Credit Professionals International

2005-2006
Education Manual

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YOU MAKE A DIFFERENCE

Thank you for your membership in Credit Professionals International. In our mission statement, two of the objectives are to provide quality educational materials to keep our members well informed and to provide members opportunities for personal growth and development. We have the opportunity to accomplish that with our educational manual.

Thanks to Joyce Jones for providing us with an excellent educational manual for 2005-2006. She has provided an array of topics this year, so we can all further our education from the use of this manual. I encourage you to utilize this manual as topics for your educational programs for your meetings. It is a great way to introduce prospective members to our organization. Thanks for her hard work and dedication in preparing this educational tool.

Our thanks to the authors for their knowledge and valuable time spent in preparation of their articles. Thanks to Charlotte Rancilio of the Corporate Office for her assistance in layout and editing and to Nona Ellzey for her help in proofreading the manual.

Our theme this year is "You Make A Difference". You can all make the difference in how CPI is perceived, how it is marketed to prospective members and promoted at the local and district levels. I am focusing this year on "you" the member. You are all very important to the success of CPI.

Linda Bridgeford, CCCE/MPCE
International President, 2005-2006

THE 2005-2006 EDUCATION MANUAL

I am really pleased to present this manual to you, the members of Credit Professionals International. I would be remiss if I didn't mention the respect and admiration I have for those who prepared and edited the manual in previous years. It is quite a job, but I believe the result will please all of you. A huge "Thank You" to the authors, who contributed their expertise, and also to those members who "beat the bushes" for someone who could cover topics the Education Committee recommended for this year.

We have submissions that contain a lot of information that is important to everyone involved in the credit industry. A wide range of topics include Check 21, The Patriot Act, Branding, Job Stress, Change, and other articles that cover not only credit topics, but also personal growth and information about our association. Some of the articles were written by our own members, some were the result of members contacting authors outside of CPI and two articles contain information that has previously been in other publications. There should be something there for everyone, and I feel confident that local association education chairmen will have a lot to choose from when setting up their education programs for the 2005-2006 CPI year.

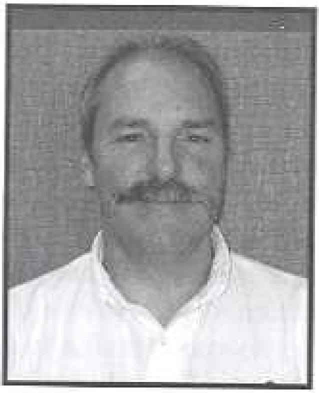
I want to especially thank Charlotte Rancilio in our Corporate Office for her help in putting this manual together.

Remember "YOU MAKE A DIFFERENCE".

Joyce Jones, CCCE/MPCE
First Vice President

U.S.A. PATRIOT ACT

Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism



By David Clubb, ACE

Congress passed the U.S.A. PATRIOT ACT (the ACT) in response to the terrorists' attack of September 11, 2001. The Act gives federal officials greater authority to track and intercept communications, both for law enforcement and foreign intelligence gathering purposes. It vests the Secretary of the Treasury with regulatory powers to combat corruption of US financial institutions for foreign money laundering. It creates new crimes, penalties and procedures for use against domestic and international terrorists.

The U.S.A. Patriot Act, was written and passed in the Senate by a vote of 98 to 1 and in the House of Representatives by a vote of 356 to 66, with virtually no debate. It was signed by President George W. Bush on October 26, 2001, just 45 days after the September 11 attacks. The law also includes the Critical Infrastructure Protection Act of 2001, Crimes Against Charitable Americans Act of 2001, International Money Laundering Act, and the First Responders Assistance Act.

The Act, a 342-page law, amends over 15 statutes and is split into ten titles and sub-sections. The language of the Act itself is technical in nature and translation to common word is difficult without interjection of personal political views and commentary. A great deal of the Act involves enhancements for law enforcement entities and government agencies, both foreign and domestic, in their efforts to combat terrorism. However, several areas of the Act have significant impact on financial institutions and the communications industry.

This article will focus on the provisions that may affect business and financial institutions. The title information is a shortened version of the Act and does not depict the full provisions or limitations of the Act. For ease of reference, the article is listed by provision title.

Title I: Enhancing Domestic Security against Terrorism, establishes in the Treasury the Counterterrorism Fund

Title I expresses the sense of Congress that the civil rights and liberties of all Americans, including Arab-Americans, must be protected; that every effort must be taken to preserve their safety; that any acts of violence or discrimination against any Americans be condemned; and that the Nation is called upon to recognize the patriotism of fellow citizens from all ethnic, racial, and religious backgrounds.

The Act authorizes appropriations for the Federal Bureau of Investigation's (FBI) Technical Support Center and provides assistance in support of the Department of Justice (DOJ) relating to the enforcement of the Federal criminal code regarding the use of weapons of mass destruction. It also provides assistance in support of the U.S. Secret Service to develop a national network of electronic crime task forces to prevent, detect, and investigate various forms of electronic crimes, including potential terrorist attacks against critical infrastructure and financial payment systems.

Under the International Emergency Powers Act, the Act provides presidential authority, when the United States is engaged in armed hostilities or has been attacked by a foreign country or foreign nationals, to confiscate any property subject to U.S. jurisdiction of a foreign person, organization, or country that he determines has planned, authorized, aided, or engaged in hostilities.

Title II: Enhanced Surveillance Procedures

Title II amends the Federal criminal code to authorize the interception of wire, oral, and electronic communications for the production of evidence of specified chemical weapons or terrorism offenses, as well as computer fraud and abuse. It also increases the duration of surveillance permitted for non-U.S. persons who are agents of a foreign power.

It allows the sharing of grand jury information that involves foreign intelligence or counterintelligence with Federal law enforcement, intelligence, protective, immigration, national defense, or national security officials.

It grants roving surveillance, permits the seizure of voice-mail messages and authorizes an investigative or law enforcement officer or an attorney for the Government, who has obtained knowledge of the contents of any wire, oral, or electronic communication or evidence, to disclose the contents to the extent that the information includes foreign intelligence or counterintelligence.

It permits electronic communication and remote computing service providers to make disclosures to a governmental entity of customer electronic communications and makes it lawful to intercept the wire or electronic communication of a computer trespasser. It also provides protection against action in any court against a provider of a wire or electronic communication service, landlord, custodian, or any other person that furnishes any information, facilities, or technical assistance in accordance with a court order or request for assistance.

There has been strong criticism of the act on the grounds that parts of it violate the U.S. Constitution and endanger civil liberties. Critics state the act was passed in a climate of fear and was reactionary to the event of 9-11. Five states, (Hawaii, Alaska, Maine, Montana and Vermont) and 375 cities have passed resolutions condemning the U.S.A Patriot Act. The American Civil Liberties Union (ALCU) contends that it violates the Fourth Amendment regarding the search and detention provisions under Title II.

Title III: International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001

Title III amends the Fair Credit Reporting Act to require a consumer reporting agency to furnish all information in a consumer's file to a government agency upon certification that the records are relevant to intelligence or counterintelligence activities related to international terrorism.

This provision of the Act means that the privacy policies established under the Gramm-Leach-Bliley Act would be trumped when companies disclose information they claim was merely relevant to a violation of law or regulation.

When these personal financial information anti-privacy proposals are combined with other information-sharing provisions contained in the U.S.A. PATRIOT Act, highly personal and potentially damaging information will be transmitted to many federal agencies and could lead to adverse consequences far beyond the stated goal of the anti-terrorism bill.

Compliance regulations in Title III of the Act mandate due diligence mechanisms to detect and report money laundering through private banking accounts. It is more commonly known as the "Bank Secrecy Act" (BSA). An institution must have a formal process of customer identification to ensure it takes appropriate steps to verify the true identity of the customers when opening an account. This includes:

- Verify the identity of each customer seeking to open an account until his or her true identity is satisfactorily established.
- Maintain records as required by the CIP. A financial institution must keep the customer's basic identifying information for five years after the date the account is closed.
- Check each customer against a government list of known or suspected terrorist or terrorist organizations. The Office of Foreign Assets Control (OFAC) maintains a list of Specially Designated Nationals (SDN) and Blocked Entities. This list represents individuals and entities that are owned, controlled by, or acting in behalf of the governments of the targeted countries or are associated with international drug trade or terrorism. Financial institutions, securities firms, and insurance companies that are prohibited from dealing with SDNs, are obligated to block or "freeze" property and payment of any funds transfers or transactions, and are obligated to report all blockings to OFAC.
- Provide adequate notice to customers that the institution is required to request additional information to verify their identity.

Currency Transaction Report (CTR)
Filing a CTR (Currency Transaction Report) and an SAR (Suspicious Activity Report) must also be incorporated into the institution's anti-money laundering program.

An institution must file a Currency Transaction Report (CTR) for each deposit, withdrawal, exchange of cash or other payment or transfer which involves a cash transaction (or multiple transactions) of more than $10,000 in one business day. Amounts are figured separately for cash-in and cash-out transactions. An institution must maintain records of cash transactions between $3,000 and $10,000 when it sells or issues a bank check or draft, treasurer's or cashier's check, money order, or traveler's checks. This record is referred to as the "$3,000 Rule Log."

Suspicious Activity Report (SAR)

A Suspicious Activity Report (SAR) must be filed with the Treasury Department on any known or suspected federal violation of law. Suspicious activity requires reporting if it involves at least $5,000 aggregate and the institution knows or suspects that (for example):

- The funds are derived from illegal activities.
- The funds are part of a plan to violate or evade any federal law or regulation.
- The transaction is designed to evade other reporting requirements.
- The transaction is not the sort in which the particular customer would normally be expected to engage, and the institution knows of no reasonable explanation for the transaction.

Failure to comply with the Bank Secrecy Act can have serious consequences for both the institution and the institution's employees. These include fines, legal judgments, employee termination, loss of business and negative publicity.

The Act authorizes the Treasury Department to impose penalties against institutions that fail to file large currency transactions or file a form that is inaccurate or incomplete. Penalties include civil (negligence) and criminal (intent), the severity of which depends upon whether the violation was willful or negligent. The fines can be levied daily for a report that has not been filed or contains inaccurate or misstated information.

The Act increases the maximum civil penalties (currently $10,000) and criminal fines (currently $250,000) for money laundering to a maximum of $1 million and sets a minimum civil penalty and criminal fine of double the amount of the illegal transaction.

Title IV: Protecting the Border

Subtitle A: Protecting the Northern Border—Authorizes the Attorney General to waive certain Immigration and Naturalization Service (INS) personnel caps with respect to ensuring security needs on the Northern border. Title IV triples the number of Border Patrol, Customs Service, and INS personnel (and support facilities) at points of entry and along the Northern border, as well as Customs for related border monitoring technology and equipment. It directs the Attorney General and the Secretary of State to develop a technology standard to identify visa and admissions applicants, as well as one for an electronic system of law enforcement and intelligence sharing, including enhancing the Automated Fingerprint Identification System available to law enforcement, intelligence, and Federal border inspection personnel. This system will be used before issuance of a visa to, or permitting person's entry or exit from, the United States.

Subtitle B: Enhanced Immigration Provisions—Amends the Immigration and Nationality Act to broaden the scope of aliens ineligible for admission or deportable due to terrorist activities. Provides for mandatory detention, until removal from the United States, of an alien certified by the Attorney General as a suspected terrorist or threat to national security but allows for the release of such alien after seven days if removal proceedings have not commenced or the alien has not been charged with a criminal offense.

Subtitle C: Preservation of Immigration Benefits for Victims of Terrorism—Authorizes the Attorney General to provide permanent resident status, through the special immigrant program, to an alien (and spouse, child, or grandparent under specified circumstances) who was the beneficiary of either a petition filed on or before September 11, 2001, to grant the alien permanent residence as an employer-sponsored immigrant or of an application for labor certification, if the petition or application was rendered null because of:

- the disability of the beneficiary or loss of employment due to physical damage to, or destruction of, the business of the petitioner or applicant as a direct result of the terrorist attacks on September 11, 2001, or
- the death of the petitioner or applicant as a direct result of such attacks.

It also allows for an alien who was legally in a nonimmigrant status and was disabled as a direct result of the September attacks to remain in the United States until his or her normal status termination date.

In addition, it provides temporary administrative relief to an alien who, as of September, 10, 2001, was lawfully in the United States and was the spouse, parent, or child of an individual who died or was disabled as a direct result of the September attacks. And it prohibits benefits to terrorists or their family members.

Title V: Removing Obstacles to Investigating Terrorism

Title V amends the State Department Basic Authorities Act of 1956 by modifying the Department of State rewards program to authorize rewards for information leading to the dismantling of a terrorist organization, in whole or significant part, and the identification or location of an individual who holds a key leadership position in a terrorist organization. It raises the limit on rewards if the Secretary State determines that a larger sum is necessary to combat terrorism or defend the Nation against terrorist acts.

It amends the DNA Analysis Backlog Elimination Act of 2000 to qualify a Federal terrorism offense for collection of DNA for identification and to allow for consultation among Federal law enforcement officers regarding information acquired from an electronic surveillance or physical search in terrorism and related investigations or protective measures.

It also allows the FBI to request telephone toll and transactional records, financial records, and consumer reports in any investigation to protect against international terrorism or clandestine intelligence activities, but only if the investigation is not conducted solely on the basis of activities protected by the first amendment to the U.S. Constitution.

Title V also revises U.S. Secret Service jurisdiction with respect to fraud and related activity in connection with computers. It grants the FBI primary authority to investigate specified fraud and computer related activity for cases involving espionage, foreign counter-intelligence, information protected against unauthorized disclosure for reasons of national defense or foreign relations, or restricted data, except for offenses affecting Secret Service duties.

It also amends the General Education Provisions Act and the National Education Statistics Act of 1994 to provide for disclosure of educational records in a terrorism investigation or prosecution.

Title VI: Providing for Victims of Terrorism, Public Safety Officers, and Their Families

Title VI provides aid to families of public safety officers involved in the prevention, investigation, rescue, or recovery efforts related to a terrorist attack and increases public safety officers' benefit program payments. It also amends the Victims of Crime Act of 1984, regarding the allocation of funds for compensation and assistance for crime victims.

Title VII: Increased Information Sharing for Critical Infrastructure Protection

Amends the Omnibus Crime Control and Safe Streets Act of 1968 to extend Bureau of Justice Assistance regional information sharing system grants to systems that enhance the investigation and prosecution abilities of participating Federal, State, and local law enforcement agencies in addressing multi-jurisdictional terrorist conspiracies and activities.

Title VIII: Strengthening the Criminal Laws against Terrorism

Title VIII amends the Federal criminal code to revise the definition of "international terrorism" to include activities that appear to be intended to affect the conduct of government by mass destruction. And it defines "domestic terrorism" as activities that occur primarily within U.S. jurisdiction, involve criminal acts dangerous to human life, and appear to be intended to intimidate or coerce a civilian population, to influence government policy by intimidation or coercion, or to affect government conduct by mass destruction, assassination, or kidnapping.

It prohibits harboring any person knowing or having reasonable grounds to believe that such person has committed or is about to commit a terrorism offense. And it establishes Federal jurisdiction over crimes committed at U.S. facilities abroad. It:

- applies the prohibitions against providing material support for terrorism to offenses outside of the United States.
- subjects to civil forfeiture all assets, foreign or domestic, of terrorist organizations.
- expands: (1) the offenses over which the Attorney General shall have primary investigative jurisdiction under provisions governing acts of terrorism transcending national boundaries; and (2) the offenses included within the definition of the Federal crime of terrorism.
- provides that there shall be no statute of limitations for certain terrorism offenses if the commission of such an offense resulted in, or created a foreseeable risk of death or serious bodily injury to another person.
- provides for alternative maximum penalties for specified terrorism crimes.

- makes the penalties for attempts and conspiracies the same as those for terrorism offenses.
- revises penalties regarding fraud and related activity in connection with computers to include specified cyber-terrorism offenses.
- directs the Attorney General to establish regional computer forensic laboratories, to support existing laboratories, and to develop specified cyber-security capabilities.
- prescribes penalties for knowing possession in certain circumstances of biological agents, toxins, or delivery systems, especially by certain restricted persons.

Title IX: Improved Intelligence

Title IX amends the National Security Act of 1947 to require the Director of Central Intelligence (DCI) to establish requirements and priorities for foreign intelligence collected under the Foreign Intelligence Surveillance Act of 1978. It also provides assistance to the Attorney General (AG) to ensure that information derived from electronic surveillance or physical searches is disseminated for efficient and effective foreign intelligence purposes, and requires the inclusion of international terrorist activities within the scope of foreign intelligence under the Act.

It expresses the sense of Congress that officers and employees of the intelligence community should establish and maintain intelligence relationships to acquire information on terrorists and terrorist organizations.

It requires the AG, or the head of any other Federal department or agency with law enforcement responsibilities, to expeditiously disclose to the DCI any foreign intelligence acquired in the course of a criminal investigation.

It also requires the AG, DCI, and Secretary of the Treasury to jointly report to Congress on the feasibility and desirability of reconfiguring the Foreign Asset Tracking Center and the Office of Foreign Assets Control to provide for the analysis and dissemination of foreign intelligence relating to the financial capabilities and resources of international terrorist organizations.

It also requires the AG to provide a program of training to government officials regarding the identification and use of foreign intelligence.

Title X: Miscellaneous

Directs the Inspector General of the Department of Justice to designate one official to review allegations of abuse of civil rights, civil liberties, and racial and ethnic profiling by government employees and officials and expresses the sense of Congress condemning acts of violence or discrimination against any American, including Sikh-Americans. It calls upon local and Federal law enforcement authorities to prosecute, to the fullest extent of the law, all those who commit crimes.

Title X further amends the Federal criminal code with respect to venue in money laundering cases to allow a prosecution for such an offense to be brought in any district in which the financial or monetary transaction is conducted or in any district where a prosecution for the underlying specified unlawful activity could be brought. With the latter, the defendant must have participated in the transfer of the proceeds of the specified unlawful activity from that district to the district where the financial or monetary transaction is conducted. For example:

- A transfer of funds from one place to another, by wire or any other means constitutes a single, continuing transaction.
- Any person who conducts any portion of the transaction may be charged in any district in which the transaction takes place.
- It allows prosecution for an attempt or conspiracy offense to be brought in the district where venue would lie for the completed offense, or in any other district where an act in furtherance of the attempt or conspiracy took place.

The First Responders Assistance Act—Directs the Attorney General to make grants to State and local governments to improve the ability of State and local law enforcement, fire departments, and first responders to respond to and prevent acts of terrorism.

It amends the Immigration and Nationality Act to make inadmissible into the United States any alien engaged in money laundering. It also directs the Secretary of State to develop a money laundering watch list which identifies individuals worldwide who are known or suspected of money laundering, and is to make the watch list readily accessible to a consular or other Federal official for checking before the issuance of a visa or admission to the United States.

And it directs the Attorney General to conduct a feasibility study and report to Congress on the use of a biometric identifier scanning system, with access to the FBI integrated automated fingerprint identification system, at overseas consular posts and points of entry to the United States.

It also directs the FBI to study and report to Congress on the feasibility of providing to airlines access, via computer, to the names of passengers who are suspected of terrorist activity by Federal officials. It authorizes the use of Department of Defense funds to contract with local and state governments, during the period of Operation Enduring Freedom, for the performance of security functions at U.S. military installations.

It also amends the Federal transportation code to prohibit states from licensing any individual to operate a motor vehicle transporting hazardous material unless the Secretary of Transportation determines that such individual does not pose a security risk warranting denial of the license, and requires background checks of such license applicants by the Attorney General upon state request.

It directs the Office for State and Local Domestic Preparedness Support of the Office of Justice Programs to make grants to enhance state and local capability to prepare for and respond to terrorist acts.

Critical Infrastructures Protection Act of 2001—Declares it is U.S. policy that:

- any physical or virtual disruption of the operation of the critical infrastructures of the United States be rare, brief, geographically limited in effect, manageable, and minimally detrimental to the economy, human and government services, and U.S. national security;
- actions necessary to achieve this policy be carried out in a public-private partnership involving corporate and non-governmental organizations;
- there be in place a comprehensive and effective program to ensure the continuity of essential Federal Government functions under all circumstances.

It establishes the National Infrastructure Simulation and Analysis Center to serve as a source of national competence to address critical infrastructure protection and continuity through support for activities related to counterterrorism, threat assessment, and risk mitigation. It also defines critical infrastructure as systems and assets, whether physical or virtual, so vital to the United States that their incapacity or destruction would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.

Crimes against Charitable Americans—aka: Telemarketing and Consumer Fraud Abuse

This now provides a requirement that any person engaged in telemarketing for the solicitation of charitable contributions, donations, or gifts of money or any other thing of value, shall promptly and clearly disclose to the person receiving the call that the purpose of the call is to solicit charitable contributions, donations, or gifts, and make such other disclosures as the Commission considers appropriate, including the name and mailing address of the charitable organization on behalf of which the solicitation is made.

The U.S.A. Patriot Act does contain a sunset provision that terminates on December 31, 2005, with two exceptions. One covers foreign intelligence investigations that began before December 31, 2005, and the other covers particular or potential criminal cases that began before December 31, 2005.

The Department of Justice has also drafted legislation designed as a sequel to the U.S.A. Patriot Act, dubbed "Patriot Act II", to clarify or bolster specific areas of the act that warranted additional provisions and clarity. Again, critics state this would grant sweeping powers to the government, eliminating or weakening many of the checks and balances that remained on government surveillance, wiretapping, detention and criminal prosecution.

The full versions of the Act I and Act II can be downloaded, in their entirety, from numerous websites.

As with all legislative pieces of work, the Act is under continuous rework and amendment of its provisions. Whether you're working for a financial institution, communications company or government agency, Act I and Act II both contain issues that affect our industry and our personal lives now and for the future.

About the author:

David Clubb, ACE, has been serving in the credit industry for over 12 years. He is currently at Rainier Pacific Bank, Tacoma WA, as an Asset Recovery Specialist. His duties include handling Bankruptcies, Foreclosures, Repossessions and Sales of collateral, Small Claims actions, CCCS accounts, Bad Debt Assignments and Recoveries, as well as Vendor Relations and Vendor contract negotiation.

He formerly worked at the Boeing Employees Credit Union, Seattle WA, for 7 years, as a Collector and Supervisor in the Risk Management Department, and at St Martin's College, Olympia, WA, where he worked in the Collection Department of Student Loans and wrote collection procedures and processes.

David is a Past President of the Credit Association of America (CANA), which is in District 10, and currently serves on the board in an Advisory position. He is a Past President of the Credit Association of Pierce County, (PCCA) and board member of the Credit Association of Washington (CAW).

He also served in the community as an Advisory Board Member for the Financial Services Program for Clover Park College, in Pierce County, Washington, with emphasis on course curriculum and layout.

WHAT NEXT FOR THE PAYMENTS CARD INDUSTRY

by Jerry Straessle

In 1968, when the bank credit card industry was in its infancy, financial services Pundits were already predicting the eminent demise of cash and checks as payments devices in the so called "cashless, checkless society." In the Pundit view, this eminent event was only three to five years away. Well, here we are thirty-seven years later and their prediction may very well be about to come to fruition.

You might wonder why it has taken all these years to get to a point where the prediction is becoming more relevant. The answer lies in the evolution of the bank credit card and its growing spin-offs: debit cards and stored value cards. One must remember, in 1968, the prediction was based on credit cards replacing cash and checks. At that time, debit and stored value were still in "product development incubators" and would not be in consumer`s wallets for several more years.

The inherent problem with a wholesale replacement of cash and checks with credit cards is the sheer fact not as many consumers or businesses had a credit card, but most everyone had cash and many had checks as well. In addition, the infrastructure supporting credit cards was not as sophisticated as check handling systems and it cost more to process a credit card transaction than it did a check.

The infrastructure supporting credit cards has changed dramatically during the intervening years. The development and sophistication of the infrastructure parallels that of computer technology. The credit card industry is one of the chief beneficiaries from the amazing advances in computing capabilities. It was not unusual to find card issuers sending carbon copies of sales transactions with the monthly statement in 1968; whereas in 2005 it is not unusual for a consumer to not even receive a paper statement but rather access an electronic copy via the Internet. Credit card transaction authorizations were governed by "floor limits" in 1968 and the vast majority of transactions took place without the knowledge of the card issuer. Contrasting to current times, it is a rare occurrence when a transaction takes place without the card issuer not only reviewing the available credit for the cardholder, but also comparing the transaction to previous spending patterns prior to authorizing the merchant or service provider to make the sale, all within a matter of 10 seconds or less.

In 1968, credit card merchant acquiring institutions mailed the carbon copies of credit card transactions to the card issuing institution and submitted a draft through the check clearing system to collect funds. Not only did this process take days, even weeks and months to complete, but it was fraught with errors and data loss. Now the settlement process is completely electronic, usually takes place in two days or less and, is exceptionally accurate from the beginning of the process with the merchant or provider of services and ending with a billing to the cardholder.

Another factor that augments the fruition of the "cashless checkless society" is the magnificent job card issuers have done ensuring that everyone with a reasonable credit record has an abundance of opportunities to obtain a credit card. In 1968, the credit application process was purely voluntary and was almost always initiated by a consumer seeking credit. This began to change radically in the later part of the 1980s with the advent of pre-screened solicitations wherein card issuers invited credit worthy consumers to accept a credit card. This process has been successfully repeated over the ensuing years so that, in today's environment, the average consumer has five different credit cards. In the 2005 economy, credit card account growth has begun to level off because we are reaching saturation of the credit worthy population.

Debit cards were first introduced in the middle 1980s but did not gain much traction with financial institutions because the point of sale systems and authorization processes did not approve every transaction. The level of sophistication of the point of sale and authorization systems would allow some transactions to take place without an authorization to ensure there were funds on deposit to cover the transaction. In the early days of debit cards, most deposit accounts did not carry an overdraft line of credit and most deposit account customers were not screened for credit worthiness, thus the financial institutions were reluctant to promote debit cards

This all changed when zero floor limits, requiring all transactions to be authorized regardless of the amount, were mandated by the card associations. Financial institutions now had a process to ensure there would be sufficient funds on deposit to cover each debit card transaction. Most financial institutions now include debit card issuance as part of the deposit account opening process. Debit card usage has soared in the past five years and is now equal in volume to credit cards. A recent study by Visa, USA indicates the dollar amount of the transaction influences consumer's payment choices between cash, checks, debit and credit cards.

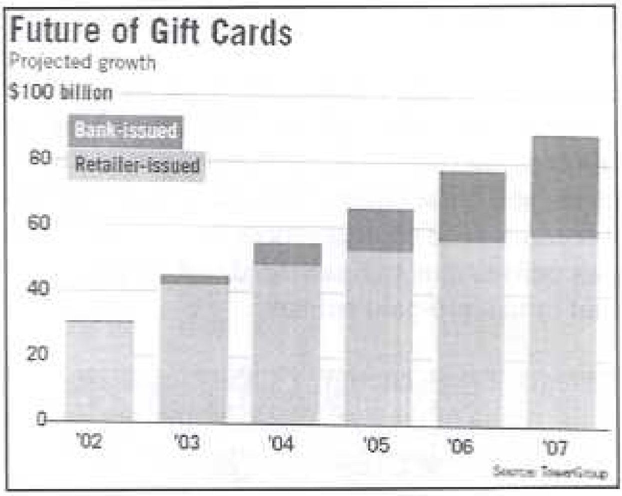
The popularity of debit cards and the efficient processes to manage them helped give birth to Stored Value Cards or Gift Cards. These cards operate much like debit cards in the respect they access funds in a deposit account or a prepaid account. They are issued by financial institutions, in which case they almost always carry either a Visa or MasterCard logo, and retail organizations which use them for gift certificates or for merchandise returns.

In 2003, retail gift cards alone accounted for 17.5 billion in sales and represented 8% of all holiday sales. In January of 2005, some major retailers reported higher sales than in previous years mainly attributable to holiday gift cards. It seems many consumers choose a gift card in lieu of that hard to find perfect gift.

Stored value cards serve a number of different markets such as a payroll card, medical benefit card, employee relocation card, and insurance claims card.

Payroll cards help financial institutions and employers serve the unbanked employee by providing access to their payroll through the card association point of sale networks or ATM networks. Employers find this a more efficient method of payroll as it eliminates printing, distribution, and reconciling paper checks.

Employee benefit providers find the stored value cards eliminate paperwork and provide an easy transaction medium for their consumers. Insurance companies often issue a stored value card rather than writing a claims check. This not only provides float savings for the insurance company but it also provides their consumers with a more convenient method of paying for the damages covered by the insurance claim. The following Graph illustrates the future growth potential of Gift Cards.



Another contributing factor to the eminent arrival of the "cashless checkless society" is the proliferation of alternative methods of payment. Examples of these alternative payment methods are electronic checks, online bill payment, electronic data interchange, and person-to-person payments such as Pay Pal. Each of these payment mechanisms replaces older payment methods.

Electronic checks are primarily used by Internet retailers and service providers and replace credit cards and paper checks. Online bill payment takes advantage of the Automated Clearing House network and replaces all the paper checks consumers used to write on the first and fifteenth of every month. Electronic Data Interchange is primarily a business-to-business payment method that replaces the paper invoices one business sends to another and also replaces the paper check that paid those invoices. Person-to-person payments such as Pay Pal replace both credit card and paper check transactions. This payment method has become the payment of choice for Internet auction websites.

As these new payment mechanisms become more popular, the venerable old plastic magnetic striped credit and debit card is being replaced with new products that perform the same functions such as: Radio Frequency Identification Devices (RFID), Biometrics, and Cell Phones.

RFID devices have been in the market place for a number of years and are best known as SpeedPass from ExxonMobil and Pike Pass from any number of toll road operators. Each of these devices offers the ability to authenticate a user when the device is scanned by a receiver. The devices link with consumer information that allows transactions to be charged to a credit card, a deposit account or to a pre-paid amount.

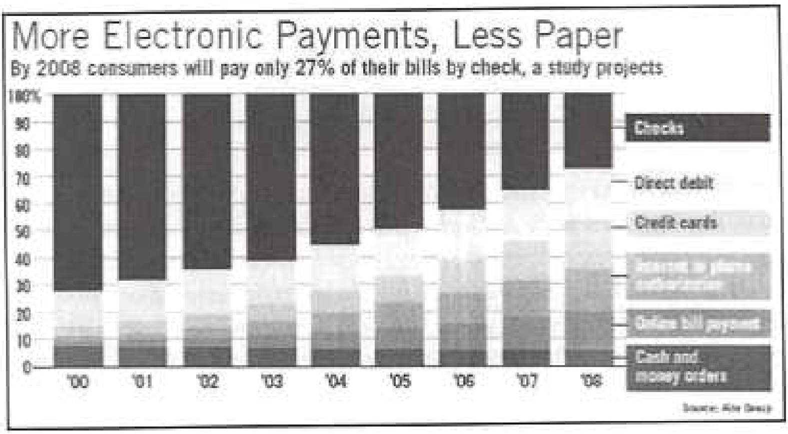
Biometrics systems feature consumer authentication by reading a fingerprint or the retina of the eye. While biometrics are not as popular as RFID devices, both devices have been very successful in opening new markets for credit and debit transactions especially in Quick Serve Restaurants and grocery stores. Pilot programs conducted by MasterCard and American Express produced a 23% increase in sales for the merchant and an average transaction time of 8.9 seconds.

The chips in some of the newer cell phones are capable of handling data as well as voice transmission. This feature will allow card issuers to embed credit and debit information within these chips so the cell phone can be used as a payment authentication device and be read by receivers in vending machines, quick service restaurants, and toll booths.

So, what is next for the Payments Card Industry? Expect to see a greater proliferation of electronic transactions with consumers gaining even more choices when deciding how to pay for goods and services.

The chip card will finally become a viable payment mechanism because of its ability to serve multiple purposes beyond authentication, in the payments process, such as loyalty information, prepaid amounts, medical records, co-brand lines of credit and insurance information.

There will be greater displacement of checks with online bill payment becoming more common place as more billers provide bill presentment to their customers via the Internet or various aggregators. Convenience and ease of use have always been important factors to the American consumer and there is no easier way to pay bills than through online bill payment. Internet retailers will continue to increase market share and will drive greater usage of electronic checks or credit and debit payments. Paper checks will continue to decline as shown in the following:



The cash and check components of the payments systems both shrink over time in this forecast. The "cashless checkless society"—are we there yet? Not quite, but in three to five years we may be!

About the author:

Jerry Straessle's history in the Payment Card industry is long, distinguished and spans more than 40 years. Before establishing JLS Associates in 1985, Mr. Straessle held management positions with J.C. Penney Company, Allied Stores Corporation, American Airlines, and Worthen Bank & Trust, a Little Rock, Arkansas, bank.

In 1985, he formed JLS Associates. From the firm's beginning, Mr. Straessle has remained active in Project Origination, Project Management, new business solicitation, and strategic planning with the firm's clients. He brings a mature and experienced vision of the credit industry to the firm's clients and participates personally in each project the firm undertakes.

JLS Associates is a management consulting firm, specializing in the Payment Card industry. The Firm is made up of a dynamic group of experienced professionals whose sole focus is to bring the success they've had in business to each of their clients. Their clientele represent a broad range of local, regional, national, and international institutions that include a cross-section of the credit granting industry, banks, retailers, oil companies, health care providers, and financial service companies.

Since its inception in 1985, the firm has provided personalized consulting services with seasoned professionals who have managed their own credit operations at some point in their careers. Together, they offer more than 125 years of hands on experience from both User and Service Provider dimensions. Their expertise spans all functional aspects of the credit and debit card industry. In addition, JLS Associates has experience with all major providers of third party processing services.

To download complete information about JLS Associates, please visit their Website at JLSAssociates.com.

To contact Jerry L. Straessle via e-mail, visit the above Website or write to him at JLStraessle@COMPUSERVE.COM

THE MEASURE OF A MENTOR

by Charlotte Maness, CCCE/MPCE

Maria Shriver wrote in her book, *TEN THINGS I Wish I'd Known—Before I Went Out into the Real World*:

"God puts mentors in your path. They may not look like you, sound like you, or be what you expect. But they always know more than you, and that's the whole point. Use them. If you don't find one at the beginning of your career, that's okay. Keep your eyes open. Mentors will cross your path later on. They transmit the lessons you need to learn."

Mentor? What is a mentor? The dictionary briefly says "an experienced and prudent advisor." We further learn that the word *mentoring* comes from the Greek word meaning enduring and is defined as a sustained relationship between a youth and an adult. In this case, the adult offers support, guidance and assistance, as the younger person faces new challenges in life.

In the last few years, the term mentor has become very popular in the business world as we have learned that experience is a great teacher. Perhaps we could define it as a buzz word or the theme of the moment. Actually, the practice of mentoring is NOT new. However, as our society often does, we realize that something works after the fact, and then label it with a new term.

Mentors are active in many circles, including educational, corporate, professional, religious communities, as well as neighborhood citizens and many others. It has become one of the best ways we know to share knowledge and experience throughout various arenas. Mentoring pairs talented and experienced people (mentors) with promising less-experienced people (mentorees). Over time, working one-on-one, both parties and the organization benefit.

Mentoring can be very well experienced in two types: natural and planned. Natural mentoring can occur through friendship, collegiality, teaching coaching and counseling. In contrast, planned mentoring is found through structured programs in which mentors and participants are selected and matched through more formal processes.

We have all heard that experience is the best teacher and that if we want to learn, we should learn from the masters in any field. Who was your mentor? I am sure that each of us can name one or two people who played this role in our lives. I encourage you to think about this and focus on someone who heavily influenced you, who "taught you what you know," and became a role model for you in your career, your personal life, parenting, athletics, music, or just life in general.

There are two people who quickly come to my mind when I think of my professional career and the lessons I learned from them. I can honestly say that these two people influenced my entire professional life more than any others and taught me so many lessons. I am indebted to them for paving the way with me for many opportunities in my career. In another love of my life, music, I can name one or two people who were role models and taught me more than just how to play the piano. I wanted to play like them, I wanted to emulate the style of one particular teacher and pianist, and I wanted them to be proud of my progress. Recently, and many years later, I had the opportunity to publicly thank one of these heroes of my life and tell her of that dream many years ago. Believe it or not, she heard me play and even said that she could hear herself playing. What a compliment for me and I think she was proud, too. When we feel that we have influenced others, we should feel proud. This is what mentoring is all about.

In our organization, there were a few members who got my attention in the beginning of my membership in Credit Professionals. I had such respect for their knowledge of the organization and their professionalism. Almost without realizing that I was doing this, I wanted to be just like them. Still to this day, I have the utmost respect for these ladies and many more since that time. As we become more experienced in any field, we must remember that we are being observed and looked to for knowledge and leadership.

Let's focus on the responsibility of mentoring and the benefits all parties receive:

As a mentor, one must feel very responsible for leading by example, by being accurate and precise, and by being believable and authentic. The mentor benefits by gaining insights from the mentoree's background and history that can be used in the mentor's own professional and personal development. The mentor also gains satisfaction in sharing expertise with others and becomes re-energized. Typically, the mentor learns more about other areas within an arena by mentoring. After all, do we not all learn from life experiences? So, all parties continue to learn and benefit from each other.

The mentoree gains from the experience and expertise of the mentor, receives critical feedback in key areas ad can develop a sharper focus on what is needed to grow professionally and personally. Networking is also a valuable benefit. There are so many things to know about cultures and unwritten rules of any organization and learning from a mentor can help the mentoree adapt much more quickly. When we are in any learning mode, we want a friendly ear with which to share frustrations as well as successes.

An organization of any kind can benefit from the mentoring process in so many ways. These can include enhanced strategic initiatives, retention, productivity, professional development, breakdown of the "silo" mentality, the creation of a multicultural membership and a mentoring culture which continuously promotes growth and development.

I think you get the message. All parties will be rewarded and successful through mentoring. It is a natural process for sharing of information and a wonderful opportunity to share in the lives of others

Share in the lives of others? Is that what mentoring is? Yes, it is as simple as that. I personally believe that we have a responsibility to share ourselves with others. I have just finished teaching a class on the very popular book, *The Purpose Driving Life*, by Rick Warren and this book has made a great impact on the world today. The author focuses on the simple truth that we are born for a purpose and all that comes with this responsibility for a lifetime.

When I sang in my college choir, we sang a great piece that I have never forgotten and I cannot help but bring it back to mind in this article. We sang an adaptation of John Donne's Meditation XVIII and the words still ring clear with me:

> *"No man is an island, no man stands alone*
> *Each man is my brother; each man is my own."*

John Donne was a poet and a clergyman and wrote his immortal Meditations in the 16th century which continue centuries later to remind us that we are not on this earth alone—"every man is a piece of the continent, a part of the main…any man's death diminishes me, because I am involved in mankind."

Many years ago, my husband, Horace, was presented with a framed print for his birthday. We were in graduate school at Emory University in Atlanta as he was preparing himself for what became a lifelong and very effective teaching ministry. This print hung in his office for many years. Our son, Jimmy, had it for a while, and now our daughter, Jeanina, has it in her home. It rang a bell with us as a family and until this day, remains a very special bit of prose, written by Edwin Markham. Perhaps, this literary gem, written many years ago, was a foreword for mentoring at its best. It says:

> *There is a destiny that makes up brothers;*
> *None goes his way alone;*
> *All that we send into the lives of others*
> *Comes back into our own."*

I challenge each of you to practice the art of giving of yourself. Joy and satisfaction will come back into your life as you share your knowledge and experiences with others.

About the author:

Charlotte Freeman Maness, CCCE/MPCE, has enjoyed a long and diverse career in banking, with experience in operations, lending, human resources, total quality process, and various levels of management, with her most recent role as Senior Manager in Human Resources at First Union National Bank (now Wachovia). She has done extensive work in training, both in her professional career and in various organizations. She has enjoyed serving at all levels, including International President of Credit Professionals International and serves as a motivational speaker for many types of organizations.

Charlotte is a musician, has served as organist for Central United Methodist Church in Albemarle, N.C., for 25 years, and teaches an Adult Sunday School Class, named after her late husband who taught the class for 20 years. She is Chairman of the Board for the Stanly County Community Concert Association and is serving as Executive Director of the OASIS program, Older Adults Services in Stanly County. She is Past President of Albemarle Lions International and owns her own businesses, which include travel and human resource consulting, in addition to her speaking career.

Charlotte enjoys life to the fullest, has two grown children, one marvelous grandchild and another on the way December 24. She believes that life gives back as much as we give to it.

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HEADING FOR:
"DESTINATION EXCELLENCE"

PROMOTING YOUR BUSINESS

by Michael Golden

Remember the Super Bowl last February? Admit it. You watched it. You may not even like football. And you didn't expect to see a "wardrobe malfunction," either. Instead, it was all about the commercials.

Business owners and executives throughout the country watch the winter sport spectacle every year, eagerly waiting for the broadcasting company to break for commercial. When it happens, several questions race through their minds. Which company is pushing this product? What story will the ad tell? Will any famous people be in it? Is the pizza here yet?

Regardless, one question surfaces more than all the others: will it be funny?

For someone who owns and/or runs a credit business—excluding the CitiCorps and Capital Ones of the world—creating an amusing ad should not be the primary goal when attempting to attract prospective clients. This is not to say that type of format won't work, because it will. It will work for numerous multi-million/ billion-dollar operations that are more concerned with image than making an immediate sale. But for the rest of us, in order to achieve a successful commercial, the style will almost always require a call-to-action.

For a call-to-action ad or commercial to be successful, five unique measurements must maintain a higher priority during the creation process. Cost, target, deal, placement, and tally. The manner in which you approach these five factors—also broken-down below—can make or break the effectiveness of the persuasiveness of the message you decide to send.

Budget is a bad word.

Cost is always a factor, nonetheless, obsessive or unreasonable budget restrictions often limit the successful "out-of-the-box" creative process before it begins. In plain English, if an ad agency discounts its services—by offering a "deal"—it may also discount the time, energy and interest it puts into developing, and fine-turning the ad copy, securing the best media placement and following through on the campaign with a "call-to-action" public relations and/or marketing program. By all means, stay away from the "b" word.

Think of the process as getting bids to remodel a house. Request several bids and proposals for comparison purposes. Since your company is not an ad agency, actual ad agencies should not assume that your business understands how the expenses break down. Let them show you how this works. It's not rocket science, but it's also not simple math. Besides comparisons, ask these agencies questions—plenty of them. Unless you're familiar with the industry—then, ask more questions.

To make certain your business is getting the best "bang for the buck" services from the potential vendor agency, be upfront about your expectations. It is essential for a credit firm to inform the agency when it considers its ideal image, style and/or verbiage in an ad. This does not mean that your firm has to write the ad, or that you have to agree with the agency's direction on an advertising campaign for your business. It merely gives the agency some valuable insight on the image that "you" see in your firm.

Furthermore, set a realistic limit for the fees (creation, placements, etc.), and make sure that it allows for a little flexibility. Remember Gardenburger? In the company's infancy, it spent most of its annual ad budget on one 30-second television spot during the Super Bowl. This strategy paid off in the short-term, but does anyone want to guess what its NASDAQ stock price trades at today.

Target the target…market.

For many, this step probably goes without saying, yet it is too important not to include in this five-step process. The answer is yes. An ad's composition must fit a certain structure that appeals to those whom you wish to gain as clients [i.e., hospitals, government agencies, dealerships, publishers, and more].

To determine this, ask yourself these questions: do they (your target market) make decisions based upon humorous anecdotes? Do they grow fearful of an increasing stream of unpaid revenues (a.k.a. receivables)? Are they hesitant to sign-up with another credit company (like yours) after experiencing a bad relationship with the last one about a month ago? In other words, find out what drives and motivates the target market in your community. Then, mold the message to fit those drivers/motivators, and then compose your ad accordingly.

I know. I know. Easier said than done. Don't worry. Reputable ad agencies know how to research the industries your company targets, and reputable ad agencies also know that extra legwork in researching and gathering this information may go a long way toward creating a successful ad.

Seal the deal.

An ad should make the reader or viewer pick up the phone or access the computer to secure additional information, schedule an appointment or receive an estimate for services. This is one reason that sealing the deal (a.k.a. immediate sale) is imperative to the make-up of your ad. A call to action could be as simple as listing your company's phone number, website URL and/or email address, prefaced by the words: CONTACT US TODAY FOR A SPECIAL OFFER.

Now, are you also willing to offer the prospect something extra—something more—by contacting you now? Great! Whether it is a free consultation, additional services in a package deal, or almost anything deemed valuable by your target, sealing-the-deal enhances the chances of an ad's success.

Place that puppy!

Despite the cute sub-title, ad placement is serious business. If doctors, for example, fit your target market, running a local ad on MTV through your neighborhood cable operator may not be the best remedy to pursue that segment of the professional population. In addition, placing a nationally run ad in Golf Magazine will cost plenty of money, much more than needed if you are only targeting local or regional physicians in your area. So, how about local radio stations? Or television companies? Newspapers? Magazines? The Internet?

For radio and television, timing and frequency are everything. Ask yourself what stations does your target audience tune into the most, and when? On television, what channels and shows do they watch most frequently? In the newspaper, do the people in your target market prefer the sports pages more so than the business section, or vice versa? What magazines do they read (as opposed to what they accumulate in their waiting rooms)? And are these publications styled in a general interest or trade publication format? Are there any websites with titles and/or links that they frequent, such as chambers of commerce sites or merchandise sites? These questions could go on forever; nevertheless, it is crucial to use your resources wisely in determining the answers—don't spend a ton of time (time is money) trying to solve the entire equation. And utilize your resources! Ad agencies can help identify the right venue for you to utilize in capturing your target audience. And sometimes, they can help you reach your prospective clients in a creative and cost-affordable format that you never imagined possible.

One final note in regards to placement fees: approach the transaction like you would in buying a new car—negotiate. These fees are rarely fixed. High quantities are also in favor.

It's out there. Now what?

Okay, this step, the final one of the five, is simple—and often forgotten. Track the responses to the ad after it is placed. It might be as easy as asking the caller (or emailer/web emailer) how s/he heard about your business, then doing a stick tally or possibly setting up another telephone line dedicated to currently-in-place ad(s). And if the technology is available and not too expensive, third-party tracking system software programs might be a worthy investment.

Taking that extra moment or two in fulfilling this step is not as much of a hassle as one might initially think, and it is a proven technique to determine an ad's effectiveness . For instance, if running one ad a week for seven straight days does not produce results (calls and/or inquiries from prospects), then it may be time to ditch the ad and come up with a different one. True, this may seem to go against the "consistency is key" theory, but that theory generally works well for image ads—not deal closers. Which do you prefer now?

In contrast, if an ad is consistently producing a solid profit ratio (say $3-4 in revenue for every $1 spent in ad development and placement), then stick with the ad. Don't fix something that isn't broken, right? In this wonderful situation, now is not the time to test your creative skills. Keep in mind that the ultimate goal of any "seal-the-deal" ad is to bring in more money from sales than what you paid to make and place it. Most of this is common sense, yet often forgotten when feelings of eager anticipation appear during the process.

In summation

David Bowie was right: "Changes are taking the pace I'm going through" (part of the lyrics to his early seventies hit song, "Changes"). The advertising landscape is constantly changing. Messages are becoming less universal and more individualized.

The vehicles now used to carry the message…well…are sometimes, actual vehicles, driven by your neighbors and business associates. In China, cellular telephone technology is advancing to a point that a consumer who walks within a five-block radius of a McDonalds may find an ad on his cell phone offering a discount on the purchase of a value meal, but only if the person acts quickly—and doesn't stray from a pre-determined radius in proximity to the McDonalds restaurant. These and other advances help the public become smarter consumers and more willing to embrace the changes taking shape.

My advice? Trust your instincts—and be willing to take calculated chances [base on your professional and personal business experiences, in conjunction with acumen and gut feelings]. Take time to research your target market; ask questions; find out what your potential clients like and don't like in your industry—and in your industry's advertising efforts. Then, hire the ad agency that will treat you more like a partner than a dollar sign, or write the ad yourself. And then, breathe. Relax. Pay attention.

Remember the Super Bowl? Celebrate what works, and acknowledge that which doesn't. Advertising is power stuff; it can make, break or reinvent a business. And more often than not, in the same breath, acknowledge that, but no ad is better than the product or service it represents.

About the author:

Michael Golden is a partner at Jacob's Well Public Relations & Advertising, a family-based, full-service firm that operates in California, Oregon, and most recently, Washington. During his tenure with the firm, he developed and implemented several successful campaigns that achieved local, regional, and even some national publicity in respect to his clients' target markets. In addition, he developed—with and without collaboration—the layout and copy for many effective ads and public service announcements requested by his clients, both businesses and non-profit organizations.

After fifteen years of holding numerous positions with increasing responsibilities in the consumer credit industry, Mr. Golden decided to return to his roots, where the power of pen—and perception—run in his family. Mr. Golden assisted the business briefly in the inaugural year of Jacob's Well, departing for the corporate credit field soon thereafter.

Mr. Golden's current affiliations include memberships with the Portland Business Alliance; the Hollywood (California) Chamber of Commerce; the Vancouver (Washington) Chamber of Commerce; the Clark County Chamber of Commerce; and the Valley Industry and Commerce Association (California). Recent past involvements consist of being a team leader for Dale Carnegie training programs; an Associate Credit Executive (A.C.E.) with the International Creditors Association; a company's United Way Committee Co-chair; a Portfolio Control Manager, a player/coach/coordinator for a company soccer team; and more.

Mr. Golden currently splits time between residents in Vancouver (WA) and Los Angeles.

ADVERTISING 101

by Linda Bridgeford, CCCE/MPCE

You may ask why should I advertise?

Consumers prefer to learn about your product or service through advertising. Advertising educates and develops prospects, builds preference, is an effective selling tool that helps you close the sale, and keeps you in the minds of consumers. So, now that you have decided to advertise, you ask yourself: Where should I advertise? We are going to explore the different types of advertising, their strengths and weaknesses.

*Radio
*Billboard
*Cable and television
*Yellow pages
*Direct mail
*Newspaper

Radio

Strengths:

- Very strong in reaching teenagers
- Time of day scheduling
- Low cost commercial production

Weaknesses:

- Small overall audience, average only 19% of market, as little as 8% in lightest day part
- 20% of listeners do 69% of listening
- As many as 18 commercial minutes per hour; listeners respond to commercials by switching stations
- Not a shopping medium, another reason listeners respond to commercials by switching stations
- Radio is only a background medium; people are always doing something else while the radio is on.
- Different formats require different copy, execution, and often different offers to be successful
- Cannot show merchandise or give effective buying information

Billboard

Strengths:

- Available 24 hours a day
- Dramatic, color impact
- Can be placed to target buyer near a purchase destination, strong reach and frequency possible

Weaknesses:

- Viewing is limited to 3 to 5 seconds
- Local ordinances limit location, leading to clutter
- Amount of billboard space in a given market is limited
- Selling is limited to only one point

- Long lead-time
- Blend into the background

Cable and Television

Strengths:

- Sight, sound, color and motion
- 98% of all homes have a TV
- Can be used locally and nationally
- Quality commercials can project a prestige image

Weaknesses:

- Too short for detailed message and lack permanence
- Less than 19% of homes are tuned into the leading network at prime time
- Cable fragments network audience
- 40% of adults do 68% of TV viewing
- Upscale consumers watch less TV
- Only 5% of viewers recall brands eight minutes after viewing ads
- "Zapping" or fast-forwarding past commercials in recorded programs, is on the rise
- Clutter and "zapping" reduce impact; viewers skip commercials
- Production is expensive and of inconsistent quality

Yellow Pages

Strengths:

- Wide circulation
- Available for use—usually on hand
- Easy to use
- Used when buyers are ready to buy

Weaknesses:

- Multiple phone books are very expensive, and divide a fixed market

- Increasing number of categories multiplies expense for the same amount of business
- Cannot use special offers or special pricing
- No copy changes or corrections for more than a year; cannot respond to market and business changes
- Ads do not create motivation
- Very competitive environment
- Many users flip the book from back to front, defeating advertisers who pay to be up front in a category

Direct Mail

Strengths:

- Targets a select audience
- Gets into the home
- Provides measurable results
- Saturation coverage possible
- Wide range of formats

Weaknesses:

- Limited timelines (once a week)
- Long production lead-time results in lost opportunities for reaction
- Objectionable to the audience; often thrown out by upscale buyers as "junk mail"
- Year after year, direct mail readership declining
- Apartment delivery difficult—delivered in bulk bundles
- Inflexible day of delivery
- Reaches vacant households
- Inaccurate lists
- Advertisers must pay in advance
- 6 to 9% of properly addressed mail is never delivered
- Delivery dates unreliable-from Tuesday though Saturday
- Often put aside to be read later, and then forgotten or simply discarded because it's no longer timely

Newspaper

Strengths:

- Short deadlines
- Immediate sales results
- Strongest in reaching upscale market
- Strongest mass medium in overall penetration of adult market
- Used most to learn what new products and services are available
- Used most to learn about price values and sales
- Has most credible advertising
- Carries most expensive array of local advertising
- Time-sensitive opportunities
- Highest community involvement
- Newspapers offer free, customized analysis of your market area
- Newspapers offer customized advertising plans and budgets
- Free creative services

Weaknesses:

- Cannot use moving pictures and voice
- Not strongest medium for reaching teenagers
- Print reproduction quality lower than magazines

The next question that you are going to ask is how much does it cost to advertise? It is not the cost, but the effectiveness that you need to look at.

Billboard viewing is limited to seconds, you don't even really see them; radio is usually background music; on cable and television, half the time we don't even see the commercials; yellow pages are a poor choice because many users flip back to front defeating advertising; and direct mail is junk mail.

The newspaper is the best choice. The facts reveal:

1. Higher income-earning adults are avid newspaper readers.
2. People with higher education are more likely to read the newspaper.
3. People in higher responsibility professional positions read newspapers more frequently.
4. Can target by section reader and specific geographic locations.
5. Portable and convenient.
6. Shorter deadlines-news advertising can be tailored for immediacy.

The majority of adults (54%) read a newspaper on an average weekday while 63% read on an average Sunday. Studies show 73% have read a daily newspaper in the past five days while 76% have read Sunday's newspaper in the past month. The newspaper is the most used advertising source for coupons. It is read by the majority of car owners. The newspaper and newspaper websites are the number one source for job seekers and home buyers.

Advertising is not a guaranteed response. You must remember you are purchasing advertising space. If you use that space wisely, people will see your ad, the readership studies prove this. You also have to remember your ads have to create awareness. You may also think, if everyone knows who we are, why advertise? Competition. You are not the "only game in town". You are competing with catalogs and Internet shopping. Studies have shown nearly 50% of all Americans move every five years. Through advertising, you increase the likelihood of replacing customers lost due to attrition. You need to keep your name out there or consumers are likely to go to someone who *is* advertising.

You can see newspaper advertising is your best bet for the success you want and need.

Resources:
Moline Dispatch Publishing Co. LLC
Newspaper Association of America

About the author:

Linda Bridgeford, CCCE/MPCE is President of Credit Professionals International. She has been a member of CPI since 1986. She has been District President twice of two different districts and District Credit Professional of the Year of two different districts. She is Past President of Creditor International of Great North Central District.

Linda received her certification of CCCE in 1990 and Master Professional Credit Executive in 2003.

Linda has been a member of Toastmasters International since 1995. She has received her CTM (Competent Toastmaster) and CL (Competent Leader). She was voted Area President of the Year for 1997-1998.

Linda is employed by the Moline Dispatch Publishing Co. LLC since 1977. Since 1986, she has been Credit Manager/Customer Service Supervisor.

Linda and husband, Steve, live in Rock Island, Illinois.

Change: It's Not What It Used To Be

by Peter Renton

It was the ancient Greek Philosopher, Heraclitus, who said, "nothing endures but change." That is certainly just as true today as it was in the time of Heraclitus, over 2,500 years ago. Change is all around us. In nature, in our personal lives, at work, everything is changing all the time. Sometimes the changes are subtle and we barely notice them, other times they hit us like a freight train. In business, it is not the strong that survive, but those most able to embrace change.

Inevitable Change

Many of us have never heard of William C. "Billy" Durant, but he was one of the true innovative thinkers in the early 20th century. He was head of the Durant-Dort Carriage Co., the largest producer of horse drawn carriages in the country in 1900. His company was producing around 150,000 carriages a year in 14 factories, mainly in Michigan. He, of course, was aware of these new horseless carriages that were just coming into existence. Even though most people considered them just a toy for the wealthy, and they were somewhat unreliable, Durant embraced them and, in 1904, he turned his company around and went into a joint venture with David Buick of the Buick Motor Co. From there he went on to form General Motors and the rest is history.

Now, I don't know how many business leaders today who, at the height of their success, would turn the company around and go in an entirely new direction. More than anything, that takes vision and courage and the ability to embrace change before it becomes necessary. From today's perspective, this change seemed inevitable but, at the time, there would have been no way to know that the automobile was going to be as wildly popular as it proved to be.

Ever since the Industrial Revolution in the 18th century, there have been quantum leap shifts that have caused inevitable changes in the business landscape. When consumer refrigerators first were manufactured the writing was on the wall for the ice manufacturers; word processors and computers have made typewriters all but obsolete; steam powered trains were replaced by electric trains. There are hundreds more examples, and each one led to a major shift in business in these particular industries. This in turn led to many companies going out of business—those that couldn't adapt to these inevitable changes.

Faster Change

It was Charles H. Duell, commissioner of the US Patent Office, who is famously quoted as saying, back in 1899, "Everything that can be invented has been invented." This was in response to the astounding number of patent application received that year, about 3,000, which was then a record. Last year, that number had ballooned to 355,000 applications received by the US Patent Office. I wonder what Charles Duell would think today.

Most people would agree that change is happening faster now that at any time in history. Things that seemed impossible just 10 years ago are commonplace today. We can watch videos on a cell phone; we can share photos instantly with people halfway across the world; we can search more information than is in the world's libraries in less than a second; we can listen to thousands of songs on tiny little players about the size of a matchbox. These are all big changes and each one has happened so much faster than anyone predicted.

A 1980 model Cray supercomputer was the fastest machine of its day. It cost $12 million, weighed 10,000 lbs., consumed 150 kw of electricity—and had only 8 MB of RAM and operated at a speed of 80 MHz. Today, you can buy a cell phone for $100 with more computer power than the world's most powerful computer of just 24 years ago. That is a fast change. Technology is changing all aspects of business, and changing it fast. You need to be thinking about how this change is going to impact your business because I can guarantee you this; the pace of change is not slowing down any time soon.

Often it is the established companies that have the hardest time changing fast. Schwinn Bicycles was founded in Chicago in 1895 and was the largest bike manufacturer in the world for most of the 20th century. When the mountain biking craze hit in the 1980s, Schwinn thought it was a fad and did not bother to react to this change in consumer preference. They filed for bankruptcy in 1993, and now they are owned by a Canadian furniture company. You see it is not only technology that is causing faster change—consumer preferences can change faster now that ever before. So it is important to have your pulse on the changing attitudes of your customers.

Unnecessary Change

Just because the world is changing fast doesn't mean you have to embrace all change. Just look at the dot-com boom of the late 1990s. Several hotshot entrepreneurs were convinced that the average person would prefer to shop for groceries or toys or pet food online than at the store. Some people did, but the vast majority of us did not change the way we shop. For people to change long established habits, there has to be a distinct advantage in doing so.

People saw the demise of newspapers, books and even television as we were all going to get our information and entertainment online. Now, I go to news web sites on a regular basis, but I still want to sit down and read my morning paper at the breakfast table. I also like to sit in a comfortable chair and lose myself in a good book. Just because I can do both these things on a computer doesn't mean I want to. It is an unnecessary change because it provides no advantages over the original.

One of the biggest marketing blunders of the 20^{th} century was the release of New Coke in 1985. The people at Coke saw the results of the "Pepsi Challenge" and "Pepsi Generation" campaigns from their arch rival and they decided they had to change. As we all know, the results were disastrous. In only three months, Coke was forced by consumers to reintroduce old Coke and admit its mistake. It was an unnecessary and unwanted change.

The example of New Coke gets to the heart of the debate on change. If you have a core product that people love, there is no reason to change it unless you absolutely have to. Even if you have to, why not just add a new and improved product line in tandem with your existing products. People like the familiar and they often grow an emotional attachment to a product or brand. As Coke found out, it is dangerous to change a product when your customers don't see any reason to change.

Dealing with Change

Let's face it, there are very few people who really like change. However, most of us are fine with some kinds of change, but we hold on to the familiar in many areas of our life. I don't think there is a sane person on the face of the earth who enjoys having their life turned upside down unexpectedly, but most of us are fine with the changing seasons and we adapt accordingly. There have been hundreds, if not thousands, of books written on this very topic. Here are three ideas I have gathered from my observations of how businesses and individuals best deal with change:

Openness to change

Have you ever watched a very young child learn a new skill? They have a natural openness and curiosity because everything is new, and they have not created the hard-wired habits of adults. In business, there are very few companies that have openness to change. In some ways, this is because we are all adults and we have lost the natural openness and curiosity of our childhood. When confronted with a change so many people will argue, "but we have always done it this way." If that is the best argument you can make, then the chances are it is time for a change.

Ask Why?

I am not talking about asking "Why change?" but, rather, I am talking about asking "Why am I resistant to this change?". Is it just because you like the old, habitual way, or is there a real fear of change? What are we really afraid of? We all know that change brings risk and risk can bring fear. We could fear losing our jobs or losing our company. However, when we really look at it, often the risk is greater not to change.

Community Support

When the change is real and dramatic, it is easier to manage when you seek outside support. I have a friend whose father has Alzheimer's disease. This is a huge change in everyone's life in the family, particularly for this friend's mother, who after more than 40 years of marriage, has a partner who cannot remember her name or recognize her face. This is why she seeks outside help and support from groups like the

Alzheimer's Association where she can share this big change in her life with others going through a similar change. Whatever change we are grappling with—business or personal—we can get support from a community of people who can help us cope.

Change is something all of us have to deal with our entire lives. In business, for a company to survive and thrive, it has to become comfortable with change. What this really means is that the people in the organization have to embrace, not resist, change. Failure to do so, as we have seen in the examples here, can be disastrous. Our famous Greek philosopher, Heraclitus, put it best 2,500 years ago, "It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change."

About the author:

Jack Renton (Peter Renton's father) began Renton's International Stationary in Australia in 1965. The whole Renton family helped out in the family business and Peter joined full time in 1989, just a year out of college. In 1991, after his older brother joined the family business in Australia, Peter moved to America, settled in Denver and started Renton's Incorporated here in the United States. Peter became a U.S. citizen in 2003, but he also retains his Australian citizenship. He and his wife, Marcy, live in the Denver area, and make frequent visits to "The Land Down Under".

Renton's has the largest selection of stickers in the United States. They have collection stickers, patriotic stickers, thank you stickers, holiday stickers, and they have a line of bilingual/multilingual stickers. They also produce mailing labels and custom labels for just about any occasion. Their website features all of their products as well as special features and copies of the newsletter "Renton's Quarterly". To learn more about Renton's, visit their website at www.rentons.com or email them at info@rentons.com.

YOU CAN MAKE A DIFFERENCE

by Carol D. Neal, CCBE/MPCE

"I am ready to give as well as to take." We say this line every time we repeat the Credit Professionals International creed, and I hope that we all take it to heart. The wonderful truth is that the more you give, the more you get back.

We experience this any time we volunteer, whether it be within CPI, within our communities, or even within our families. Our International theme this year is "You Make a Difference", and you do…every time you reach out to another human being, reach out to your community, or step up to serve in CPI.

At the International Conference in Ann Arbor in June, our closing speaker was 1988 Miss America Kaye Lani Rae Rafko-Wilson. An advocate for nursing and hospice, Kaye Lani shared her experiences as a volunteer and spokesperson for organizations such as MADD, the American Cancer Society, the Make a Wish Foundation, and others. She has dedicated her life to helping others, and in return, has had her own life enriched tenfold. She encouraged us to find our own ways to give generously of our hearts and service, and reminded us that Sir Winston Churchill said "We make a living by what we get, we make a life by what we give."

What do you give for CPI? One of the most rewarding ways to give in Credit Professionals International is to serve as an officer at the local, State, District, or International level. Having just served as International President, I can attest to the many benefits you receive as an officer. Yes, it is a commitment of your time, your effort, and often your finances. But in return you grow as an individual and become a better employee from the experience. You learn to delegate, to speak in public, to organize, to negotiate, and to motivate. Your life is enriched through travel, training, networking, and most of all, through friendship. And you get the opportunity to make a positive difference in your association and in the lives of its members.

Our local associations especially need good leadership in order to maintain and grow their membership, and this has been a concern in recent years. When a local, State, or District association fails, the most common reason we hear is that they were unable to find anyone willing to serve as President. Some people don't believe in themselves enough to step forward. I encourage everyone to step outside their comfort zone and serve as an officer in CPI. You can make a difference…in the continuation and success of your own organization, and in the lives of others. Don't worry that you don't know everything. You learn as you go. And one of the most important lessons is that you don't have to be perfect. Give your best effort and the rest will follow. One example *(and the one that scares so many prospective Presidents)* is learning to preside.

There is a happy medium to be found in running your meetings. You don't want a meeting that is so dry and formal that members become loathe to attend, but you can't have a meeting that is so lax that nothing gets accomplished and prospective members are turned away. Utilizing basic parliamentary procedure sprinkled with some common sense will keep your meetings productive and a pleasure to attend.

There are several resources available that put Robert's Rules in layman's terms. One of the best sources for guidance I've run across is *Participate with Ease: A Meeting Guide Based on Robert's Rules* by Betty S. Green CCP, PRP and Jane M. Klausman CPP, PRP. I've also heard that *Democratic Rules of Order* by Fred and Peg Francis is an excellent tool for simplifying procedure, and both have some great suggestions for keeping meetings on track. I recommend that all elected officers and Parliamentarians, and all aspiring officers, secure a copy of some type of formal publication to make your life easier. Until you do, however, here are some basic concepts that will get you on the road to success.

Don't let yourself be intimidated by parliamentary procedure. It is, after all, just a way to guarantee that common sense, courtesy and the democratic process prevail. The four basic principles are:

1. ensure justice and fairness for all,
2. conduct one item of business at a time,
3. protect the right of the minority to be heard, and
4. protect the right of the majority to prevail.

The presiding officer should be certain a quorum is present before starting a meeting. The quorum, normally defined in the bylaws, is the minimum number of members entitled to vote who must be present to legally transact business. When a quorum is not present, business requiring a membership vote should be postponed. Reports requiring no action may be presented and a program may be conducted without a quorum present.

The presiding officer should establish a pattern of starting on time. The Order of Business (or agenda) should be prepared in advance of the meeting by the President and distributed to the members. A basic agenda should include the Call to Order, Reading and Approval of Minutes, Reports of Officers, Boards and Standing Committees, Reports of Special Committees, Unfinished Business, New Business, Announcements and Adjournment. The presiding officer should know in advance if there is any unfinished business to be addressed. If a program is to be included in the meeting and you have an outside speaker and guests, consider having the program before general business so that guests may be excused after the speaker.

In general, when making introductions, *present* an individual known to the members; *introduce* an individual not known to the group. In the meeting, members address the presiding officer by the Chair's highest title—Mr. or Madam President or Mr. or Madam Chairman. In the meeting, the presiding officer should refer to the position as "the Chair".

The presiding officer is responsible for enforcing rules relating to debate and decorum. The Chair should listen carefully to the discussion. All remarks should be addressed to the Chair—"across the table" discussion should be discouraged. Discussion should be confined to the pending question or motion under consideration. Courtesy to all is a priority in parliamentary procedure.

You make a difference as a member, also. All members should know how to make a motion. These are the basic steps in a main motion:

1. The member asks for recognition by raising a hand or standing.
2. The Chair recognizes the member by giving them permission to speak.
3. After identifying self (position), the member states the motion prefaced by wording "*I move that...*". (*Never* say *"I make a motion that..."*!) A brief introductory statement may be made before the motion. If the motion is lengthy, a written copy should be given to the Chair and Secretary.
4. The motion is seconded by another member. The "second" means only that at least one other member

believes the business should come before the group. A second is not required when the Secretary presents and moves a recommendation from the Board of Directors, or when a committee chairman presents a recommendation as part of a committee report.

5. The Chair restates the motion. At this point the motion belongs to the group, and if the original member then wishes to withdraw or change the motion, it can be done only by requesting permission of the group.
6. The Chair calls for discussion. The maker of the motion can speak only in favor of the motion; however, the maker may vote against the motion. The Chair should not debate a motion, however, if information is requested the Chair may give the information or designate another officer or member to do so.
7. When discussion is completed, the Chair puts the motion to a vote (by voice, show of hands, etc.), calling for the affirmative vote first, then the negative. The negative vote must be taken even when the affirmative vote appears conclusive. The Chair cannot make motions, and in order to maintain an impartial position, the Chair should vote on motions only to make or break a tie or when a ballot is used.
8. The Chair announces the results of the vote (motion adopted or lost, or motion carried or lost), reports any action to be taken as a result of the vote and then introduces the next item of business.

Productive meetings require careful planning and a competent chairman, but they also require knowledgeable members willing to participate. Everyone should remember these "do's" and "don'ts" for members:

- Don't interrupt another speaker, unless the rules of order give you that right.

- Don't complain if your motion is defeated, cooperate with the majority.
- Don't be just a name on a roster, be a contributing member.
- Do be on time for meetings. The agenda won't wait on you.
- Do address the chair before you speak. Know how to make a motion.
- Do take an active part in the meetings. Exercise your right to make motions, debate and vote!

One last hint—don't be too concerned about making mistakes. That's how we learn and grow. If your business gets done in an orderly fashion, everyone had a chance to be heard, and the majority is satisfied, you've done your job well! And the feelings of accomplishment and confidence you will receive in return are priceless.

So, make that commitment today to step outside of your box and serve as an officer for CPI. You will be glad you did, and you will see that you can make a difference!

About the author:

A member of Credit Professionals International of Atlanta since 1981, Carol Neal is Immediate Past International President. She has also served as President of CPI of Atlanta, CPI of Georgia and CPI of District III & IV and the Inter-City Credit Council and as a Director and Secretary/Treasurer of the Credit Education Resources Foundation.

She is a past local, State and District Credit Professional of the Year and has also won Atlanta's Outstanding Member of the Year Award and the Inter-City Credit Council's Comer Cherry Award. She earned her 5'R Pin in 1986, her ACE in 1987, her CCBE in 1990 and her MPCE in 2000. She joined Career Club in 2001 and re-certified her MPCE in 2005.

Ms Neal was employed by Equifax for 24 years in a variety of management, training, and technical roles, and she is now a contract facilitator and trainer.

She has presented workshops on a variety of subjects at work and at International, District, State and local meetings, has created online help and documentation systems for her employer, was a Junior Achievement volunteer, and has written articles for several publications. One of the original authors for the "Take Charge of Your Life" audio program, she also created its Instructor's Guide and companion Power Point package.

"CHECK 21": WHAT IT MEANS TO THE CREDIT PROFESSIONAL

By Scott Blakeley, Esq.

The electronic credit department has arrived and is transforming the way credit professionals manage their accounts, including customers' payment methods. Yet even with the ever-increasing use of electronic forms of payment by customers, from ACH to electronic bill presentment to wire transfers and credit cards, payment by check is still the most popular method of payment in B2B transactions.

October 28, 2004, marked the beginning of an evolution in check processing. The Check Clearing for the 21st Century (Check 21 Act)—federal legislation affecting all states—changed the method by which checks are processed in the United States, and also changed the technology of check payment and acceptance. What does Check 21 mean to the credit professional and how may it change the way the customer pays for its purchases? Might Check 21 reduce the risk of NSF checks and bust outs? Could Check 21 improve the credit professional's DSO as check-processing time is shortened? Will payment by check become an even more common payment method in B2B transactions? These and other questions will be answered over time, but this paper will offer some hypothesis.

A. Background

In 2000, the Federal Reserve Board began to promote check truncation and electronic check presentment. Check 21 aims at the problem of the considerable time the original check takes to go through the banking system. It is expected Check 21 will eliminate a majority of the 40 billion checks traveling by truck, rail and air each year.

In Grafting Check 21, the Federal Reserve and the banking industry sought to decrease the banking system's dependence on the actual transport of paper checks, by processing the checks electronically. Fostered by the 9/11 terrorist attacks that brought transportation and check clearing to a halt leaving $47 billion worth of checks floating in financial limbo for days, a solution was sought to speed-up the check clearing process. Banks, as well as vendors accepting a customer's payment of goods and services by checks, view the long-established paper process as slow, costly and inefficient. Furthermore, in the event of severe weather conditions, or disasters, the transportation of checks may be significantly delayed. This convinced the Federal Reserve Board to urge the creation of Check 21. Check 21 moves banks away from paper and towards electronic and image exchange.

B. Key Concepts And Terms Of Check 21: From Paper Based Check Processing To Electronic Image Processing

1. Voluntary Compliance

Check 21 is comprehensive legislation regulating the check collection process, but it does not require banks to truncate or convert checks into an electronic image, nor does it require banks to accept truncated checks. Check 21 does require banks to accept substitute checks as the legal equivalent of the original. Check 21 encourages banks to voluntarily create bi-lateral agreements to accept checks converted into electronic images for collection and the clearing process.

2. Truncation

Check 21 permits the depository bank to truncate the original check. Truncating a check means to take the check out of physical circulation by using a computer scanner to convert the paper check into an electronic image. This electronic image, or IRD, becomes the legal equivalent of the original check, provided it meets the criteria set out in the legislation. Truncating the check permits banks to process it for payment much faster than if the check were paper. As a result of image technology, delays attributable to weather or air travel are gone. It is expected that banks will save millions a year in transportation and storage costs.

3. Substitute Checks or Image Replacement

Check 21 authorizes the creation of a new payment instrument, the substitute check or Image Replacement Document (IRD), which is central to the legislation. The substitute check is a printout or image of the truncated check that is the legal equivalent of the original check when it meets certain requirements. The substitute check must contain images of the front and back of the check, conform to industry standards including MICR and physical characteristics of a check, accurately represent all information on the original check, bear a legend, include the endorsement and be suitable for automated processing in the same manner as the original check.

A substitute check may be found in: periodic statements from a bank; when viewing check images while performing online banking; when a customer requests a copy of the paid check from the bank; or, as a deposited check that is returned unpaid.

Check 21 does not require banks to return to the customer the original check. Check 21 also does not impose any minimum time period for banks to keep the original check. This is consistent with Article 4 of the Uniform Commercial Code, which states that an original check may be destroyed at any time, as long as the bank has the capacity to provide a legible copy of the check for seven years. As required by Check 21, banks have been notifying customers who still receive canceled checks in their statements that they soon may begin seeing substitutes once the change takes effect.

Under Check 21, no drawer, bank or other party can insist on receiving the original or a copy of the original check. Rather, when the original check is requested, a bank may issue a substitute check. As Check 21 makes a substitute check the legal equivalent of the original check, other laws regulating checks, such as the Uniform Commercial Code, apply to substitute checks to the extent consistent with Check 21.

3.a. Substitute Check Warranties

When a paper check is truncated and a substitute check is provided, the bank makes warranties to the accuracy and legal standing of the substituted check. Check 21 provides certain rights to receive an expedited recredit to an account based on two grounds.

One ground for an expedited recredit is a breach of a Check 21 warranty; the other ground is that the check was not properly charged. The significance of a breach of a Check 21 warranty is that this may lead to a recovery for damages. Damages under Check 21 are limited to the amount of the substitute check. When a party breaches a

Check 21 warranty, the damaged party may also seek consequential damages and recovery for other losses related to the substitute check.

Check 21 provides that any bank that transfers, presents, or returns a substitute check and receives consideration for the check, warrants that the substitute check meets the requirements for legal equivalence. This warranty is made to the following entities: all other banks to whom the substitute check is transferred; the drawer; the payee; the depositor; and any other endorser.

C. Check 21's Impact On The Credit Department

1. Farewell To the Float

A major benefit to suppliers with Check 21 is the end of the float, especially with out of state checks. A customer may count on a few days of check processing delays from the time they issue a check to give them time to collect funds to cover the check. As of October 28, 2004, customers who attempt to gamble the float are likely to find themselves in an overdraft and facing bad check fees and payment demands from creditors. A check to a supplier can be scanned by the creditor's bank and sent electronically to the customer's bank for payment. Customers must have sufficient funds to cover payment when a check is issued. Potentially, Check 21 will allow checks to be cleared in hours rather than days, even with out of state checks.

2. Check 21 And NSF Checks

a. Bad Check Law

Notification of NSF checks may change significantly. Pre-Check 21, a supplier may not be notified of the NSF check for days, with the original check returned days, and sometimes weeks afterwards. With Check 21, a creditor may learn promptly that a check has not cleared.

Each bank may set its own standard as to the redeposit procedure, after the initial attempt fails. A bank may issue a substitute check stamped "Returned due to NSF." The substitute check is the legal equivalent of the original, and therefore may be used for reporting to the police authorities.

b. More NSF Checks?

In the short term, customers that had juggled the check float may issue more NSF checks as they deal with the loss of float time. The credit professional needs to be vigilant that in the short term they may need to deal with NSF checks. The creditors may consider advising customers that they are using a Check 21-compliant financial institution that may result in a loss of float.

c. Stopping Goods In Transit

UCC 2-702 and 2-703 provides that if the supplier has not yet shipped goods that the customer ordered on credit and the supplier discovers that the customer is insolvent or in bankruptcy, the supplier may refuse to deliver the goods. Given the more prompt notice that a supplier may receive of an NSF check with Check 21, the supplier may have an opportunity to exercise its rights to stop the goods in transit.

d. Reclamation Demands

UCC 2-507 and 2-511 provides a vendor selling goods on COD the right to reclaim goods when the customer's check is returned NSF. Bankruptcy Code section 546(c) recognizes a vendor's reclamation right where the customer is in bankruptcy and the cash sale was in the ordinary course of business.

A supplier selling goods on cash shortly before the customer's bankruptcy may find the check returned NSF, even with Check 21's accelerated clearing. Given this, the supplier needs to make a reclamation demand within the time periods provided by the Bankruptcy Code. A form reclamation demand letter concerning cash terms is attached as Exhibit C.

The supplier should assume that the customer's check will be returned NSF and send its reclamation demand immediately upon learning of the customer's bankruptcy filing. With Check 21, perhaps the check will clear prior to the customer's bankruptcy filing; however, the reclamation demand may protect the supplier from the risk that the time periods for making a reclamation demand would run out prior to the supplier's receipt of confirmation that the customer's check had been dishonored. Again, due to Check 21, the supplier should receive prompt notification that the check has been dishonored.

e. Cash In Advance - CIA

Cash In Advance typically affords a supplier one of the least risky methods of selling to a customer with a poor credit standing. However, one of the obstacles to CIA terms has traditionally been the pressure put on the credit professional by the customer, and often the supplier's own salespeople, to release merchandise being held waiting for the check to clear the bank. Check 21 will speed up the process of releasing the goods, providing better customer service, quicker inventory turn and more satisfied salespeople.

f. NSF Check And Flash Reports

An industry group's flash report of a member's notice of an NSF check will have even greater value to industry group members. Since a supplier will be promptly notified that a check has not cleared, that supplier will notify the industry group leader who may immediately send out a flash report. Given that the supplier is learning of the NSF check much earlier, especially with out-of-state checks, the flash report may become more valuable by assisting suppliers in deciding what action to take with their pending orders.

g. Personal Liability Of Check Signer May Be Easier To Establish

Where an individual signs a check on behalf of the corporation and the corporate check does not clear, may the signer of the check be personally liable? The general rule is that a person signing in a representative capacity, such as "ABC Corp. by Francis Smith, Treas," protects that individual from personal liability. However, when the person who signs the checks knows that the company does not have funds on hand to cover the checks, there may be personal liability in certain states.

This fraud exception requires the vendor to establish that the signer intended to defraud the vendor. With Check 21, it may be easier for the vendor to establish this intention, as the signer may not be able to argue the float as a defense. Check 21 compliant banks are warning that funds must be on hand when checks are written, given the shortened processing time.

h. Importance Of Sending NSF Demand Letter May Be Minimized

Under most bad check statutes, a vendor must send a demand letter to the customer requesting grounds for the check not clearing, such as stopping payment because of the vendor's quality, e.g., for the vendor to be entitled to treble damages. Exhibit D is an example of this form of letter. With Check 21, a customer likely will not have an opportunity to have a stop payment issued as it will not have had an opportunity to inspect the goods prior to the check clearing. With Check 21, the demand letter will actually be directed at the NSF check.

3. Reduced Risk of Bust-Outs?

A common way for an unscrupulous businessperson to take advantage of a vendor is a bust-out scheme. A bust-out scheme is devised to defraud vendors of their merchandise through the use of planned bankruptcies and business failures. Bust-out schemes are usually orchestrated in two stages.

In the first stage, the usual practice of bust-out operators is to create a fake corporation, establish a credit account with one or more vendors, place small purchases, and pay within invoice terms on the limited credit provided. In this way, the bust-out operator establishes good credit (i.e., credit worthiness) with vendors.

In the second stage of the bust-out, the execution, the operator places large orders on open account with as many suppliers as possible. He or she then sells the merchandise at steep discounts in return for cash, and often merely disappears. Traditionally the best way for credit executives to avoid a bust-out scheme was conducting a thorough investigation of the company. Check 21 will substantially thwart efforts of unscrupulous businesspersons.

With Check 21, suppliers may be able to confirm whether the check is good prior to releasing the shipment, or while the goods are in transit. With Check 21, the credit professional may find receiving a check akin to a customer paying by credit card. While a payment by check will not result in a simultaneous transfer of funds, with Check 21 it may allow the supplier to avoid being ensnared in a bust-out.

4. Reduced Risk of Check Fraud?

White-collar criminals continue to seek loopholes in the check processing system. They "float" checks knowing the checks will not clear, or they write checks against bogus accounts. Check 21 may eliminate paper trails that often lead to convictions. It may become more difficult to spot and prove forgeries and check alterations.

When a check is deposited, the bank that first received the check will truncate the check and electronically send the check to other banks. The banks that receive the truncated checks will not even question the authenticity of the check. There is evidence held on a paper check, everything from DMA to ink print to latent printing. There is a high evidentiary value to an original document. The substitute check may be all that is available for investigation and prosecution.

Some bank and technology industry observers say digital images are more secure because the paper is not floating around and the process is more automated. Relying on check images instead of paper checks should make it less likely that a potential fraudster will come into possession of the personal finance information located on the check.

The original check is taken out of the processing stream, and the security of electronic channels limits human contact with your financial information. In addition, bankers believe that the system will actually help fight fraud because the process allows for faster processing. The faster processing times leave less getaway room for check forgers.

A criminal who had three to four days between the time a check was cashed in, say, Los Angeles, and presented in New York, could find that cut to one day. Any process that reduces the time between an act of fraud and the point at which it is identified as fraud is an advantage. Business customers shoulder most of the losses, an estimated $8 billion a year. Banks will now have access to check images as soon as the items enter the collection stream, which means banks, and bank customers can identify potential fraud early in order to take immediate steps to prevent losses.

5. Eve of Chapter 11 Check Payment

Check 21 may reduce the risk of a customer loading up on inventory and filing bankruptcy. A too common tactic of a financially struggling debtor is to write checks to vendors to obtain product on COD terms, only to file bankruptcy within days of issuing the checks. Prior to Check 21, the check would not clear because of the bankruptcy's automatic stay, especially with the delay of clearing out-of-state checks. Even if the check cleared post-bankruptcy, the payment could be recaptured as an avoidable post petition transfer. Check 21 may result in checks clearing prior to the customer filing bankruptcy, even with out-of-state checks.

6. Bankruptcy Preference

With an earlier clearing of checks, a vendor may find that it may avoid a preference demand where a customer later files for bankruptcy. The bankruptcy preference laws provide that a debtor may recapture payments to vendors within 90 days of the bankruptcy filing, subject to defenses. Under the preference laws and payment by check, a preferential transfer is measured by the date the check clears the customer's bank. With Check 21, a check may clear earlier, and, therefore, may miss the 90-day reach back from when the customer files bankruptcy.

7. Effect on Credit Card and Other Electronic Payments

A vendor may find that with Check 21 payment now has more appeal given the check clearance time when compared with credit cards, due to the fact that transaction costs with credit cards are much steeper than the handling costs with checks. Likewise, customers may consider payment by check prefer-able, even with the reduced float time, as credit cards become more expensive due to rising interest rates.

Check 21 may lead to a customer's willingness to pay electronically (ACH, EFT, EIPP) as the float advantage they previously enjoyed by paying with paper checks has been eliminated.

8. Effect on DSO and Cash Flow

Unfortunately Check 21 may have a negative impact on DSO as those customer's who typically play the cash flow game will be compelled to withhold payments several days to compensate for the loss of check float. However, an obvious advantage to Check 21 could be an acceleration of cash flow.

9. Your Customer's Stop Payment Strategy May Be Ineffective

A supplier may have language in a credit application or vendor agreement that the customer has a duty to inspect goods within a specified period. If the customer fails to object within the period, the customer has waived its right to challenge the goods. In the context of payment by check with Check 21, the customer will likely not have an opportunity to inspect the goods, object, and then issue a stop payment by check.

10. Race to the Bank

With Check 21 in place, the race to the bank for checks to clear, especially for out-of-state checks, may be significantly shortened, but be aware, other forms of payment will usually win the race. Automated Clearing House (ACH) transactions, for example, occur instantly; money is taken out of the customer's account electronically. Most wire transfers will clear the same day they are requested, especially if the transfer is a regularly scheduled transfer and the wire transfer is not from an out-of-state bank. With Check 21, the truncated check will

still have to be batched and presented for payment.
11. Greater Risk of Identity Theft Through Check Fraud

One area that the credit professional must consider with Check 21 and the effect of checks clearing faster is that it may encourage fraudsters to consider check fraud. This may impact the credit professional that takes checking account information from a sole proprietor or personal guarantor and stores this information electronically.

In an effort to protect customers from the risk of identity theft, California passed legislation that creates a duty for companies to protect electronic personal information from being disclosed, and requires companies to notify customers when their electronic personal information has possibly been misused, so they can take steps to protect their assets, including closing their checking accounts. With Check 21 and the more prompt clearing of checks, even fraudulent checks, the credit professional must ensure that a customer's private financial information is secure, including checking account information.

12. Documenting Payment By Check

Record keeping and internal document controls for checks and verifications of payments will need to be improved to address that the original paper check will no longer be available. Vendors should evaluate their procedures for verifying the amount of the check to the invoice before shipping goods and how to monitor accounts between statements. Vendors should also be conscious that the bank account reconciliation process will look significantly different. There will be a mix of electronic transactions, substitute check transactions and original paper check transactions.

One negative effect of Check 21 may be an increase in bank fees. While banks will be saving money on processing fees due to electronic processing, they are not required to pass on those savings to the customers. Check 21 does not place any cap on the fees a bank may charge for providing substitute checks.

Check 21 Benefits to the Credit Department

For many of the foregoing reasons, Check 21 will benefit the credit professional. It will help to thwart those who commit fraud, and those who just make good faith mistakes by not having enough money in their accounts to cover the checks they have written. Check 21 will also reduce the need for litigation to recover goods or payment. The credit professional will have a much stronger position when extending credit and making collections.

See exhibits beginning on page 76

About the author:

Scott Blakeley is a partner in the law firm of Blakeley & Blakeley LLP, where he advises companies around the country regarding creditors' rights, commercial law, e-commerce and bankruptcy law. He was selected as one of the 50 most influential people in commercial credit by Credit Today. He is contributing editor for American Bankruptcy Institute's Manual of Reclamation Laws, and author of A History of Bankruptcy Preference Law, published by ABI. Credit Research Foundation has published his manuals entitled The Credit Professional's Guide to Bankruptcy, Serving On A Creditors' Committee and Commencing An Involuntary Bankruptcy Petition. Scott has published dozens of articles and manuals in the area of creditors' rights, commercial law, e-commerce and bankruptcy in such publications as Business Credit, Managing Credit, Receivables & Collections, Norton's Bankruptcy Review and the Practicing Law Institute, and speaks frequently to credit industry groups regarding these topics throughout the country. Scott holds a B.S. degree from Pepperdine University, an M.B.A. from Loyola University and a law degree from Southwestern University. He served as law clerk to Bankruptcy Judge John J. Wilson.

Exhibit A

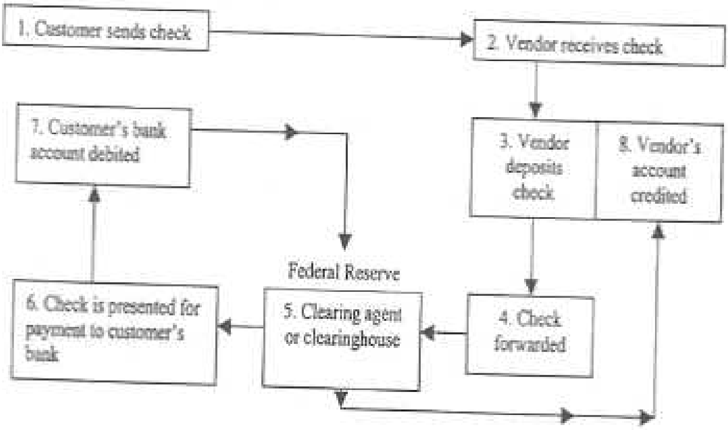


Exhibit B

> Gray Scale – Personal Size

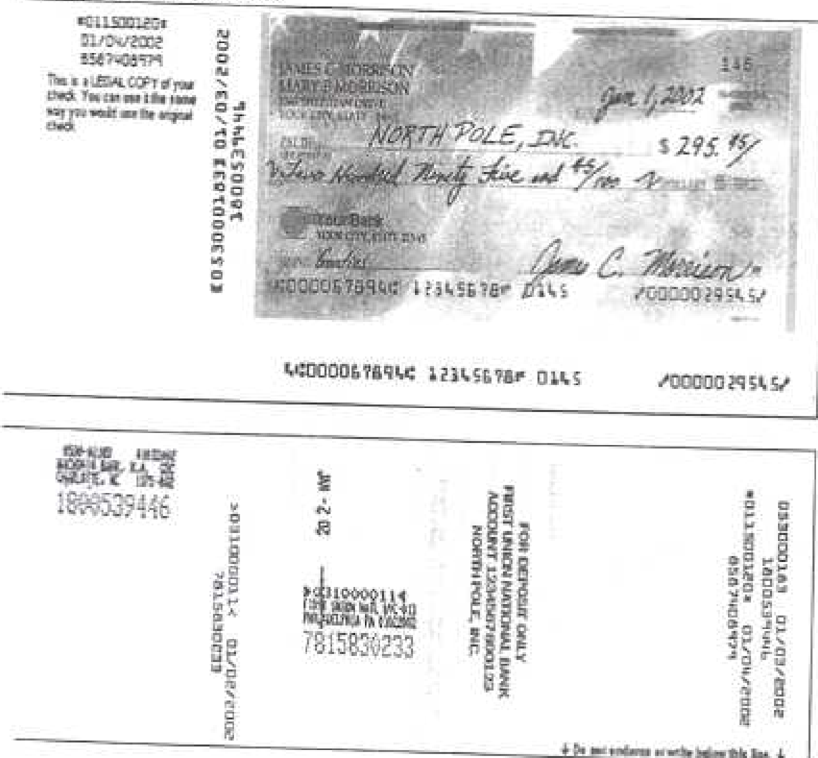


EXHIBIT C

[Page 1 of Reclamation Demand Letter]

BY FAX, FEDERAL EXPRESS, AND CERTIFIED MAIL

Re: Reclamation Demand by (Vendor)

Dear Sir/Madam:

Demand is hereby made upon you pursuant to Sections 2-507, 2-511 of the Uniform Commercial Code, and Section 546(c) of the United States Bankruptcy Code, for the return of goods that the undersigned had sold to you on cash terms and for which the check(s) tendered in payment for the goods were dishonored, which goods were received during the applicable reclamation periods. This demand specifically includes, but is not limited to, all goods described in the Schedule annexed hereto.

Please contact the undersigned for instructions for return of the goods. You are further notified that all goods subject to our right of reclamation should be protected and segregated by you and are not to be used for any purpose except those authorized following notice and a hearing by the Bankruptcy Code.

Very truly yours,

[Page 2 of Reclamation Demand Letter]

SCHEDULE TO RECLAMATION DEMAND

Invoice No.	Invoice Date	Invoice Amount
______	$______	$______
______	$______	$______
______	$______	$______

Exhibit D Bad Check Demand Letter

[Date]

VIA CERTIFIED MAIL
[Buyer]

Re: Vendor v. Buyer Dear *[Buyer]:*

[Vendor] is the payee of a check you wrote for *[$_____]*. The check was not paid because you stopped payment, and *[Vendor]* demands payment. You may have a good faith dispute as to whether you owe the full amount. If you do not have a good faith dispute with the *[Vendor]* and fail to pay the payee the full amount of the check in cash, a service charge of an amount not to exceed $25 for the first check passed of insufficient funds, and $35 for each subsequent check. You could be sued and held responsible to pay at least the following:

(1) The amount of the check;

(2) Damages of at least $100, or three times the amount of the check up to $1,500.

If the court determines that you have a good faith dispute, you will not have to pay the service charges and treble damages.

Yours very truly,

EMPLOYEE MOTIVATION

by Marylyn Tack

Motivating employees while keeping high morale in the workplace is the most challenging task a manager must face in obtaining the ever-increasing goals of the corporate world. They must meet their sales goals while sustaining high morale among the associates who work for them.

H	Habit
I	Identify
G	Genuine
H	Humanize
M	Motivate
O	Opportunity
R	Reward
A	Attitude
L	Laugh
E	Educate

In order to keep high morale in the workplace you must keep in mind the needs of your associates and meet their needs in order for you to be successful.

Habit—Your associates must develop, through practice, the behaviors needed to be successful in sales. They must know the goals, the timeframe to achieve and the reward at the end. To be truly successful, they must break the goal down to what is expected daily. When you look at a quarterly goal it may seem overwhelming, but if you look at what is needed daily, it will surely be attainable. Help them to develop the habit of looking at where they are every day and then adjust to what is needed for that day. It takes 21 days to create a habit. It is your job to ask where each associate is in relationship to the goal and what you can do to help them remove road blocks to their success on a daily basis.

Identify—You must identify the weaknesses and strengths of each of your associates and utilize their strengths and, through coaching, develop their weaknesses into strengths. Clarifying expectations sometimes takes a great deal of courage. It is easier to assume the associate knows the expectations and hope that everything works out than to jointly arrive at a mutually agreeable set of expectations. When expectations are not clear and explicit in the beginning, how can you ever achieve the results you expect? Without involvement there is no commitment. The more they are involved in the process, the more committed they will be to obtaining the result.

Genuine—Since your associates look to you as a leader, it is imperative that you are genuine in your dealings with them. They need to know where they stand and that you are concerned about their development. Be honest when giving praise and equally honest when helping them to improve in their area of weakness. Personal integrity generates trust. Integrity is more than just being honest. Honesty is telling the truth. Integrity is keeping promises and fulfilling expectations. Be loyal to those you have working for you both in their presence and when dealing with superiors.

Your associates will go the extra mile because they know you care about their success as well as the company's success.

Humanize—A little kindness and courtesy is important. You must treat every associate with dignity and respect. Really seeking to understand your associates is important to your success. You must know what is important to them and meet their needs while they are working to reach the company's goals. You must accept the value that each associate brings to the workplace.

Motivate—It is your responsibility to determine what will motivate your group to perform at the highest level possible for extended periods of time. In today's corporate world the goals will increase at an amazing rate and you must not let your associates become discouraged. You must seek out ways to encourage them to surpass what must seem like impossible goals. It is the little things in life that make it worth living and you must find a way to give them the little things often. It is amazing how walking by an associate, and in front of their peers, saying "Thank you for handling Mr. Jones. You did an excellent job of taking care of his needs, and I really appreciate what you bring to the team". Praise often in a group setting.

Opportunity—You must seek out opportunities to talk with your associates on a daily basis. They look to you to set the tone for the day. If you come in with a smile and cheerful attitude, they will follow. Think about what your associates see differently than you do. Consider ways in which those differences might be used to find alternative solutions. Perhaps you should ask their views on how to obtain the goals or solve a problem. Identify ways in which greater teamwork and energy will help the team to be successful. What can you do to create those conditions? Attempt to understand the concerns and underlying conditions that affect your team.

Reward—Your employees need to be rewarded, and not just in dollars. When was the last time you wrote a thank-you card to one of your associates? You do it all the time for clients and customers, are your associates any less deserving? Take time to jot a note of thanks for job well done and enclose a gift card for video rentals, dinner or shopping. You will see amazing results and they will share with their co-workers how this made them feel.

Attitude—It is the mental position you assume when achieving your goals. You must have the best interest of your clients as well as your associates in mind at all times. It will never be right for your company if it is not right for your clients and associates. You stand apart from life's situations, circumstances, and emotions and look for the balance your team needs to be successful. In every situation you consciously determine the best alternative to achieve long-term success.

Laugh—There must be laughter in the workplace. To reduce tension and bring harmony among teammates, they must be able to enjoy the job at hand. Laughter reduces stress and helps bring a team together for a common purpose. Laughter disposes of the emotion that builds within a group.

Educate—It is your responsibility to increase the knowledge of your team. Your associates need to continually develop their skills. There is nothing worse than the feeling that you are in a position where you will never learn another thing. Can you imagine how that would make you feel? Put yourself into their shoes. You must create opportunity and an environment that stresses continuing education. You need to have a cross training strategy in place a t all times.

High morale is the most important asset that you as a manager can develop. It brings a team together to achieve great results. Watch your team daily to get a feel for the tension that builds and do everything in your power to bring relief, laughter and a sense of accomplishment to each associate.

About the author:

Marylyn Tack has been in the banking industry for thirty-eight years. She is a Vice President and manager of a large banking center in Albuquerque, NM. She has her series six license in investments.

Marylyn joined Credit Professionals International in 1978 and is currently parliamentarian for her local association, Las Madrugadoras. She is a District Nine Past President and also a Past President of Las Madrugadoras. She is currently teaching two fifth grade Junior Achievement classes.

JOB BURN-OUT OR JUST RESTLESS

by Kris Hafliger, PCE

I am sure all of you have heard the story about the man who turns 40 and suddenly buys a red sports car, joins a gym, dons a toupee and gets a girlfriend. We call this mid-life crisis or male menopause.

I'm sure that at one time or another we have all experienced boredom in our life and job. When boredom occurs in our personal lives, you see an increase in the divorce rate. When this restlessness occurs in the workplace, we often tell ourselves we are suffering job burnout and it is time to look for a new one.

There is a big difference in true burnout and just needing a long weekend or a mini-vacation. Some indications that you need time off are:

- You sit at your desk and try to move your computer mouse with your mind.
- You cover up your to-do list with blank Post-It® notes.

- You ponder how long the water spot on the ceiling above your head has been there.
- You resent having to walk the 20 feet to the copy machine.
- You e-mail a co-worker a question rather than take the time to walk to his/her desk.
- You use the Internet Map Quest to figure out shortcuts from your desk to the bathroom.

These tendencies do not mean that you don't have enough work to keep you busy, they just mean that you are restless and don't want to complete the tasks that await you.

We wake up at the same time every morning, have the same cereal for breakfast, leave the house at the same time to drive the same route to work. We sit at the same desk and start the day off with the same phone call and wonder why we lack enthusiasm!

ROUTINE: This can be a comforting word—makes you think of constant, predictable, structured, normal. But too much routine can create boredom. The Webster Dictionary definition of routine is: *a regular course of procedure, habitual or mechanical performance of an established procedure, sometimes monotonous. Synonym: grind, groove, rut, treadmill.* Translation….BORING!

So before you make the drastic decision to put in your two-week notice at work because you're certain that you are experiencing "job burnout", consider the fact that maybe you are just restless with your routine. You are tired of the beaten path, drug down by the drab monotony of habit! So before cleaning out those desk drawers and saying farewell to your co-workers, maybe you should simply try a few subtle changes.

It is funny that I mention cleaning out your desk drawers. My first suggestion would be to do just that. Rearrange your desk, update your pictures, put up a bulletin board, decorate with a few plants, put up an inspiring poster, maybe a little potpourri or candle.

Change your radio station for a week or two or bring in a favorite CD.

Select your clothes the night before, have them ironed and ready. If you bring your lunch to work, pack it the night before as well. Mornings will be less stressful and more relaxing this way and it saves you from the 5 o'clock in the morning, sit straight up in bed and scream, "WHAT WILL I WEAR TODAY?" episode!

Take a different route to work, treat yourself to a latte or low-fat drink once a week. Discipline yourself not to run errands or work over your lunch hour too many days in the month. Use your lunch for yourself. How often do we get an hour for just us? Use it as such—take a walk in the park, read a magazine, go to the library, have lunch with friends outside of work, get a manicure.

Plan your dinners in advance, have a menu to follow. There is nothing worse than the proverbial question of, "What will we have for dinner tonight?" I have found that my week is far less stressful if the meals are pre-planned. I even prepare a few meals on the weekends; freeze them for those nights when I just don't feel like cooking (most!). I often have a meal prepared and in the crock-pot Monday morning to start my week out right. Share the grocery shopping chores with family members. Meal planning and cooking are often great sources of stress and contribute to basic burnout for all of us.

What do you do when you have taken that mini-vacation, rearranged your work space, accidentally burned a stack of important papers with that new candle at your desk, offended co-workers with the sexy pictures of Brad Pitt you posted on your new bulletin board, stocked six-months' worth of frozen dinners in your freezer, got lost a few times taking a different route to work and you are still feeling drained and can hardly get yourself out of bed to go to work each day?

When these dreadful feelings last for weeks, it may indicate a much larger problem: JOB BURNOUT.

Here are some more signs that you may be suffering from burn-out:

1. You're so tired; you now answer the phone with just: "Hell."
2. Your garbage can is your "in" box.
3. You wake up to discover your bed is on fire, but go back to sleep because you just don't care.
4. You have so much on your mind that you have forgotten how to log on to your computer.
5. Visions of upcoming weekend plans help you make it through Monday.
6. You think about how relaxing it would be if you were in jail right now.

Seriously, things may be going great—you love your job and you are excited about your career and job burnout sneaks up on you with a creeping sense of dread. Or burnout may hit you like a ton of bricks. No matter how it happens, job burnout can cause huge problems to your career and your mental well-being. Answer these questions to determine your level of burnout:

- Do you have difficulty getting up most mornings?
- Do you feel tired even when getting adequate sleep?
- Do you constantly forget things?
- Do you have unexplained aches and pains?
- Do you feel irritable and angry at work or home and lose your temper easily?
- Are you overwhelmed and stressed most of the time?
- Have you begun to wonder why you are doing what you are doing in your career?
- When at work, do you look at your watch constantly to see how long you've been there and how much longer you have left?
- Are you going through the motions just to get through the day?

- Do you avoid people at work and in your private life?
- Do you feel a loss of satisfaction or accomplishment?

Now I know that each and every one of us, at some time in our lives, could answer yes to any or all of these questions. But if you seriously consider each question and determine that you are experiencing many of them for an extended period of time, you are probably headed for job burnout—if you are not already there. You can banish burnout. It takes a focused effort, but it can be done. You can overcome burnout and get your job back on track.

One of the best ways to defeat burnout is to make your job more enjoyable. I know that in some office environments this leads to the response "That's impossible!"

May be hard, but not impossible; sometimes you just have to change how you think. No matter how boring or depressing your job may be at times, you have to find chances to laugh. Laughter breaks the tension of difficult situations. It helps cut the stress you feel and the tension you may be experiencing. The more you laugh, the better you will deal with work, and the less burned out you'll be. It has been proven that stress related hormones are suppressed by laughter—hence "Laughter is the Best Medicine."

Create job diversity. This is especially helpful if you perform repetitive tasks. Rearrange your daily duties to avoid monotony, tackle difficult tasks early in the day, and delegate tasks to avoid overload. Don't fall into the trap of thinking you are the only person who can do the job right. Job sharing and cross training is a good way to add variety to your job and also to make it easier when you or a co-worker is gone or on vacation.

Bringing work home is a not a good idea. I know we have all done it but it creates the feeling that you have never left work. It is true that you may be able to accomplish more by working at home because there are not as many interruptions but it is not good for you. Working at home at night and staying all day in the office will start to make you resentful toward your job. Being burned out from work comes when you let that job be your main focus in life.

Listen to conversation in your workplace. You might notice that a good percentage of discussions are negative. Work on training yourself to see the positive in situations. Negativity just makes you feel worse. Adding fun to your day will help decrease burnout. Create a stress-free area in or around your office. Bring a jigsaw puzzle, deck of cards, crossword puzzle or board game and have them readily available in your break room or picnic area. Overstuffed furniture, a hammock, a picture of the ocean, inflatable palm tree—the ideas are endless.

Stop over- nurturing. If you routinely take on other people's problems and responsibilities, learn to gracefully disengage. Learn to say no. Learn to pace yourself, take care of your body, diminish worry and anxiety, and keep your sense of humor. Have realistic goals and reward yourself for meeting them.

Do not, under any circumstances, keep your feelings of burnout to yourself. Share your concerns with your boss. Remember, burnt out employees are employees that care and are the most faithful. Most employers will want to help you. It is costly for a company to lose faithful employees in terms of time and money it takes to rehire and retrain.

You can beat burnout before it beats you. You just have to try. Strive for balance in your life. Make time for family, friends, hobbies and most importantly, fun. Make changes now, don't let yourself get completely burned out from your job: you may end up walking away from something you truly love. Remember, you can't control everything, but you can control what you are able to and forget the rest.

About the Author:

Kris Hafliger, PCE, has been an active member of Great Falls Credit Professionals since 1992. She served her association as local President in 1999 and again in 2004. Kris was honored twice with the Credit Professional of the Year Award by her local association and currently has 10 years perfect attendance in CPI. She served as the 2005 PNW District 10 Conference Chairperson.

2006 DISTRICT CONFERENCES

District 3 & 4
May 4-7, 2006
Radisson Hotel, High Point, NC

District 5
April 5-8, 2006
The Isle of Capri, Bettendorf, IA

District 7&9
March 23-25, 2006
Branson, MO

District 8
Dates and location to be announced

District 10
May 18-21, 2006
Silverdale, WA

District 12
March 2006
Dates and location to be announced

Is Your Organization Brand Ready?

Asking the right questions
is the first step
to building a strong, lasting brand

by Garland West

Brands.

We see them every day, all around us. They're such a fixture in modern life we sometimes take them for granted. But think about the role they play, and how much we depend on them.

Feeling thirsty? "Bring me a Coke."

Need to ship something fast? "Call FedEx."

Trying to impress the neighbors? "I think I'll buy a Lexus."

Can't decide which phone to buy? "I trust Motorola."

Companies around the world have spent years and lots of money building these and other leading brands. And if you ask the top people at the most successful businesses at home and abroad, they'll tell you it was time and money well spent. After all, who wouldn't want their product to spring to mind first whenever someone gets thirsty, or needs to ship a package, or wants a new car or phone.

Today, the most successful global brands have values measured in the tens of billions of dollars. They're regarded as real assets—things with value, that yield tangible returns.

Brands aren't the sole province of the mega-corporations, either. Consider the Starbucks phenomenon, for example, where the simple idea of selling coffee in a new and different way built a multi-billion-dollar brand in less than a decade. It's a lesson well learned by an increasing number of organizations and companies across the business world—and none more so than the banking and financial sector. Why all the interest?

Because more people are seeing that branding is more than a way of hawking product in the retail space. Branding can be a way of extending the basic business strategy of an organization—aligning the way an organization thinks, acts and communicates closely with its business goals and performance objectives.

A Brand is A Promise

To many people, a brand is a name and a symbol, like the familiar red can of Coca-Cola. Or, it's the clever ad slogan we see over and over again in advertising.

But in reality, a brand is much more than a name, a symbol or a tag line. In simplest terms, a brand is a promise—a promise of a consistent experience, past, present and future. It's a tool people use to speed their way to decisions about the products and services they select, and the organizations they trust and rely upon.

A brand provides important mental shortcuts. It triggers immediate ideas and associations in our minds—a mental summary of our past experience with the brand, and our expectations for what it will provide in the future. It speaks to our heads, by summarizing the practical benefits that come with the brand. And it speaks to our hearts, by capturing the psychological aspects of how we feel about selecting it from among all the others available to us.

So why is the idea of branding important to the banking and financial sector? Because brands are built around the idea of establishing trust—building a bond with people, based upon consistent delivery of the promise behind the brand.

Few other sectors rely more upon this bond of trust. After all, banks and financial institutions provide one of the most basic and important of products and services. They hold and protect people's money. They help manage how people use their money and make it work for them. They provide credit—and and often financial advice and counsel—and a long list of other services that have the potential to significantly shape individual quality of life.

Trust is based upon more than location and convenience, or competitive costs, or any purely practical considerations. Trust starts with consistent delivery of products or services. And in the banking and financial arena, trust is a highly personal issue. Trust also comes from the ability to make a human connection—to establish a lasting relationship with people based on not just a practical basis but an emotive one as well.

Asking the Right Questions

Brands aren't bought off the shelf. They aren't created exclusively through marketing, or advertising, or promotions and give-aways. Brands aren't just your name and logo, presented repetitiously to a mass audience.

Brands are built over time by a process of aligning every person across the organization behind a common understanding of the key components of the brand.

To begin defining what those key components are, find the answers to a short list of seemingly simple, yet critical, questions.

1. What does your organization offer that customers really value?

   Customers want the banking and financial products that make it possible to live in today's society. They want fair prices, and hours of operation, convenient locations and easy on-line access. They want professional service and the ability to get decisions and action without a lot of hassle. And they want to deal with people they like—people who know them, and understand them.

   All these factors are important to customers. But which is most important, and which really defines the way your organization connects with its customers

2. What makes you different and better than others who offer similar products and services?

   Customers have choices—lots of choices. Most will look at a wide range of potential providers. Successful brands find a way to stand apart from the crowd, with a distinctive value offering that satisfies customer needs and expectations.

   What's your unfair competitive advantage? What do you offer or do better than anyone else? Is it your efficiency? Your low fees? More locations? Better service? Your ability to connect with customers on a personal level? Successful brands find their sweet spot in creating value for customers and zero in on that advantage. Lasting brands go a step further. They also ask, how does our advantage line up against what customers say they value most? How do we adapt to changing expectations, and where can we improve?

3. What kind of people are you?

Marketers learned long ago that people consider on the basis of logic and select on the basis of feelings. Banks and financial institutions all offer similar products and services. Many look remarkably alike. Fees are highly competitive, and on-line banking more and more common. So if the utilitarian considerations of banking and finance are leveling out, how important are personalized customer service and personality to building a bigger base of loyal customers?

What values and principles guide what you and the organization do? What are the common personality characteristics that define your organization and its personality? What kinds of people do well in your organization, and what kinds don't? How do your values and personality match up with what your customers expect and value?

4. How well do people within your organization understand and buy into the key principles behind your brand?

Consistency is a pillar of successful brands. A brand is really just the promise of a consistent experience for customers—not just in what they see about the brand in advertising, but in what they experience at each and every point of contact with the organization. A brand isn't just what you say. It's what you and every other person within the organization does, day in and day out, to live up to the promise.

Brands are built one brick at a time, through consistent experience. And they're damaged in the blink of an eye when that promise is broken by what one person may say or do that doesn't line up with the brand promise.

How does your organization go about teaching everyone in the organization about your brand? How do you assure that every person is a true ambassador for the brand? How are they rewarded for bringing the brand to life? And how do you build a team approach to identifying and solving problems that may compromise the brand?

5. Does your brand have a clear and distinctive look and feel?

   If a brand is a promise made to others, the traditional elements of a brand identity—name logo and tag line—are the visual tools used to remind people of that promise.

   Symbols by definition stand for something. Like the Golden Arches® or the Nike Swoosh®, they trigger an instant recognition and association for people. They're the shorthand communication we use to cut through the information clutter we face every day. They bring to mind all our past experience with that brand, and our expectations for future contact with it.

   What are the key three elements of our brand identity? How do we present our name? Do we have a log, or a tag line? How well do they reflect the promise behind our brand? Can I explain them, and why we use them, to others? Are they distinctive, or do they just blend in with others? Are our own people proud of the way we look?

   Do we use the elements of our brand identity consistently? Do we have standards for how they are displayed that assure consistency? Do our different locations share our basic look and feel? Are customers seeing a consistent picture of our brand identity?

6. How well do you communicate your core brand messages?

If consistency is one brand pillar, clarity is another. The strongest, most successful brands communicate clear, often simple messages that are relevant and credible. Over time and with experience, they begin to trigger the immediate ideas or feelings that tie directly to the brand's distinctive value offering and place in the market.

Strong brands define the key messages they need to send to help establish these brand associations. They weave these messages into all the different forms of communication they use, internally and externally. If the brand promise is built on a commitment to superior customer service, for example, then customer service themes become the foundation for everything from mar-com to telephone greetings.

Has your organization defined the core messages that support your brand? Can your organization clearly and consistently express its brand promise? How well do you instill those messages in all your forms of communication? Have you made those messages part of your
vocabulary? Do your people know what those messages are, and do they use them in their everyday duties?

7. Does your brand have a champion?

Building and maintaining strong brands isn't the job of any one person. Successful brands depend upon the commitment of every individual within an organization to living up to the promise behind the brand. In the banking and financial services world, that includes people who may never deal with customers face to face. Every person, from the back room to the counter window, contributes to the experience that customer will have. Successful brands recognize the importance of the individual. And they also recognize the value of having a senior member of the organization serve as the brand champion—a visible leadership figure who serves to guide, inspire and lead by example. Branding isn't a program or an event. It's a way of thinking and acting every day in every aspect of business. Brand champions demonstrate commitment, and the critical role branding can play in organizational conduct and performance.

Does your organization have someone who leads by example—someone people look up to as the embodiment of your brand promise

8. Do you have ways of tracking brand performance?

It's an old management adage: If I can measure it, I can improve it. Branding is no exception. Strong brands establish the metrics needed to gauge how well they are doing.

Professional marketers have a variety of potential tools and measures—market share, revenue growth, margins and a long, long list of traditional market-performance indicators. Market research also can track specific attitudinal and behavioral changes and trends.

But the best brands go beyond these metrics to craft internal measures as well. If the power of a brand is really the power of the people behind it, then some means of tracking their performance also is critical. The nature of the metrics will vary from organization to organization, but they always will relate directly to the behaviors of individual people to live up to the brand promise.

How does your organization track attitudes toward your brand? Do you see regular action within your organization to recognize and reward brand-consistent actions and communications? Do you see action to correct behaviors that undercut your brand promise?

How Do I Make It Happen?

Finding answers to these important questions isn't an impossible task. But brand building does require a commitment, and the discipline to see the process through.

It starts by having a clearly defined business strategy, and a solid business plan that establishes organizational goals and objectives.

It recognizes that branding isn't a program or a support function but a critical component of successful business management. Branding aligns the organization with a sense of purpose, and the standards and principles to be followed in pursuit of goals and objectives. It's more than signs and logos and advertising.

It places people at the forefront of brand building. It understands and embraces the idea that people build brands, and that people supported with an integrated approach to presenting and communicating the brand across traditional channels build powerful brands.

It understands that the knowledge and expertise needed to build a brand is most likely already resident within the organization. Bringing it to life may require some help and guidance. But no outside party possesses all the information and understanding of your organization, its culture, its markets, its competition, its customers and community that you already have locked within.

And, it demands a willingness to ask the tough questions and make the bold decision. The best brands aren't built on what organizations think is true or want to be true, but on what really is true. Accepting strengths and weaknesses—and being prepared to act to preserve strengths and correct weaknesses—is fundamental. Objectivity and impartiality are essential to finding honest

answers and building brands on solid foundations.
The first step in building your brand doesn't have to be the responsibility of the chairman, or the chief marketing officer. That first step can come from anyone prepared to ask the core brand questions.

What do we provide that people need and care about?

What makes us a better choice than others?

How do we connect with people on a human level?

Do people here know where we're going as an organization? Do they buy into it?

Do we have a distinctive and appropriate way of presenting ourselves visually?

Do we communicate clear, simple messages about ourselves?

Does someone embody and champion our brand?

Do we actively work to protect our brand?

A brand is nothing more than a promise we make to all the people with whom we deal. A brand is more than just the word we use as a name. It's more than a colorful logo and a snappy advertising slogan.

A brand is the communication device that triggers an association in people's minds. It generates powerful images and strong emotions in the blink of an eye. Properly established, a strong brand can become a shorthand expression of what people can expect from us in each and every contact they have with us.

But a brand is much more than cosmetics. It's the substance of what we do as a business, and the way in which we do it. A brand

is just as much how we act as how we look.
A brand isn't the sole responsibility of any one individual, or any one office, or any one function within the company. It's the property of everyone who works here, from the office of the chairman on down.

It means we all have an obligation to make the principles and ideas behind the brand a part of the way we think, talk and act, both internally and in the outside world, too. It's easy to talk like that in a meeting room, or from a podium. The real test is how we take these ideas and put them into daily practice.

Talk with your colleagues and listen to their responses to these questions. The answers you receive will give you a pretty good idea of the health of your brand.

For more information on branding and organizational communications, visit the WestWordGroup website at westwordgroup.com, or e-mail the author at gwest@westwordgroup.com.

About the author:

Garland West is president of WestWord Communications and senior partner in the WestWordGroup, providing consulting and programmatic services for corporate and governmental clients in the United States and Europe.

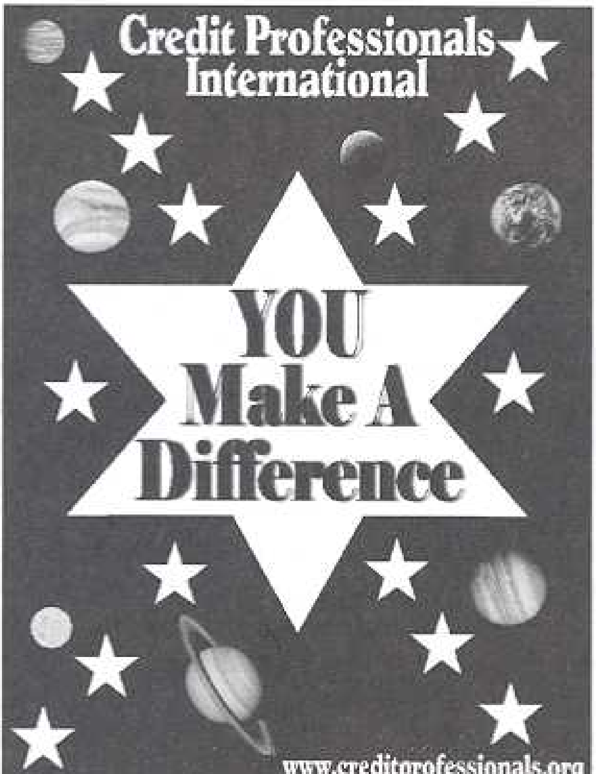
Garland spent more that 20 years with Cargill, Incorporated, the global food and commodity company. As vice president of public affairs for Cargill, he had responsibility for such areas as public and media relations, speechwriting, crisis management, shareholder and financial communications, publications and special projects for the company's Office of the Chairman.

Garland also worked as senior vice president and managing director of Enterprise IG, the WPP international consultancy in identity and brand management. While with Enterprise IG, Garland had responsibility for *brand-related work with the Ford Motor Company, the Transportation*

Security Administration, Biogen and other clients, operating from offices in New York, Chicago and Detroit.

With WestWord, Garland concentrates on senior strategic communication consulting, branding and identity management, issue management, media relations, crisis management and training.

He is a cum laude graduate of Wake Forest University, and has done graduate studies in news-editorial journalism at the University of Missouri-Columbia.



THE FOUNDATION AND YOU

by Esther T. Brinkley, CA, MPCE

The Credit Education Resources Foundation charter was granted in 1989 and it has been committed to credit education and presenting other avenues of carrying education into communities, schools, and other areas since its beginning. It was established as a tool for us to be able to accept tax-deductible donations. In the beginning Credit Education Resources Foundation was called CERF. Later it has become known simply as the "Foundation".

There is no membership and no dues. As members of Credit Professionals International, YOU are each a very important part of the Foundation. You are the delivery mechanism for credit education materials from the Foundation.

Through the partnership of Credit Professionals International and the Credit Education Resources Foundation, some of the cost of running the International office has been offset and paid from Foundation funds. This has helped the CPI budget. In addition, it funds the magazine, *The Credit Professional*, and many brochures.

All the funds that come to the Foundation are through personal, memorial and miscellaneous donations. The Walk-A-Thon was the first way we used to gather funds. Through our partnership with the National Center for Missing and Exploited Children, we have continued to have Walk-A-Thons at the International Conferences, encouraging all local, state and districts to actively participate by sending donations to the District Presidents to turn in at the International Walk-A-Thon. This year we had participation from all Districts and received over $5,500.00.

The Walk-A-Thon moneys are divided as follows: 35% to the local association holding a local Walk-A-Thon, (These funds are to be used for credit education.) 25% to the National Center for Missing and Exploited Children, and the balance to the general fund of the Foundation. These proceeds are used to promote credit education. Even though you might not have a center in your local area, your local police department is your connection to the National Center for Missing and Exploited Children.

The Foundation supports the International Web site and you will find this to be one of your most valuable tools in promoting Credit Professionals and the Foundation. Cindy Westenhofer has done a tremendous job of setting up the web site to be user friendly with the current information. I would encourage you to visit www.creditprofessionals.org and add this address to your "favorites". Each member is given a password and much valuable information is right there at your fingertips.

There you will find an article written by Terry Rowe in 2003, which gives a great history of the beginning of the Foundation; the "Take Charge of Your Life" project; and the Instructors Guide with a Power Point Presentation, which came about under the direction of Carol Neal in 2002. These "Guides" have been available to each association to help in the presentation of the "Take Charge" tapes and CDs.

A silent auction or geographical raffle has been one of the ways that the Foundation has used to raise funds. At the International

Conference, the District Presidents, Foundation President, and the CPI Executive Board are asked to bring an item for the raffle. Tickets are sold and near the end of the conference a lucky winner is chosen by drawing. This year we raised a little over $1,600.00 for the Foundation budget.

Our certification program, which was begun in 1996, has continued to be successful. As of April, 2005, we have 156 certified members and we look forward to new ones in the near future. If you would like to be certified yourself, take a look at the web site for information to get you started. Many areas are having workshops to help members with this project. If you have questions, please feel free to get in contact with Nona Ellzey or me and we will be happy to get you going on the right track.

Credit Education Resources Foundation is YOUR Foundation. Get involved by holding a local Walk-a-Thon, by getting certified, by participating in Credit Education Month, by using the "Take Charge of your Life" tapes and CDs and the companion "Instructors Guide" as you support credit education in your local schools and in your community.

I challenge you to become more aware of the Foundation, how the funds are acquired, how funds are used and what it has to offer you as a member, your local, and the community where you live. We are always looking for new ideas in gaining revenue and in getting the message out to other members and to the public. Pass all your ideas along to any board member or your District President. We want to hear what YOU have to share.

About the author:

Esther Thompson Brinkley, CA/MPCE, is the President of the Credit Education Resources Foundation. She if President of District III and IV Dixie Council and Past President of the State of North Carolina. Esther is a retiree of Piedmont Federal Savings and Loan Association after 43 years of service. Her life is filled now with family, service as a Mary

Kay Beauty Consultant, Credit Professionals, volunteering and travel. She can be reached at ebrinkley10254@earthlink.net

WHAT IS CPI?

The association now known as Credit Professionals International (CPI) was established in 1937 for individuals working in the credit industry. CPI's focus is on strengthening the credit industry and the individual through education and interaction. Our mission is to support our members by providing opportunities for networking, career development, and community involvement.

Membership benefits include this educational manual with articles written by outstanding members of the credit industry; a website—www.creditprofessionals.org—that has a special members-only section loaded with helpful information; local monthly meetings with educational speakers, programs and networking opportunities; and the opportunity to attend state, district and international seminars and conferences.

Members also receive *The Credit Professional*—an annual 40-page magazine filled with articles relevant to those working in the credit industry; the CPI Membership Directory; the Pre-Conference and Post-Conference capsules; and the August issue of *The Credit Connection* newsletter. Members can subscribe (cost $15) to receive the three additional issues of this quarterly newsletter, which contains a legislative update and valuable information of interest to every CPI member.

Credit Professionals International also offers a four-level certification program, which provides a vehicle for members to receive recognition for participation in continuing professional development through courses in the workplace, attendance and participation in seminars, conferences, college courses and activities at all levels of the association.

Visit our website at www.creditprofessionals.org

CPI DISTRICTS

Credit Professionals International is comprised of six Districts. They are:

District 3 & 4:	States of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee
District 5:	States of Illinois, Indiana, Michigan, New York, and Ohio
District 7 & 9:	States of Arkansas, Colorado, Kansas, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Utah, and Wyoming
District 8:	State of Texas
District 10:	States of Alaska, Arizona, Hawaii, Idaho, Montana, Oregon, and Washington; Provinces of Alberta and British Columbia, Canada
District 12:	States of Pennsylvania, Virginia, West Virginia, and Washington, D.C.

Credit Professionals International
Professional Certification

You've worked long hours in the credit industry, gone to school and provided credit education for consumers. What's your reward?

You can become a Certified Credit Professional through CPI's certification program.
Credit Professionals International offers four levels of certification. You receive points based on your education level, your years of employment in the industry, your credit education efforts, continuing education and participation in credit association activities.

Levels of Certification:

Professional Credit Associate (PCA): Any combination of units from the scoring guide which total 300 points, $25 fee.
Professional Credit Specialist (PCS): Any combination of units from the scoring guide which total 500 points, $35 fee.
Professional Credit Executive (PCE): Hold position at management or exempt level on one's company, plus any combination of units from the scoring guide which total 750 points, $45 fee.
Master Professional Credit Executive (MPCE): Must have held position at management or exempt level in one's company for at least five years, plus any combination of units from the scoring guide which total 1200 points, $55 fee.

QUALIFICATIONS: Work Experience, College Credits & Degrees, Credit and/or Business related workshops and seminars. Participation in CPI and other Credit Associations. Units are awarded based on immediate past five years.

ELIGIBILITY: Any CPI Member can apply if they have the required number of units. Retired members can qualify for PCA or PCS at any time. If required positions were held during the last five years of employment. Applications for PCE & MPCE will be accepted.

TIME SPAN: Certification is valid for five years and renewable upon payment of the original fee. Your original points are always retained. You may work toward the next level by submitting the additional points and paying the additional fee.

FEE: The certification fee should be submitted with the personal data forms. Refunds will be made if the forms are incomplete.

CREDIT PROFESSIONALS INTERNATIONAL

"YOU MAKE A DIFFERENCE "
BY OBTAINING A NEW MEMBER!!
PROMOTE EDUCATION
PERSONAL DEVELOPMENT
LEADERSHIP AND NETWORKING

Announcing awards for the 2005-2006 Membership Campaign

INDIVIDUAL

Every member who recruits a new member will receive $5.00. Please notify the Corporate Office when the new member's dues are paid to receive your funds.

LOCAL

Each local association that retains it membership will receive a Certificate of Appreciation. The names of all local associations retaining their membership will be entered in a drawing to be held at the 2006 International Conference. The local drawn will receive $50.00.

Each local association that increases its membership will receive a Certificate of Achievement. The names of all local associations increasing their membership will be entered in a drawing to be held at the 2006 International Conference. The local drawn will receive $50.00.

DISTRICT

The District with the largest percentage of local associations maintaining their membership will receive $50.00. The District with the largest percentage of local associations increasing their membership will receive $50.00.

The Corporate Office will retain the records and calculate the winners at the local and District levels. Campaign ends May 31, 2006.

COME JOIN US IN THE LAND OF OZ
FOR A STAR EVENT IN KANSAS
THE 2006
CREDIT PROFESSIONAL INTERNATIONAL CONFERENCE

Airport Hilton
Wichita, Kansas
June 22-26, 2006

Registration forms are posted on our Credit Professional website:
www.creditprofessionals.org

Wichita is in the heartland of United States. Wichita (named after the Wichita Indians) is the largest city in Kansas and is considered the economic hub of the region with products of aircraft (Onex fka Boeing, Cessna, Raytheon), camping products (home of Coleman), and pizza (original home of Pizza Hut). For more information on Wichita (www.visitwichita.com)

Only "You Make a Difference" – so come to Wichita in 2006. Scheduled events for the conference include "How Building a Better Team Culture Starts with You"; "Vision Web"; "Funny Money"; "Identity Theft" and other timely and inspirational topics.

Besides the educational programs, we have planned an optional tour on June 22, 2006 to Hutchinson to tour the Kansas Cosmosphere and Space Center (www.cosmo.org), stop at the Kansas Underground Salt Museum - (it is to open in 2006—the only museum of its kind in the Western Hemisphere) and then have lunch and shopping at the Amish community of Yoder (www.yoderkansas.com). On Friday evening, June 23, 2005- we are planning an optional outing to Prairie Rose Chuckwagon Supper - a fun and casual evening (www.prairierosechuckwagon.com).

Conference information and registration forms will be mailed with the February 2006 *Credit Connection*.

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