terms and unilaterally extending these terms with a so-called terms push back strategy (TPS). While TPS allows the customer to preserve working capital, improve cash flow and grow inventory, the supplier’s DSO and profit margin suffers. A key metric for the customer’s finance team is now days payable outstanding. In this webinar, Scott Blakeley, Esq., will discuss TPS and Trade Credit; added reasons for TPS; key TPS Metrics; and, supplier strategy for dealing with TPS.

**COST:** NACM Heartland members: \$29.95  
Non-members: \$79

## CONGRATULATIONS



**Congratulations to our members who passed the Business Credit Principles class!** They are on the road to their Credit Business Associate (CBA) accreditation.

**Spencer Bakereink**  
Helena Agri-Enterprises, LLC

**Dee Dee Castro**  
EFCO Corp.

**Jim Corder**  
DuPont Pioneer

**Melissa Hellberg**  
New Century FS,  
a division of GROWMARK

**Jeremy Jaacks**  
Corteva Agriscience

**Kaitlin Killingier**  
Helena Agri-Enterprises, LLC

**Luke Kramer**  
Helena Agri-Enterprises, LLC

**April Linn**  
Helena Agri-Enterprises, LLC

**Brent Pidgeon**  
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**Heidi Yanqui**  
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**Kelli Young**  
EFCO Corp

**Brenda Stine-Reiher**  
Instructor