



The Credit Professional

Nine Leadership Qualities—A Mantra

A Winning Proposition: Tips on Effective Proposal Writing

Solve Communications Problems That Hamper Meetings

Ten Tips for Delivering (Constructive) Criticism

Stopping Payment on a Check May Not Always Protect You

The Power of Publicity

A Look at Sexual Harassment Issues

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Nine Leadership Qualities—A Mantra

By Bob Vosburgh



This article is a synopsis of the book LIFT: Leadership That Soars Above and Beyond, currently a supplementary leadership text at the Air Force Academy.

If you've decided to spend your life being an organizational drone, hoping for a stable economy, planning on retirement so you can just fade away, staying out of the vortex, and not challenging the status quo—this mantra is not for you.

If you want to make a difference, have the respect of those you work for and those who work for you, if you want to take your team to a performance level completely out of the usual organizational paradigm, then read on.

There are stereotypes of military thinking, leadership and management as slow, outdated, reactionary, heavily bureaucratic and inflexible. This was not my experience. During my time in the military, I worked for high-quality, positively motivating, flexible and selfless

individuals from whom I learned much about management, leadership and living life with the proper balance.

I've spent half of my professional life in the military, the other half in the corporate world. My initial



impression was that corporations manage more than they lead. I believe it still holds true. I'm not saying this is bad news for those looking to succeed in corporate careers. In fact, it is great news because of the opportunity to be

different, lead from the front, motivate the team, derive above average results from employees, and enjoy the rewards associated with building a superb team.

Think about your current role, military or corporate, in the context of these values. Think of leaders who exude integrity and those (some now removed from office) who haven't. Think of the finest leader you ever worked for. Did they put themselves first, taking credit along the way, or focus on vision, strategy and empowering the team?

I went through quite an adjustment when I first moved to the corporate world. I found (and still find) disorganized structure; compensation and reward systems not tied to a company vision; and managers not willing to motivate, communicate, hold accountable, drive the vision, or build a team. I don't blame this on the individuals. Organizations

(Continued on page 4)

need to assign greater value and more resources to leadership training. In support of this concept, a recent University of Pennsylvania study showed:

- A 10% investment in Capital Improvement yielded a 3.9 percent productivity boost.
- A 10% investment in Human Capital yielded an 8.5 percent productivity boost.

Throughout my trek I've picked up *best practices* from mentors, leaders and peers. Most of my leadership role models come from the military world. Many are now firmly entrenched in corporate America, having seen significant success. In this article I'll touch upon nine specific areas.

1. Excellence
2. Mentors
3. Balance
4. Clarity
5. Hiring, Firing and Empowerment
6. Ensuring Accountability
7. Positive Thinking
8. Giving Credit
9. Generating Enthusiasm

Excellence

"Whatever you do, if it is worth doing, it is worth doing well"
Roger Carr

It's not possible to run a high-performance team if you're not of the highest integrity. Why? You have to trust everyone who reports to you, and that isn't possible if they can't trust you.

It's all about continuous improvement, excellence on a daily basis and reinvention. An organization that lives for strategic planning at the expense of execution will have a hard time surviving in today's short and aggressive business cycle.

Mentors

"As you go through life, make decisions as if I am standing next to you"

Walter Baxter

Over the years I've decided it is easier to learn from outstanding leaders than to make up my own leadership guidelines as I go. The value of a mentor can be derived



in person, over the phone, over the Internet, or by simply picturing their presence. You should find one, or many mentors, or perhaps they'll select you, but make sure they have a style you can emulate.

I once got in some serious trouble "buzzing" a family reunion in Scotland. Would I have done the air show over the family reunion

if General Baxter were sitting in my F-111. I don't think so! I have followed his advice repeatedly through the years. Two lessons he taught me:

1. If someone makes a mistake, give them the proper feedback and consequence, but also show hope for the future.
2. If you have tough decisions to make, without time for counsel, imagine your mentors standing alongside awaiting your most prudent move.

Mentors can provide emerging leaders with content, confirmation and support.

Balance

"He that would govern others first should be the master of himself."

Philip Massinger

Critical to our ability to lead and maintain the necessary stamina is proper balance. At times I've ignored the need for balance and found myself much less effective. If I don't get my exercise, I don't have the stamina to stay at the job for long periods of time. If I don't stay mentally stimulated, continuously improving myself, then I will not add the value I should as a leader. Finally, if I don't spend time with contrasting activities in order to maintain an emotional balance with family,

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friends and myself, I lose some of my perspective.

I always like to take high stress situations and put them into perspective. Usually, the seemingly significant issues won't matter a bit five years down the road—remind yourself of this. Also, it is only a job and life is far too short. I see many people lose their composure due to the stress associated with the workplace. First of all, it isn't healthy to walk around stressed out. Secondly, stress and the ensuing lack of focus typically detract from one's ability to calmly assess situations.

Clarity

"In the long run, men hit only what they aim at."

Henry David Thoreau

Everyone on your team must have a clear understanding of your vision. It doesn't do much for you until it is communicated throughout the entire organization—many times and in



as many formats as appropriate to get everyone's attention. Even if you think you

are sufficiently communicating the vision, you probably aren't. Some change-management guidelines suggest you need to five-fold what feels right.

My personal goal is that everyone in the company be able to give the "elevator talk" (share our organizational vision) during the

course of an elevator ride. A three-bullet-point version is ideal for this endeavor. I'm not talking about an elevator ride in the Sears tower!

As a leader, it is critical you schedule regular one-on-one meetings with your direct reports. It shows these employees you care and gives you the opportunity to see how your management team is doing in the eyes of their direct reports. Follow through and show you are genuine. It builds loyalty from your team.

Hiring, Firing and Empowerment

"The enemies of the future are always the very nicest people."

Christopher Morley

A very senior Air Force general once told an audience that 20 percent of the people in most offices do 80 percent of the work. The reason the 20 percent don't do more is they spend the rest of their time covering for their contemporaries. More people die from boredom than from overwork. Put the challenges out there and keep book on who rises to the occasion. Debrief the ones who are not making the grade. A couple of them may wake up.

When we look at hiring the best, it is important to keep in mind it is much easier to hire than to fire. I'm always amazed at how little time we spend on background checks, reference checks, psychological testing and profiling, not to mention the

interview process conducted with enough different people to really get to know the person. Don't cut any corners here. Ensure you have the best possible player.

It is important to empower team members to test new concepts. The leader should understand many of them won't pan out. The team that doesn't push the envelope won't grow to its full potential.

Ensuring Accountability

"I simply do not have the time, nor inclination to distinguish between the incompetent and the unlucky."

General Curtis Lemay

How do you motivate someone to perform beyond their expectations and history? It starts in the setting of goals and expectations. For a leader it is the ability to take someone to a higher level and get above average results.

As a senior leader, you need to have the discipline to get micro-knowledge and the courage not to micro-manage.
(Author unknown)



(Continued on page 6)

Positive Thinking

"A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort."

Herm Albright

The positive motivation model suggests a team will be more effective if the leader finds strengths, provides constructive criticism, and avoids the fear, sarcasm and ridicule model that used to be commonplace in the military.

I had the privilege of working with an outstanding individual, Leo Broline, whose life was cut short unexpectedly. Three Leo quotes:

1. *"Never eat anything larger than your head."*
2. *"Why die all tensed up?"* (Take life as it comes and don't take it too seriously.)
3. *"I'll live my life at 600 knots."*

His attitude about doing one's best right until the very end is something to keep in mind. If you or your troops get down, just remember death is inevitable and what matters is what we do in the remaining time.

Considering our inability to change people, and the fact these people have a negative effect on the entire team, it is best you accept the situation for what it is, deal with it, and get on with the strategy and tactics without the distraction.

Giving Credit

"The way to get things done is not to mind who gets the credit for doing them."

Benjamin Jowett

What goes around comes around. The more credit you can give away to those truly deserving, the more effective you'll be as a leader. I've always liked the suggestion a leader needs to "catch someone doing something right." In our interactions with direct reports and others, we need to solicit feedback about activities and progress; sort out parts that have made a difference to the team, mission and atmosphere; and reinforce it all with recognition.

By letting team members know you consider them part of the team, and that they can make or break the effort, you are empowering them to make a difference.

If ever you find yourself or your team in trouble, it is best to take full responsibility. Whether you were in a position to control the situation will come out in the wash. The way you handle these scenarios has a huge impact on how your team perceives you and how members support each other. The default should be that your people did the right thing, and whatever happened is ultimately your responsibility.



Generating Enthusiasm

"In things pertaining to enthusiasm, no man is sane who does not know how to be insane on proper occasions."

Henry Ward Beecher

For those who are not on the senior staff, it may be difficult to get excited about the corporation's lofty vision. Therefore, it is important we create a subset of springs that get us to the vision one sprint at a time.

The reason we have a team is to take advantage of collective minds for problem solving. There is no doubt a group of people, motivated to provide input, is more likely to think through alternatives and consequences than a single decision maker. If they can't come to the table with new ideas, constructive feedback and a willingness to make a difference, they aren't a fit.

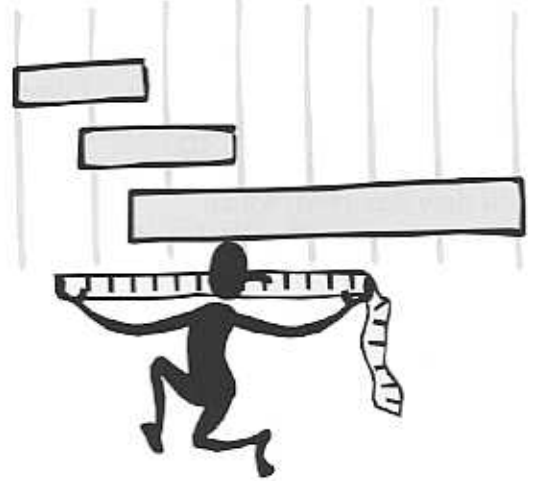
Be sure to support your key employees and let them know you care about them above and beyond being a moneymaker for the company. Remember every one of your team members has a personal life and needs to be treated with respect.

Bob Vosburgh is president of 9g Enterprises, which focuses on organizational productivity and leadership. He and his team do keynotes, workshops and surveys. Visit his website at www.9gs.org. His e-mail is bob@9gs.org

Lines of Credit— Taking the Easy Way Out?

By Rich Hill

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How do you set your lines of credit. Be honest. Do you set them according to what the customer deserves or according to what the customer needs or upon the minimum amount of effort it takes to get the customer's orders approved?

For most credit managers, the answer to the above question is Yes, Yes and Yes. In other words, you probably have a variety of ways of setting the line of credit. For those that say otherwise, please revisit the second sentence in the first paragraph—Be Honest. To jog your memory, I am going to go over a few examples of what might happen during your workday to determine the way you set a line of credit.

Example 1. Your department is understaffed and over-worked and one of your key staff members is out sick. As always, you and your crew are busy putting out fires and trying to clear up some of the work that has piled up before the end of the month. You get an angry phone call from a sales rep asking for the status on opening a

new account. The credit check hasn't been completed yet, but you notice that the customer's D&B rating is high and their pending order is a fairly low amount so you give them a minimum line of credit figuring that if they need more, you can always recheck their credit again.

Done. You tell the sales rep that you have assigned them a line of credit for \$10,000 and the order will be approved as soon as you get off the phone.

Example 2. Bob Smith walks into your office with a handful of papers. He sits down, smiles and asks if you have a few minutes to talk. Bob is one of the good guys in the sales team. Actually they are all pretty nice, but you and Bob have hit it off pretty good and work together well.

Bob lays the paperwork down and asks you to take a look at the info he has obtained on a great new account. He tells you that he feels that Liberty Lumber Products will eventually be his biggest account and that he needs you to check

them out as thoroughly as possible so that we can assign them with as large a line of credit as possible.

You look at the documents placed in front of you and are happy to see not only the credit application, but also last year's financial statement and the most current quarterly statement. Plus, Bob even filled out the Sales Review Form that was recently instituted to get the sales reps involved in rating their customers.

"Bob, I have to hand it to you. You are making my job a walk in the park. Getting the application filled out is great, but you always seem to go the extra mile. I really appreciate your efforts!"

"Well," Bob says. "It is a two way street. The better I do my job, the better you can do yours. And guess what? If this customer is as good as I think, I will need as much credit as you can give them as I am going to the moon with Liberty!"

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Needless to say, the credit manager was able to do a thorough job researching and analyzing the customer and gave Liberty the line of credit they deserved, which turned out to be more than Bob had hoped for. But now Bob had something to shoot for.

Example 3. Everyone in the credit department knew how to handle the month end rush of orders and new credit applications. The basic idea was to get through everything without causing any undo problems for customers, sales and themselves. For some reason, there was always more to do than they could handle, so the credit manager had gotten into the habit of taking a few short cuts if it was necessary to complete the work.

That included reviewing new accounts and setting their respective lines of credit. If the new accounts had indicated their credit requirements on the credit application and if he had enough information to support their requirements, then bingo, we gave them what they wanted. In many cases, the customers didn't want much because they didn't know all of the products we carried, but if we could get them approved and on their way, then we have done our job. That makes everyone happy, doesn't it?

The Good News and Bad News

Every company must determine how best to handle opening new accounts and the establishment of credit for new as well as existing customers. Taking shortcuts gets

the immediate fires put out, but it neglects a variety of benefits if a more thorough job was done to determine the line of credit. Those benefits could include the following:

- **Sales Reps.** If short cuts are taken to establish a line of credit, then the Sales Reps and management may never know what true sales potential each customer may have. Imagine that each Sales Rep receives a list of their customers and next to it they see the credit lines for each. If one customer has a credit line of \$5,000 and another has \$500,000, then the Sales Rep may neglect the company with the lower line because they might figure it isn't worth their time and effort.
- **Credit Department.** You may cause problems for you and your staff as the customer may bump up against their line of credit without cause. If you really don't know how creditworthy each customer is, then you will probably create more work for yourself in the future to determine a more accurate line of credit.
- **Customers.** The customer may also pay the price for the credit department taking short cuts. When the customer originally applies for a new account they expect that work will be done and they might be asked for additional information. However, if nothing was asked, they would figure you had enough information. If you decide

that you need more information months later, the customer may not be as receptive to your requirements. In fact, they may even get upset about your requests.

Yes, I am sure that most Credit Departments want to be able to do a thorough check on all customers in order to determine their true creditworthiness, financial strength, and ability to pay so that an accurate line of credit can be established. However, there are times when short cuts are probably taken. Just remember that there are ramifications for taking those short cuts. Those ramifications could affect you, sales and management and also the customer.

Richard Hill is President of Creditworthy Co., an Internet based company providing information, products/services and programs to the business credit community. He has been involved in business credit management for more than 30 years. He has been a member of NACM for more than 25 years, served as chairman of its Senior Credit Executive Group and is a former director of NACM Oregon. The Creditworthy website, www.creditworthy.com, offers much free information open to all.

A Winning Proposition: Tips on Effective Proposal Writing

By Priscilla Richardson

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Originally appeared in *Successful Meetings* magazine
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To raise your chances of approval, start with the reason you're writing your proposal. You're selling.

That might come as a shock to you in the credit industry who protest: "I'm not a salesperson." This is true but, like it or not, you have to sell. When you submit your proposal you are selling your ideas. And to sell anything, you have to focus on the needs and wants of the person you're selling to.

Jeffrey Lant, author of *Cash Copy: How to Offer Your Products and Services So Your Prospects Buy Them... Now*, defines your main problem this way: "Losing proposals are about the sender or writer, not the recipient." His cure, "Take yourself out and shift the focus to the recipient exclusively."

Ask Questions

Herman Holtz, the author of the *Consultant's Guide to Proposal Writing*, puts his finger on the problem of most proposals: "They're announcements instead of offers to do something." But if your proposal doesn't tell others

how good you are, then what does it do?

Start by asking yourself, "What will be the results?" Make a list and study it. Then out of all the results ask, "Which ones will make the client (or boss or board) happy?"

For example, what will make the board of a professional organization happy? Fewer complaints? Lower costs? Higher attendance? More renewals?

You know what they're looking for because it was in your mind as you made your plans. So make a check mark by those results you feel will be the most appealing.

Carve Out a Theme

Take your pad of Post-It™ notes and write the essence of what your proposal is selling in one sentence. This will be a sentence that starts with "You get," and not "I propose." For example, "You get the training your members have requested" (for a proposal to an association). Or, "You get the meeting location most

members voted for last year" (for a proposal to an executive committee).

Your theme should be your strongest benefit or result. If you have trouble deciding which one of several would be the strongest one, put yourself into the minds of the recipients. Ask yourself what problems they have and where they're most vulnerable.

For example, if your potential client suffers from high turnover, your strongest point might very well be how this plan helps the firm retain employees. If association renewals have been dropping, your plan could emphasize how it will bring them back up.

Start Writing

When you have the strongest and best selling point clearly stated in one sentence, write it on your Post-It™. Stick it on the frame of the computer screen, where you'll see it as you write.

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You can also put it on top of the file you're using, or on your clock.

Start with this sentence, and keep coming back to it as you go through your proposal. Use this sentence as you introduce new sections, such as by saying "To bring up new membership renewals even more, the project will..." You cannot expect a reader, seeing your ideas for the first time, to supply all of the logical connections you see so clearly. Spell them out!

Make Your Point Quickly

Write so others can read your proposal easily. The number-one need of readers is time; the number-one problem of readers is lack of it. So get to the point right away.

Business surveys show that busy executives tend only to read conclusions. Begin with your strongest benefit and show how your ideas will bring about that result. Busy readers will not hang on to every word breathlessly until you get to the conclusion. Start with the conclusion and then support it.

Liven It Up

Many people do not enjoy the writing process. It's hard work. But there are some tricks you can use to make your proposal more interesting.

First of all, tell a story. If you can tell a true story about how such a program helped the XYZ

Corporation raise its employee retention rate from 81.7 percent to 90.3 percent, then tell it. And don't tell it in the abstract. Give details. Quote the satisfied manager or one of the retained employees. Use their exact words, even if they aren't elegantly phrased.

When it comes to elegance, forget it. Writers who use fancy language in an effort to impress don't. One of the nice things about business writing is that the simple word is usually the most effective.

To keep readers reading, keep your sentences to an average length of 12 to 15 words. Make a short test of the effectiveness of your proposal. Take a red-colored marker and underline all sentences or phrases about results. Use another color to underline everything about you, how you will do the job, your qualifications or anything else about you or your organization. There should be lots and lots of red. Very little in the other color. If not, fix it now.

Read and Write Again

If it's any consolation, even the best business writers have to rewrite. And many swear by letting a piece sit for a minimum of 24 hours before they try to rewrite.

When you do come back to it, read it aloud. This will reveal all of the rough bumps. Substitute doing, thinking, or feeling verbs

for being verbs. Instead of writing "the company is engaged in providing health services insurance," put "the company sells health insurance."

Take out adjectives that nouns can replace. Instead of a "great improvement," talk about "an improvement of 11.43 percent." And wherever possible, be specific, not general. Finally, check all spelling and then proofread one more time.

Now you have a winning proposal!

Communication consultant Priscilla Richardson speaks & trains on all communications topics. She is a member of the National Speakers Association, Authors Guild, and the American Society for Training and Development. Her articles have been published in print media as varied as Successful Meetings and The Practicing CPA, and in e-zines such as Worldprofit Magazine and the Prosperous Living Crusader. She offers a free monthly email newsletter with tips and action plans to help you solve communication problems. To subscribe to Communication Insights, send her your email address. For more information on how she can help your business or association reach greater productivity, email her at Guru@WriteSpeakforSuccess.com. Also be certain to visit her website at www.writespeakforsuccess.com

Stepping Back

by Patti Dunn

This article was originally published in Kaulkin Ginsberg's quarterly Bulletin
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In today's environment of constant and instant communication (how many of you are email slaves)? It is more and more difficult to sit back and take time to think and reflect on where your organization is going; how you are performing; and if you are really accomplishing what you want and doing so in the best possible way.

Everybody, from time to time, should take a step back and watch himself go by

*Thomas Watson Sr.
Founder of IBM*

The Company and Its People

A good place to start would be the organization itself. Here are a few questions you might want to ask yourself:

Let's start with an easy one—is your organizational chart up to date?

Moving on, do you have published vision, mission and core value statements? And, most importantly, does everyone know what these are and support them?

Does management live them on a daily basis? If you asked anyone in the organization what these were, would they know the answer?

If you think of vision and mission as an organization's head and heart, the values it holds are its soul.

*"Making Common Sense
Common Practice"
by Buzzotta/Lefton/
Cheney/Beatty
(New Leaders Press)*

How would you describe your company's culture? How would you describe yours and your executives' management style? Are you satisfied with your answers?

Do you have a formal process in place to recognize the future leaders, the "stars" in your organization? How often do you go through your entire organization to make this assessment? And once you have identified those individuals, how are they developed and mentored to make the "move up"? Or do you find yourself always hiring from the outside when you expand or experience

management turnover? Is this what you want to do?

What training programs do you have in place for management? When was the last time all training programs were reviewed or redeveloped? When was the last time management attended collector or call center representative training? Have your training programs been reviewed by an external training or industry professional?

When were your interviewing and hiring practices last reviewed? Do you use a patterned interview for all types of positions? Do you use more in-depth, insightful interview techniques for key positions, such as having the candidate do a presentation about themselves, their experience and management approach as opposed to the traditional Q&A session? Or Google—a company much in the news these days—has an interesting approach. They have manager candidates write an essay on how they are going to add value to Google. What a great way to get to know how an individual thinks about things

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and what they consider important, as well as being able to assess their writing and communication skills!

Do your employees know what their job is? If asked could they answer that question and why what they do is important to the success of the company? Quality expert W. Edwards Deming has stated that eighty percent of American managers cannot answer with any measure of confidence these seemingly simple questions: What is my job? What in it really counts? How well am I doing?

I have seen this for myself in reviewing employee survey results a few years ago from a large company—in only one department did 100% of the employees say they knew what their job was (it happened to be the recovery department!). In many departments the percentage was more in the fifty to sixty percent range.

It is obvious that having employees that understand what they are doing and why it matters is an essential element in a company's success.

The Work We Do

Let's move over to the operation itself for a couple of minutes. The questions you may want to contemplate in the Ops area will be very specific to the business you are in: ARM service provider, debt buyer or credit grantor.

Here are some examples:

Are there procedures and processes for adding a new client or on the client side—adding a new agency? Are they documented? Are there check off forms for set up? How are clients or agencies qualified? How is “what is the right fee” determined? Again, are these items documented and are they serving their purpose? What is the approval process for all of these? Are we doing something because it has always been done that way?

ARM providers and debt buyers: How customer-centric are you? What do you do to retain your customers and grow revenues? Are workflows documented by work type/client/portfolio, etc.? Who and how are work procedures determined? How often are they reviewed? What are your client analysis metrics? What do you measure and why?

Credit grantors and debt buyers: When was your audit process—content and conduct—last reviewed? How are the effectiveness of fees and incentives measured? What is your placement strategy and how is the business segmented? And, of course, is it documented and when was it last reviewed? When was the last time it was changed?

All call centers: When was the last time you measured contact rates by time of day and day of week? Have you done this at a major client or work unit level? When was the last time you checked a

file rotation sample at an account level to verify all accounts are receiving attempts at various times of day and night; not just some accounts based on their location in the list?

Do you use all the reports you are paying to produce? If the answer is no, you may be able to save time and resources producing them.

And, the last example but not least, when did you last review all of your vendor pricing and their service levels?

And Now...

When we have completed our mental tour of the organization, we may have identified some areas for CHANGE so I wanted to suggest a few ideas on that popular topic.

I saw a sign once in a cubicle at a software development company in Boston that made me smile. It said, “Change is Good, You First!”. It struck me as capturing the normal human reaction to change for many people. It makes a good ice-breaker when discussing change with a group.

Change is the one constant an organization should have. We should be looking for opportunities to reinvent, reengineer, process, improve, etc. at all times but change should not be done for the sake of change

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alone. Careful consideration should be given to the value of a change.

Here are a few questions you and staff may want to ask when considering a change:

- Will it help serve customers better?
- Does it give a competitive advantage?
- Does it free up time for value/revenue producing activity?
- Will it help us make better decisions?
- Can you explain it simply and quickly without any presentation materials?
- Does it support new business opportunities?
- Will it help you do your job better?
- Are the total of ALL costs far less than the benefits?
- Is it a time saver or a time stealer?
- Are the results of the change measurable?
- Are the benefits short-term, perhaps, even with long-term negatives?
- Does it mask other underlying problems?

If we don't change the direction we're going, we're likely to end up where we are headed.

Chinese proverb

Well, here we are...we have stepped back to look at ourselves. I hope I have provided some ideas to consider for your company and encouraged you to take some time for a walk or a quiet time in a comfortable chair to ask yourself about where you are heading and if it is the right direction...time to just think about things.

Patti J. Dunn is President of THE EDGE Collection & Recovery Consulting Services, LLC. Her firm evaluates existing collection strategies and operational efficiencies, develops new and innovative recovery techniques utilizing the latest available tools and technology, conducts RFP and due diligence processes, and evaluates existing audit practices. She is also one of Kaulkin Ginsberg's industry experts. You may reach her at hq@kaulkin.com.



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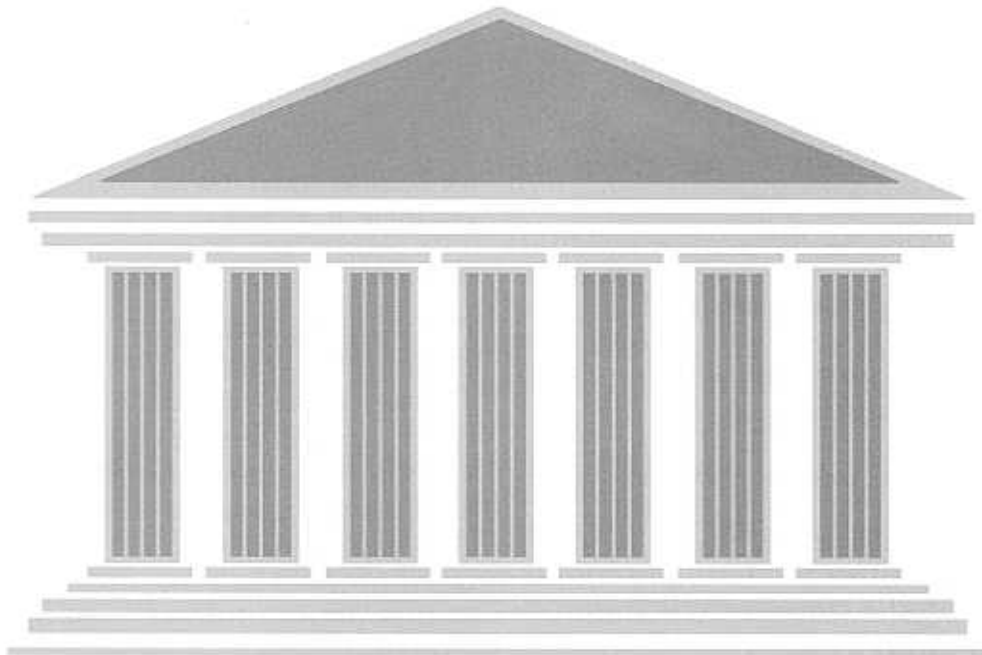
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Effective Communication: The Client-Vendor Dilemma

By Jon Marie Galvan

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A key driver in creating an effective client-vendor partnership is communication. Although this seems to be a relatively simple task, the ability to accurately convey a thought can be very difficult. Communication is affected by many factors, including:

- The words that are chosen.
- The tone of voice used.
- The experiences and receptivity of the listener.
- The circumstances surrounding the meeting.
- The relationship of the parties involved (i.e., client and vendor, boss and subordinate, etc.).

In addition, environmental factors, such as corporate mergers and increased competition, have significant impacts on whether or not the message is received in the manner expected and desired.

Faced with the need to successfully manage the vendor relationship, many recovery professionals recognize that the nature of the client-vendor

relationship has changed. Instead of approaching the relationship from an adversarial perspective where one side "wins," best in class companies are building partnerships where two-way communication is commonplace. Understanding how the work effort impacts operations, and identifying the needs of each party to be productive, are being given more emphasis. Managers in these situations are beginning to see the rewards of partnering, and have placed communication as a primary area for continued improvement.

One of the greatest lessons industry leaders have learned is that assuming communication channels are open—and that all is well—can be fatal errors. Significant problems and costs can result when a client and vendor delude themselves into believing that they are communicating well with each other, without clarifying and confirming this fact. While the most obvious cost is monetary, frequently trust, reliability and level of confidence also suffer. It is not rare to find that problems in the client-vendor relationship can be traced to the initial contract.

Many managers might find this hard to believe because of the formal nature of the agreement, the time-consuming review process, and level of authorization needed to enter into the contract. It is assumed, generally, that because of these factors, all parties have read and understand what they are expected—and obligated—to do. In addition, by signing the contract, all parties agree to be held legally bound by the agreement. However, unmet expectation is a primary factor for the termination of a vendor.

Take, for example, a situation in which a client believes additional legal action by the vendor would improve results. In order to motivate the vendor, the client agrees to increase fees on the entire portfolio in return for additional legal effort. The client believes that their expectation will be met. Unfortunately, the vendor either isn't motivated to, or capable of, increasing its legal efforts. The most obvious costs that could result in this instance would be increased fees to the vendor without offsetting increases in collections. The client's displeasure, however,

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would probably have a damaging, if not terminal, affect on the relationship with this vendor.

The underlying issue in this example is that clarification and confirmation of client and vendor expectations, as well as the vendor's ability and desire to meet these expectations, must happen. In addition, the client must conduct regular oversight of the vendor and provide timely feedback so that the vendor has an opportunity to comply. In this way, the potential damage from this situation can hopefully be minimized.

Despite the fact that situations such as this are avoidable, factors such as day-to-day business pressures often cause managers to overlook problems until they are out of control. Research conducted by Resource Management Services, Inc., including data published in the Comprehensive Agency/Attorney Usage Study, indicates that the majority of survey respondents audit outside collection vendors. However, when asked for the factor that determines whether or not an audit should be conducted, over 50 percent mentioned the existence of problems or issues with the vendor.

Current theory on performance evaluations suggests that it is far more effective to establish a routine for evaluation and feedback with vendors or employees. By creating regular feedback sessions, based on

formal and informal input, managers are able to start the process toward positive communication. The goal is for clients to create an environment in which both they and their vendors can focus on objectives, specific performance, and opportunities for improvement, without the fear that poor performance is the cause for the interaction. In this way, the negative connotation that is frequently associated with the client-vendor contact can be diminished.

Another prime area that can result in unmet work effort is skip-tracing. As an example, suppose that the client agrees to increase fees on the entire portfolio, but expects that skip-tracing activity will increase. The vendor, in turn, lacks sufficient technology, staff or other resources necessary to fulfill this expectation. Due to the specific circumstances involved (i.e., cost, deficient resources, etc.) the work is not done. This situation will again result in increased costs to the client that are not balanced against increased collections and the relationship will be damaged. From the vendor's perspective, if they comply with the client's expectations at the expense of their own financial stability, they place both themselves and the client in a risky position. Ideally, the client must ensure that the vendor understands and agrees to requirements and that they are able to comply. In return, the vendor must recognize that in agreeing to the requirements, they

must have the resources (i.e., financial, human, technological, etc.) to comply with their client's expectations. Regular contact enables both parties to identify any issues immediately, and gives them the opportunity to resolve these items before the relationship is negatively impacted.

In addition to expectations of specific work effort, requirements for supporting items, such as trust accounts, are vital to the health of the client-vendor relationship. When requiring a dedicated trust account, many clients expect that this account will hold only its funds, without co-mingling with funds of the vendor or other clients. In addition, this account would retain the funds from the initial deposit through transfer to the client. Although it does not have an immediate impact on recovery performance, the proper establishment and management of the trust account by the vendor can be fundamental to ensuring a positive working relationship. The dedicated trust account also creates a trail that enables an objective and comprehensive audit of financial activity to be conducted.

Requirements are important, but they must be clearly communicated to the vendor and reviewed on a regular basis; otherwise, they provide little value to either party. Any type of relationship can be difficult to manage, even when world-class levels of communication exist.

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The primary goal in an effective partnership is to maintain ongoing contact, while focusing on ways to clarify and confirm expectations. In support of this goal, following is a list of practices that can strengthen client-vendor interaction:

- Conduct a post-implementation review of contract requirements and vendor operations.
- Implement a regular audit series.
- Ensure the audit team has a clear understanding of contract requirements and acceptable business practices.
- Maintain frequent contact between the client and vendor, focusing on opportunities to improve the relationship.

These are just a few of the many techniques that can be used to strengthen the client-vendor relationship. Underlying each of these items is the commitment by the client and vendor to build a superior relationship in which goals and objectives of each are met. First and foremost, effective and ongoing communication must be a primary concern for all parties if they want to achieve the most effective and profitable partnership possible. It is also important for all parties to recognize that the mere existence of a contract does not ensure that the work is being done in the way it should. Both the client and vendor should work toward creating an agreement that is acceptable to each and to fulfill their respective responsibilities in a timely manner.

Jon Marie Galvan is Project Manager for Resource Management Services, Inc., a consulting firm specializing in collection and recovery since 1986. For more information, please call (562) 906-1101, or visit their website at www.ResourceManagement.com.



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Agency Audit Sampling Requires Auditor Judgment

By Resource Management Services



The goal of an agency audit is to insure compliance with the client's work standards, evaluate performance and maximize profits. Obviously, no matter how competent the auditor or how sophisticated the collection software, reviewing each account is a physical impossibility. Even if 100 percent of the information could be tested, the cost of testing would likely exceed the expected benefits (the assurance that accompanies examining 100 percent of the total) to be derived. What is required is a sampling of the accounts.

To accomplish this, the auditor needs to examine a representative sample or cross-section of the various type of accounts (e.g., legal, good telephone, skip, payment arrangements, settled, closed) as well a review of the remittance history.

How the sample should be selected and how large the sample should be are critical issues for researchers as well as auditors.

According to researchers M. Hanson and P. Hauser, in their article "Principles of Sample Design," "The science of sampling design involves: (1) looking at the resources available,

the restrictions under which one must work, the mathematical and statistical tools available, the accumulated knowledge of certain characteristics of the populations to be sampled; and (2) putting these together to arrive at the optimum design for the purpose at hand."

Hanson and Hauser point out that the overall criterion that should be applied in choosing a sampling design is to design the sample so that it will yield the desired information with the reliability required at a minimum cost; or conversely, that "at a fixed cost it will yield estimates of the statistics desired with the maximum reliability possible."

Statistical vs. Non-statistical Sampling

Simply stated, a sampling plan is non-statistical when it fails to meet at least one of the criteria required of a statistical sampling plan. Auditors should know the requirements of statistical plans, because, by definition, any deviation constitutes a non-statistical approach.

The difference between the two types of sampling is that the sampling risk of a statistical plan

can be measured and controlled, while even a perfectly designed non-statistical plan cannot provide for the measurement of sampling risk.

The basic similarity between the two types is that both sampling approaches require the exercise of auditor judgment during the planning, implementation and evaluation of the sampling plan. In other words, the use of statistical methods does not eliminate the need to exercise judgment.

In addition, the actual audit procedures performed on the items in the sample will be the same, whether a statistical or non-statistical approach is used. The employment of a statistical plan does not mean the auditor can alter the procedures designed to collect evidence to draw an audit conclusion.

It is up to the auditor to evaluate the individual and situational costs and benefits associated with each sampling approach before making a determination.

In some circumstances, statistical sampling is more appropriate than judgment sampling. Before

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deciding whether to use statistical or judgmental sampling, the auditor must determine the audit objectives; identify the population characteristics of interest; and state the degree of risk that is acceptable. After making those determinations, it may be advisable to use statistical sampling if the auditor has a well-defined population and can easily access the necessary documentation.

Obviously, if the audit methodology and parameters limit the on-site portion of an agency audit to one or two days, the sample design and size must be a realistic reflection of this time constraint.

It is a fallacy that the "statistical rule of thumb" is to sample 10% of the accounts. There is no such magic number. If the entire population is 10, a 10% sample equals one account—not very representative. Therefore, it is the absolute numbers, not the percentage, that is important.

Statistical Probability Sampling

Accounts to be reviewed during an audit are normally selected through one of the probability sampling methods—random, systematic or stratified. Probability sampling provides an objective method of determining sample size and selecting the items to be examined. Unlike non-statistical sampling, it also

provides a means of quantitatively assessing precision (how closely the sample represents the population) and reliability (confidence level, the percentage of times the sample will reflect the population).

Simple Random Sampling

In auditing, this method uses sampling without replacement; that is, once an item has been selected for testing it is removed from the population and is not subject to re-selection. An auditor can implement simple random sampling in one of two ways: computer programs or random number tables.

Systematic (Interval) Sampling

This method provides for the selection of sample items in such a way that there is a uniform interval between each sample item. Under this method of sampling, every "Nth" item is selected with a random start.

Stratified (Cluster) Sampling

This method provides for the selection of sample items by breaking the population down into stratas, or clusters. Each strata is then treated separately. For this plan to be effective, dispersion within clusters should be greater than dispersion among clusters. An example of cluster sampling is the inclusion in the sample of all remittances or cash disbursements for a particular month. If blocks of homogeneous samples are selected, the sample will be biased.

Remember, an essential feature of probability sampling methods is that each element of the population being sampled has an equal chance of being included in the sample and, moreover, that the chance of probability is known. Only in this way, is a probability sample representative of a population.

Non-Statistical Sampling

Some selection methods can be used only with non-statistical sampling plans.

Haphazard Selection

In this method, the auditor selects the sample items without intentional bias to include or exclude certain items in the population. It represents the auditor's best estimate of a representative sample — and may, in fact, be representative. Defined probability concepts are not employed. As a result, such a sample may not be used for statistical inferences. Haphazard selection is permitted for non-statistical samples when the auditor believes it produces a fairly representative sample.

Block Selection

Block selection is performed by applying audit procedures to items, such as accounts, all of which occurred in the same "block" of time or sequence of accounts. For example, all remittances in the month of November. Alternatively, remittances 300-350 may be

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examined in their entirety. Block selection should be used with caution because valid references cannot be made beyond the period or block examined. If block sampling is used, many blocks should be selected to help minimize sampling risk.

Judgment Selection

Judgment sample selection is based on the auditor's sound and seasoned judgment. Three basic issues determine which items are selected:

1. Value of items. A sufficient number of extensively worked or older accounts should be included to provide adequate audit coverage.
2. Relative risk. Items prone to error due to their nature or age should be given special attention.
3. Representativeness. Besides value and risk considerations, the auditor should be satisfied that the sample provides breadth and coverage over all types of items in the population.

Sampling Statistics and the Agency Audit

An agency audit need not be based on a statistical sample to be considered valid. In fact, to concentrate on a statistical selection method is to miss the point of the agency audit. It is more important to be able to identify areas in need of improvement than to identify the standard deviation of the population mean. It is

more valid to address issues of concern than calculate the confidence level of the sampling statistic.

An experienced auditor with good judgment and a well-defined audit goal need only review a random cross-section to know if the agency is in compliance and what steps must be taken to improve performance and maximize profits.

Remember the goals of an agency audit:

1. To insure compliance with the client's work standards
2. To evaluate current agency performance; and
3. To maximize profits for both client and agency.

With these goals clearly in view, experienced auditors balance the resource available, the restrictions of each audit, the mathematical and statistical tools available, and his or her accumulated knowledge of the characteristics of the population being sampled and arrive at the optimum audit design for the purpose at hand. Just as Hanson and Hauser recommend.

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Ten Tips for Delivering (Constructive) Criticism

By Barton Goldsmith, Ph.D.



First let me say that, with all the criticism I have received, rarely has it ever been constructive. These days when someone comes up to me after a presentation and says, "Would you like some constructive criticism?" I always say, "No thank you."

The problem with most people who give criticism is that they almost always feel they could do it better. This brings to mind the obvious question, which is: if they could do it better, then why aren't they doing it? As leaders, we are always targets for criticism and so be it. I think that's part of the deal. Where we fail is that we don't help our team members by training them how to deliver criticism or feedback in the best ways.

Ask most team members and they will tell you that they rarely get enough feedback—positive or negative. That's because most managers don't want to create conflict and they may not feel confident in their ability to deliver appropriate suggestions. For most people it's easy to see that someone isn't doing their job correctly, but it's very difficult to tell them how to do it better.

Here are some tips to help you give team members the feedback they need and want.

1. Take an honest look at where you're coming from. If there's some anger or resentment toward the team member then you're probably not the best person to offer them advice.
 2. Make sure you have all the necessary information. The quickest way to offend anyone is to criticize him or her for something they didn't do. Getting all the necessary data may take a little time. So be a little patient with yourself and the team member.
 3. Stay focused. Don't get side tracked by the person you're talking to or the action in the office. Be sure to look the person in the eyes. It will help you stay on topic. If you're typing away on your keyboard, the team member won't take your requests or suggestions seriously.
 4. Choose the best time and place. Never give criticism in public, in front of another person, or at the end of the
- day when you or they may be too tired to deal with it appropriately. Also, if you're physically uncomfortable, you may not be in the best frame of mind to talk about a difficult subject.
5. Realize that the person you're giving feedback to may get defensive. This is a natural response to criticism, especially if they've gotten their feelings hurt by you (or another manager) in a previous experience. Use a softened start-up. For example you could say, "You've really done well this quarter, but there's one little area that could use a bit of improvement."
 6. Talk about the performance not the person. Feedback is not about telling someone they are bad at what they do, it's about telling them how they could do it better. For example, you would never say to a person, "You are a mistake." Instead you would say, "You made a mistake."
 7. Use humor if possible. If you can deliver criticism in a

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light-hearted manner it will be received in a much more positive way. Humor doesn't diminish the seriousness of the feedback you are giving, it actually helps the person receiving the direction to open up and take it in.

8. Get a commitment. Make sure that the team member who is receiving the feedback makes a commitment as to how and when they will correct the problem.
9. Start and end with a compliment. Find something good to say about the person and their performance at the beginning, this will help them take in your advice. At the end of the conversation it will help them to feel that they aren't a failure or about to be fired.
10. Follow up. Have the team member report back to you within a specific time period, but not more than a month.

These are the tools the best of the best use to make their teams strong. Learning how to give feedback and criticism in a way that the person you are talking to will take it in and learn from it may be a leader's greatest tool for building an effective team.

So the next time you offer a team member constructive criticism they won't go running for cover or say, "No thank you." Instead they will see it as an opportunity to grow and your company will grow along with them.

Barton Goldsmith, Ph.D., is a highly sought after speaker and business consultant, and presents to numerous companies, associations and leaders worldwide. His articles have run in more than 500 publications and he has given over 2000 professional presentations. He can be contacted through his web site at: www.BartonGoldsmith.com or at (818) 879-9996.

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Solve Communications Problems That Hamper Meetings

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Whenever you gather a group of people together—for any reason—you're bound to run into differences of opinion and clashes of personality. Business meetings are no different. But you can calm the waters and stay productive if you're prepared to troubleshoot some common meeting problems. Below are some common meeting-related issues and advice on how to resolve them:

"People start veering off topic, and soon the entire meeting runs off track."

Here are a few ways to bring a meeting back on track quickly and tactfully:

- Designate a "parking lot," where all off-topic ideas can reside. It can be a whiteboard where you can list ideas as they pop up. Tell participants that those ideas will be pursued at a more appropriate time.
- For minor diversions, use these phrases to lightly steer people back on course: "I'd like to go back and see how that relates to our original agenda item," or "Let's stop for a moment and review our main points," or "OK, let's come back and

focus on the problem we need to solve."

- When a small group starts a side conversation—one that doesn't meet the objective of the meeting—make the situation public. Say: "This discussion appears to involve only a few people. Is it something that can be resolved quickly or is there another way to handle this? What does the group want to do?"
- When the entire group has delved into an unrelated topic and needs serious redirecting, say: "This discussion appears to be straying into areas outside the scope of this meeting. Can we table it, or do we need to add it to the agenda?"
- Call for a clarity check when you suspect a conversation has moved away from the objective of the meeting. Ask for their attention, then say to the group: "Excuse me, I'm not clear this conversation relates to our topic. I'd like to check to see if it's important to pursue now." Let others in the group give their opinions. If they confirm your suspicion,



ask that the conversation be continued outside the meeting.

"Long-winded people are eating up time and keeping other participants from speaking."

The trouble with pontificators is that they tend to crowd out quiet participants whose ideas may never be heard. *In that situation:*

- Step in with a polite interruption that cuts the speaker short. Say, "Brent, our time is running short. Can you please wrap it up?" If the rambler doesn't comply, then stop him short with this direct statement: "Thank you, Brent. We need to move on. Judy, you're next. Go ahead."
- After repeatedly trying to tone down the nonstop talkers, if you still feel they're dominating the meeting, take them aside. Explain that you cannot allow them to continue

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monopolizing meeting time. Let them know that if they keep it up, they'll be ousted from the next meeting.

"People seem hesitant to speak up."

Consider a couple of possibilities:

1. There are too many people in the room. The ideal number of participants depends on the objective of the meeting. If, for example, you need to relay pressing, sensitive information to everyone—and you don't expect group participation—then a jam-packed room is fine.

If you're aiming for intense group discussion, keep the number of people between five and eight. Smaller groups allow people to feel comfortable enough to speak up. They'll be more likely to offer their ideas if they're not intimidated by a roomful of people.

It's not always possible to limit the number of people attending, especially when the meeting is a retreat or department-wide gathering. In that situation, you'll want to divide attendees into smaller groups for at least some portion of the agenda. After all groups finish their discussions, they reconvene, with one representative from each group summarizing their conclusions.

2. People are afraid of being criticized by others. Creating a positive atmosphere is essential to gaining the trust of the group. Here's how Marsha Palanci, president of Cornerstone Communications, keeps her brainstorming meetings positive:

Palanci's rule: No putdowns. "When you start a creative process, you can't stop someone's thinking by saying, 'No, that won't work.'"

"If people do pan a concept, I remind them that no ideas are bad. Then I try to take a nugget of the idea that was criticized and elaborate on it, because sometimes a wacky notion can evolve into something not so wacky. It's like racquetball. When you're hitting the ball, sometimes it just bounces around and dies—but sometimes you swing and the racquet connects."

"A person I'd describe as 'difficult' is ruining our meetings."

Difficult behavior puts a strain on the assembled group—and can sabotage productivity. *Here's how to step in:*

- Set the tone for the meeting. Say something like: "I don't expect us all to agree with everything said, but I want to hear all viewpoints. So say what's on your mind and don't criticize other ideas until we can fairly evaluate all input."

- Try to make him more aware of his behavior. Say "John, [pause] is this really going to solve our problem?" At the same time, attempt to change the climate of the room by gently prompting other participants to speak up.
- Ask the difficult person to step out of the meeting if all else fails. You may not enjoy taking that step, but consider the comfort level of other participants. Consider, too, that with the troublemaker out of the way group participation will likely skyrocket.
- Give feedback as soon after the incident as possible. Take the offender aside and report what you observed, not your interpretation of what the person was thinking or implying: "Susie, I noticed in the meeting that you had your arms crossed and an angry look on your face." Use "I" statements, since these are observations about how the person's behavior affected you.

Tie the behavior to the negative result caused by it. "And Susie, I noticed that after you spoke, everyone else quit talking and started finding excuses to leave the meeting before we were done." You need to establish that the behavior was serious enough to cause negative results.

Ask for what you want to be different in the future. *Example:* "I'd appreciate it if in the future you would voice your opinion without getting upset."

Stopping Payment on a Check May Not Always Protect You

By Michael R. King, J.D.

QUESTION: I stopped payment on the check with the bank so how come the liquor store that cashed the check is suing me?

ANSWER: Although you can stop payment on the check, you remain liable to the person who cashed the check if that person is a "holder in due course" who doesn't know about any problem with the check.

Have you ever had anyone tell you that they lost your check? When someone tells you that, you probably grumble a little bit, call the bank to stop payment on the check, and write a new check and give it to the person. You probably think that by stopping payment on the check you have eliminated any risk or obligation you might have for the check upon which you stopped payment. You would be wrong.

Of course, you can tell the bank to stop payment on a check or close an account. Anyone who is authorized to sign on the checking account may stop payment on a check drawn on that account or close the account by telling the bank far enough in advance so that the bank can reasonably take that action before it honors the check.

You can call the bank with your stop payment order but it has to be confirmed in writing within fourteen calendar days or it lapses. A stop payment order has to describe the check or the account with reasonable certainty so that the bank knows what you want to have done. A written stop payment order is effective for six months. You can renew a stop payment order for additional six-month periods by further written orders to the bank to do so. (Keep in mind that banks are not obligated to pay checks that are more than six months old, but nothing stops banks from paying old checks if they decide to do so.)

So what's this nonsense about a "holder in due course" being able to sue you after you have properly stopped payment on the check with the bank? The problem is that the payday check-cashing center on the corner has no idea that you stopped payment on the check when it cashes the check which is presented to it for payment. Even though you can stop payment, you are still liable to the party who cashed the check without knowing there was any problem. You see, once a check has been properly endorsed, it can be enforced by whoever holds it. A person may be



entitled to enforce a check even if that person is not the owner of the check or is in wrongful possession of the check. So it is possible for someone to enforce a lost or stolen check against the "drawer," which basically means the person who wrote the check.

Who qualifies to be this "holder in due course" with the right to make you pay for a check on which you stopped payment? A "holder in due course" means the holder of an instrument, such as a check, under the following conditions.

1. There is no apparent evidence of forgery, alteration, irregularity, or incompleteness, which would call the authenticity of the check into question when it is issued or negotiated to the holder.
2. The holder must have taken the instrument for value and in good faith without any notice that the check was overdue or had been dishonored or that other checks in the same series had bounced.
3. The holder must not know that the check contains an unauthorized signature or has

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Top Ten Tips for Making a Pitch

(To Clients, Your Boss, Your Boss's Boss or Your Board)

Barton Goldsmith, Ph.D.



Learning how to get your ideas accepted is an art form and requires patience and practice. The people you want to present to have proved they know how to do it (because they are sitting in the big chair). These ten tips are how they got to the top of the business food chain - and how you can too.

1. Do your homework. Know the players and what they need and want. The more you know about the person or company you're talking to, the easier it will be to get your idea across.
2. Practice your pitch. Shooting from the hip may have been a great skill in the wild west, but it doesn't work in today's business environment. Rehearse with one of your teammates, your spouse, in the mirror or in front of your dog. The point is for you to get comfortable with talking about your idea.
3. Hit the high points. Don't try to cover all the bases in the first meeting. Your job is to get them excited and let your idea inspire the person you're talking to. If you see them looking around the room or at their watch, you've over-stayed your welcome.
4. Incorporate their ideas. If the person you are presenting to has some additional ideas, listen to them and do everything you can to blend them with your own. This will inspire the buying party to buy-in to your project or product.
5. Don't get defensive if they say no today. Remember that tomorrow is another day, and many times a person will change their mind after sleeping on it. I suggest that you don't even ask for acceptance of your idea right then and there. Tell them to call you in the next day or two after they've had a chance to mull it over. However, if this is a sales call and they say yes—take their order, say thanks, and leave.
6. Don't make promises you can't keep. If you don't have the people, the product or the permission to do what you say - don't offer it. The quickest way to ruin your chances of moving forward with your idea (or your career) is to be branded as a fabricator.
7. Sell yourself first. If someone likes you, they will be open to what it is you want. Do not underestimate the importance of being easy to work with, kind, trustworthy and smart. These are the qualities that the higher-ups look for.
8. Don't do your pitch in your office or at lunch. Asking someone to come to your office says you don't value their time. Having a meeting at lunch creates the possibility of your idea getting lost because there are too many distractions. If you are pitching to a large group, make sure that the room is not so big that you have to raise your voice to be heard in the back of the room.
9. Be passionate. The person you are talking to is always on the hunt for new ideas and the people to pull them off. If you are selling an idea, you are also selling the fact that you are capable of bringing it to fruition. If you can get the person you're talking to excited (through your own enthusiasm), your chance of getting accepted is a thousand percent better.
10. Be nice to everyone. The receptionist, the secretary and any of the assistants you come

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The Power of Publicity

By Michael Golden



The Klu Klux Klan has a communications department that notifies the media of its activities in the form of publicity. The National Association for the Advancement of Colored People (NAACP) also has a communications department that functions in a similar manner. So does the American Medical Association. Ditto for the United States Chamber of Commerce.

Whether one agrees with an organization's basic philosophy and/or goals, one thing is certain: without publicity, an organization's effectiveness—and membership numbers—might dwindle or evaporate altogether.

A variety of arguments can be made as to why someone would join an organization, but the main reason listed below is universally understood:

A person wants to be around other people who think like she/he thinks—and share common beliefs and values.

The challenge that many organizations face is locating and attracting a steady stream of prospective members who fit this

description as it relates to their individual groups.

Advertising is one form of communication that promotes benefits and other selling points immediately, guaranteeing solicitation of prospects at placement time. The downside is cost. Fees escalate, depending upon the popularity of the venue used for the ad. Still if implemented properly, developed, handled, and financed within means, this can be an effective option for achieving the goal.

The other form of communication—publicity—typically can produce more in the long-term, at substantially less cost. More exposure. More interest. More memberships.

Short-term publicity is relatively simple. Announce major events, installations of officers, relocations, etc. Anyone can strike oil once or twice. It's the long-term publicity which, if handled correctly, will continue to find oil—even while 'wells' of the organizations run dry.

Just as people join an organization for commonality, how active those people are as a whole within

an organization can determine if long-term publicity has a fighting chance to succeed. Any group can hold an event, but not every event has the program, the speakers, or the energy to entice media to cover it.

Is the event honoring a member who has referred more new members to join than anyone else? If so, this won't interest the media. On the other hand, is the event honoring the member who has served the area community the most throughout the year? Were several nominees considered? Did a ratio of at least five votes per nominee exist? Were a minimum of 25 votes cast? Were there specific criteria established for nominee consideration? Answer yes to all of these questions, and the media might show up. Nothing is easy in terms of getting media attention for an organization. Active members are the key in approaching the goal of publicity.

Active members thrust an organization beyond a "social club" status. They don't show up for the sake of showing up. Rather, they commit themselves

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to a cause. With active members, organizations can pursue related business interests. Committees form. Positions surface. Calls-to-action ensue. More chances to publicize their efforts.

Business organizations, for example, advocate for or against, or abstain from issues that are imperative to their interests. (Yes, a 'no position' is still a position.) A healthcare committee might evaluate a state senator's proposal to combat a nursing crisis. A land use committee might see an opportunity for local politicians to re-zone a specified area that could enhance the business climate within the given boundaries. Reviews commence. Studies take shape. Data are recorded and organizing. Inquiries made. Ideas brainstormed. It takes work to gain credibility with the media, the sector of commerce, civic leaders, and more. Hence, it takes active membership to lay the foundation for organizational promotion to occur in a productive and consequential fashion.

Now apply this practice to a credit organization. Like any other industry-related group, they have specific issues that are applicable to their field. Credit granting. Credit collections. Credit reporting. Each of these three categories deals with constant regulatory restrictions, often from federal and state governing bodies—sometimes local. (Not to worry. This won't turn into a lecture describing the regulations; many who read this keep themselves, or are kept up-to-date,

on these issues like clockwork. After all, it's almost always required!) Instead, look at these regulations with a 'watchdog' mentality. Don't wait for lawmakers to levy rules on the credit business without providing input. Don't wait for another, larger, more nationally recognized association or special interest group to speak for the industry members of this organization.

Utilize resources from within (lobbyists, current members experienced in credit compliance, credit attorneys), as well as similar organizations like those aforementioned in creating a coalition on major issues. Next, armed with the knowledge derived from the previous step, have a committee in the organization (state issues, federal issues) develop a position paper for board review. If the Board of Directors approves the committee's recommendation, consensus should be reached, whether to record the position, or to determine if further action is necessary. Regardless of the outcome, the credit organization now has something concrete—newsworthy—to report to the media.

Furthermore, a credit organization shouldn't limit itself to direct items of interest exclusively. A second form of legislative publicity may also entail approaching issues that indirectly impact the credit industry, but still lead to a form of significance nonetheless. By taking such positions, this organizational effort

can attract members who do business with those in the credit industry. Vendors are the first to come to mind; they depend on credit business(es) for revenue. (Note: vendors also might be the most willing to sponsor credit events, too, since it serves as an extremely targeted form of advertising for them.) Conversely, clients of creditors might see the benefits of maintaining a membership with the credit association, too. How? The credit organization can publicly support or oppose issues that directly affect these clients of creditors, because the proposed item in question will cause a chain reaction for credit businesses in either a helpful or hurtful manner. As an added reward, credit clients will appreciate the support shown for their companies and/or industry, especially if the issue is brought forth in terms of public visibility. Frequently, these credit clients remember these efforts when their contracts and memberships are up for renewal. Value for the members often translates into value for the organization.

Publicity for credit organizations doesn't have to end at the political level. A different form of promotable activities can come from community involvement. How is the organization serving the community? Is it offering free credit education seminars? Is it inviting students and/or area adults to participate in credit knowledge-building workshops? Is it speaking at functions run by

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other organizations on a credit topic that ties into a host organization's need for understanding? Is it running a specific, non-typical program in order to raise financial support for a worthy cause? Is it donating millions of dollars to fund a project?

A "yes" answer to any of these questions allows the credit organizations to continue informing the media of its actions. Notice that the word "free" appears in the above paragraph. The reason for this is simple: community events like those listed should not lead to a profit for the organization. Otherwise, the media will probably ask the organization to place an ad, because it fits that category. Of course, exceptions do exist. Get a popular, well-known person to make an appearance, and the media may reconsider—emphasis on the "may" word.

Debates/forums, conferences, and meetings that are open to the public can also draw media coverage and interviews. Plan these well in advance. Gain commitments from participants who work as a—or with/for a—credit business—include legislators on the agenda (if possible). Confirm that the topics for these functions are timely and relevant. When handled efficiently, publicity for these venues can include a variety of angles in good frequency—before, during, and after the event.

Last, but certainly not least, remember the phrase: *The trend is your friend*. A definite way for a credit organization to gain and maintain credibility among the media and more is to identify and publicize trends. Perceptions suggest (and rightfully so) that creditors are experts in the credit industry. Confirm this belief by tracking data by city, county, state, region, etc. Then, report the findings to the media. (Note: names of customers here are irrelevant, so third party disclosure does not apply.) Identifying trends on a regular basis could also result in the reports being picked-up and disclosed by some of the top, nationally recognized media companies in the country.

Publicity is more than possible. It's plausible. Prepare each story submission in an objective format, adding a subtle spin that ties the organization to the information, and the payoff to promoting the active membership will be right around the corner.



Michael Golden, of Vancouver, WA, 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, he decided to return to his roots, where the power of pen—and perception—run in his family. He assisted the business briefly in the inaugural year of Jacob's Well, departing for the corporate credit field soon thereafter. He is an Associate Credit Executive (A.C.E.) with the International Creditors Association.

His 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).

How to Tame That Fear Monster!

By Priscilla Richardson

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Heart pounding! Dry mouth! Nearly fainting! Is it a horror movie? No, worse: real life horror—having to give a presentation. The public speaking fear monster strikes again.

You have to present a report in front of the whole department. Or your club wants you as their president, meaning you'll stand up in front of everybody to run the meetings. Office and personal life frequently present such challenges. The only trouble? You're terrified.

You don't have to let your fear hold you back. There is a way to tame it. With preparation and practice you can turn your fear into excitement. And do a good job, too.

Advance Planning Puts That Fear Monster Into a Cage

How do you start taming that red-eyed, yellow-horned presentation fear monster? Advance planning is the first step. Then you work on special

techniques. Practice and more practice cement your gains.

It's so easy to worry about your fears and problems that you tend to forget audiences have their own. As a result, an audience rarely sees or hears, much less remembers, a slip you think screams out loud.

Plus audiences actually want a presenter to succeed. It's no fun watching someone in agony. And they're thankful you're the one up there, not them!

Think about it. Have you ever sat through a presentation and wished the presenter would be nervous? Miserable? Terrified? Of course not. You as an audience member want that presenter to feel free of terror so she can get on with the message.

Make a List

Before you present, make a list of all of the worst things that could happen. Will they shoot you? If so, quit today! You might feel faint, your hands might sweat,

But since people are generally more interested in what you have to say than how you say it, probably the worst possible thing is: your ideas don't fly.

Well, so what. You'll get another chance. No matter how awful you think you are, you won't die. And you'll still have your job, too. (In many clubs you'll have trouble getting rid of your job!)

The most probable worst thing that can happen? Nothing. No result. No sale. Nothing. In that case, you're just as you were before you started. You haven't gone forward or backward. Just stayed the same.

Now, toss that list. Not just into the trash can! Get it as far from you as you can. Because it has nothing to do with you any more.

See Yourself as a Success

Now, take a tip from successful athletes and practice visualization. Visualize yourself right now—and as soon as you know you'll be presenting—as the most successful presenter anyone has ever seen.

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Picture yourself walking confidently to the front of the room, cleverly introducing your topics, smoothly handling your notes. Watch the audience nodding in agreement. Observe your boss coming up to congratulate you afterwards.

Can this really help? Yes. It really helps prize-winning athletes and it really can help you. Your mind can hold only one thought at a time. If you fill it with thoughts of success you won't have room for any others.

Bring this success picture to your mind each and every time you even so much as think of your presentation. If you're walking down the hall and your presentation pops into your mind, immediately associate it with a success thought.

As a person thinks, so is she or he.

Techniques To Lock the Fear Monster Tightly Into Its Cage

OK, you've got the fear monster into the cage. Now you need to lock it in tightly. And the first way you do that is to reclaim the breathing technique you had when you were first born—breathing from the diaphragm.

Your mind goes blank and your hands tremble when presenting because your brain and muscles are hungry for the oxygen they need. Diaphragmatic breathing takes care of that. It also gives you

a base for a voice that carries well without a microphone.

Fear is excitement without the breath.

When fear hits, you tend to breathe in short gusts using your chest muscles instead of your diaphragm. Often, your shoulders will move, alerting you to the problem. You have barely enough breath to speak a few words, to say nothing of sentences. Breathing with your diaphragm will counteract this.

You'll find your diaphragm in the middle of your body's trunk. Put your hand on it now, and take a deep breath using only the muscles in that diaphragm area.

There! That's all there is to it. You breathe that way when you're asleep: this is nothing new to your body.

You can't just wait until the hour before you speak to start this: you'll forget it in your anxiety. Rather you have to practice always using your diaphragm when speaking, even when on the phone. Then you'll be ready for presentation time.

Relaxation Exercises

You can now turn your diaphragm breathing into a de-tenser by exhaling slowly, to the count of one-make-lots-of-money, two-make-lots-of-money, up to five or six or more counts.

Then hold a count or two, and inhale to the same count, or whatever's comfortable for you. Don't push to get in more counts! It is supposed to be relaxing, not creating more tensions!

You'll be amazed what three or four deep diaphragm breaths can do for you, especially just before you speak.

To help you get to sleep the night before your presentation and to keep you from tensing up while you wait your turn, here's another technique. Take your right hand and make a fist just as hard and tight as you can. Hold it for one count, then let your hand go limp.

Then make a fist half as tight as you did the first time. Hold it for a count and let it go limp again.

Then make another fist half as tight again, hold, and let it go limp. Do this with your hands if you're in public. At home in bed you can do it by tensing and relaxing any muscles.

A good way to get to sleep is to start with your shoulder muscles and work your way on down.

Help, There's Cotton in my Mouth!

When you can't even say the first word because you feel as if your mouth holds the entire world cotton crop, never drink water. That just makes the problem worse by washing away the saliva you need.

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Instead, get your own saliva flowing. One way is to take the tip of your tongue and press it against the roof of your mouth. Or you can bite (ever so gently!) the sides of your tongue.

If neither of these appeal to you, try thinking of a cut ripe mango, orange or peach—anything that will get your juices flowing.

The Fear Monster Will Get You Unless..

The fear monster will attack you anyway, unless you practice these techniques along with your presentation! There's no such thing as too much practice when that monster is about to grab you by the throat.

Let's define practice. Practice is what you have to do when you're learning to play the piano or hit a golf ball. You do it over and over again. And over and over again.

Learn the individual techniques first. Then when you know you'll

be presenting, practice them along with the speech.

Now, practicing a speech isn't sitting at your computer, reading over your notes. Neither is it just thinking about it. Real practice means standing in front of mirror, or in front of family or friends, speaking aloud. Go through the whole thing, and do it many times, until you're comfortable.

Knowing you know what you'll be saying can add a lot to your comfort. And help lock that fear monster in its cage.

The result of all this work? You will recognize and tame any anxiety you have about presenting. Without all that fear you find presenting so much easier and more rewarding.

Once you've tamed the fear monster, the adrenaline rush you get before you speak will help you instead of holding you back from showing your worth.

Communication consultant Priscilla Richardson speaks & trains on all communications topics. She is a member of the National Speakers Association, Authors Guild, and the American Society for Training & Development. Her articles have been published in print media as varied as Successful Meetings and The Practicing CPA, and in e-zines such as Worldprofit Magazine and the Prosperous Living Crusader. She offers a free monthly email newsletter with tips and action plans to help you solve communication problems. To subscribe to Communication Insights, send her your email address. For more information on how she can help your business or association reach greater productivity, email her at Guru@WriteSpeakforSuccess.com. Also be certain to visit her website at www.writespeakforsuccess.com



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A Look At Sexual Harassment Issues

By Sheryl and Don Grimme

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Note: The authors of this article spend more time conducting Harassment Prevention training (especially sexual harassment) than ANY of their other specialties. Yet they have hesitated—until now—to devote an article to this subject. They have assumed that most people are fairly conversant with the issue, since sexual harassment has been prohibited by law for 40 years [Civil Rights Act of 1964]. But they have come to realize that a great many people [not necessarily their readers] are surprisingly unaware regarding what constitutes harassment (or even that it's illegal). They now think it appropriate to go on record with a "primer" on the topic. [Considering the subject matter, it is appropriate to point out that neither of the authors is an attorney. None of the following should be taken as legal advice. That being said, they are VERY familiar with the subject—Don as an EEO Director and HR Manager/Director for two decades—and both of them as trainers/consultants for the past six years.]

Caveats & Clarifications

1. Although we allude to harassment on the basis of race, religion, etc., our primary focus here is SEXUAL harassment, especially "hostile environment" harassment. [See "The Law & Scope" section.] It's the most prevalent—and complicated—form.
2. Although sexual harassment CAN be female to male (or even same sex), most of our phrasing assumes male to female harassment. It IS the most common—by far. Just keep in mind that MEN are protected too!

The "Shape" of Sexual Harassment

According to an Illinois Task Force study, 90 percent of all women surveyed think sexual harassment is a problem. Of the 70 percent who had been harassed, the forms of harassment were:

Raped	2%
Propositioned	20%
Unwanted Touching	25%

Suggestive Looks/Leers	41%
Sexual Remarks or Teasing	51%

Harassment Quiz

BEFORE looking at the answers in the next section, note which of the following eight statements you think are True or False:

1. Only physical acts by one employee against another constitute sexual harassment. True or False
2. When making a pass at a girl, "No" means "Maybe".and "Maybe" means "Yes". True or False
3. Sexual, racial or ethnic bantering at work is OK as long as the other person doesn't mind. True or False
4. Sexual visuals or objects in a workplace are OK unless someone complains. True or False
5. A court can require a harasser to pay a fine to the harassed employee. True or False

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6. Employee harassment isn't illegal unless it's intended as harassment. True or False
7. Giving a job promotion to a woman who has willingly participated with you in an office romance is not sexual harassment. True or False
8. "Workplace Harassment" means demanding sexual favors from a woman. True or False

Quiz Answers

1. FALSE: Sexual harassment also includes NON-physical acts (e.g., verbal comments and leering) and actions by (or toward) GROUPS.
2. FALSE: In the workplace, "No" means "NO" forever. AND a "girl" is a female UNDER the age of 18. Informally, of course, "girl" often is used to refer to an adult female (e.g., "girlfriend" or "girls' night out"), but it has a belittling effect in the workplace.
3. FALSE: The other person may indeed mind that bantering but is afraid to say anything. AND, others (who do mind) may overhear or hear about it later.
4. FALSE: The EEOC and the courts have determined that sexual visuals or objects in a workplace are NOT OK - even if no one's objected. Examples include: Portrayals of nudity/semi-nudity or sexual acts; Sexual devices, cartoons, jokes;

and computer images, "adult" websites, emails, voicemail messages.

5. TRUE: A court can require the INDIVIDUAL (not just the employer) to pay a fine to the harassed employee. And some of the awards have been in the \$100,000's!
6. FALSE: It is the EFFECT, not the intent. This opens a potential can of worms. But a standard is used: the "reasonable person" (or, for sexual harassment, "reasonable woman"). For example, let's say a male employee has a photo of his girlfriend on his desk and a female coworker objects. If his girlfriend is scantily clad in the photo, a "reasonable woman" might very well be offended. On the other hand, if she is fully clothed (but the coworker alleges that the man has lustful feelings as he looks at the photo), this would NOT meet the reasonable woman standard.
7. FALSE: Promoting a woman who has willingly participated in an office romance IS sexual harassment—for at least two reasons: WAS she really willing ... or afraid for her career? What about OTHER qualified employees—female .and male?
8. FALSE: "Workplace Harassment" means much MORE than demanding sexual favors from a woman:
 - Not only "quid pro quo", but also intimidating, hostile, or offensive behavior.

- Not only sexual, but also racial, ethnic, age, disability, or any other way of belittling others.
- And it also includes demanding sexual favors from a MAN.

The Law & Scope

Harassment on the basis of sex is a violation of Section 703 of Title VII (of the Civil Rights Act of 1964). As defined in Section 1604.11:

"Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual. [*These are "quid pro quo" ("this for that") harassment.*]
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment." [*This is "hostile environment" harassment the broadest, most complex, confusing type. Includes actions of non-managers.*]

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The Scope of Harassment Law:

- Employee harassment by (or of) clients or vendors also is covered.
- Same-sex harassment is covered.
- The principles also apply to race, religion, age, disability, etc. [whether by the Civil Rights Act or by other federal legislation, e.g., ADEA and ADA]
- Sexual orientation is not protected (yet) under Federal law. However, it is protected by laws in an increasing number of cities and counties!

Top Ten Tips to Prevent Harassment

Audit your policies, procedures and workplace.

Create and enforce a clear, zero-tolerance Harassment Policy:

- Defining and covering "Quid-pro-Quo" harassment
- Defining and covering "Hostile Environment" harassment
- Covering ALL forms of harassment (e.g., race, age, ethnic, etc.)
- Specifying consequences and establishing a complaint procedure

Implement user-friendly Harassment Internal Complaint and Investigation Procedures:

- Provide multiple options for registering complaints (e.g., written, hot-line, in-person; supervisor, sr. mgr., HR)
- Designate & train

male/female teams for complaint investigation

Communicate the Policy and Procedures:

- In writing—handbook, bulletin boards, email, memos, website
- Verbally—new hire orientation, department meetings, one-on-one

Train all managers:

- Penalties; their responsibilities; what to avoid / watch out for
- How to handle complaints [e.g., the "One Breath" Rule]

Train all employees:

- The law and consequences; the myriad forms of harassment
- How to refrain from harassment
- How to respond (including complaint procedure) to harassment

Take immediate action in response to all complaints.

Protect complainants, witnesses and accused from retaliation.

Document all of the above.

Stay vigilant:

- Constantly monitor work environment (physical and interpersonal)
- Review policy & procedures to ensure compliance and effectiveness

For Deeper Exploration

The full text of the Civil Rights Act of 1964 can be found at <http://www.eeoc.gov/laws/vii.html>; the Age Discrimination in Employment Act (ADEA) at

<http://www.eeoc.gov/laws/adea.html>; and the Americans with Disabilities Act (ADA) at <http://www.eeoc.gov/laws/ada.html>.

EEOC's "Guidance on Employer Liability for Harassment by Supervisors" is at <http://www.eeoc.gov/docs/harassment.html>. A more user-friendly FAQ on this is at <http://www.eeoc.gov/docs/harassment-facts.html>.

Employers Publications has compiled a listing of several court rulings against employers (with penalties as high as \$23 Million) at http://www.sexualharassmentpolicy.com/htm/against_employer.htm.

GHR Training Solutions is a training, coaching and consulting firm dedicated to improving employee and organizational effectiveness through stress management, leadership, employee motivation & retention, violence & harassment prevention, diversity and team building programs. Principals Don & Sheryl Grimme have both the HR management and coaching expertise you need to help you protect and optimize your workforce or to grow as an individual. Contact them at (954) 720-1512 or mail to: Solutions@GHR-Training.com. You also may want to visit their web sites at: <http://www.GHR-Training.com> <http://www.Workplace-Violence-HQ.com> <http://www.Employee-Retention-HQ.com> <http://www.Employee-Motivation-HQ.com>

Performance Measurements: Be Careful, You May Get What You Ask For

By: Abe WalkingBear Sanchez

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Many still measuring A/R turn-time and bad debt

The CEO was concerned—hell he was worried. Sales and margins were steady but cash flow was terrible. The A/R dollar amount continued to grow, and a large portion of it was 90-days-plus.

The investors were talking about "cutting losses"—most especially when the CEO showed up hat in hand looking for a cash infusion. Payroll had to be met as well as the essential A/P being paid. The company had already borrowed on the more current A/R and debt service was growing. The bank wouldn't loan them a dime on the 90-days-plus stuff. In fact bankers see 90-day-plus A/R as a sign of mismanagement, and they're right.

What to do? The CEO came up with an idea; how about paying the credit manager a bonus to work harder and collect the 90-days-plus A/R's?

During his meeting with the Credit Manager, the CEO explained the need to improve on cash flow; without letting on how bad things were. The Credit Manager was worried, was he being replaced?

No such luck. Effective immediately there would be a 3% bonus paid on all 90-days-plus A/R collected.

It worked, at first. Money came flowing in and payroll was met, on time and every dime. But within a few months something strange happened. Sales were down and the A/R dollars current to 89 days were growing.

Based on a fantastic 3% bonus on all 90-day-plus A/R collected, the Credit Manager was looking at buying a new car. When not thinking about the color of this new car, he'd call 90-days-plus customers and lean on them for payment. Nothing was done on the current to 89-day accounts.

As King Midas—not the muffler guy—found out: you have to be careful what you ask for because you may get it. Having a "golden touch" and paying a bonus for allowing A/R to age to 90-days-plus can be a curse.

The Lesson

Some companies may be missing out on improved profitability by measuring the performance of the credit function based on DSO

(days sales outstanding) and percent of bad debt.

"It's always good when the turn-time goes down on A/R," says you. "It depends on how you achieve the lower numbers," says I.

If the Credit Manager is told, via performance measurements and bonuses, that his/her job is to keep bad debt and A/R turn-time under control, you're asking for "risk management" and not for "profit improvement." The easiest way to avoid a risk is to "qualify" new Customers—to look for reasons to turn them down. Sometimes credit is referred to as the "Sales Avoidance" department. The easiest way to achieve great DSO numbers is to place past due customers on credit hold.

What the CEO in this story learned was that "employees respect what is inspected, not what is expected." He expected that the Credit Manager would continue to work on all past due A/R's, as well as work harder on the 90-day-plus accounts. Instead the man ignored the under

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90-day-past-due A/R and in so doing created a whole new set of problems that adversely affected customer retention and repeat sales.

Most past-dues are tied to something going wrong, and it doesn't matter the source of the problem. Early contact, identification and resolution of "systems" problems reduces the "cost of doing business" for vendor and customer alike, and it elevates customer service levels.

By waiting for invoices to hit 90-days-past-due before he contacted customers the Credit Manager made systems problems even worse, and in the process some customers were lost.

Performance measurements and bonuses paid define the "inspection". They must also define the "expectation"—the why.

The Right Measurements

Performance measurements must be based on the goal(s) for each major component of the credit function. In turn the goal(s) must support the purpose for extending credit, of why the costs associated with credit are incurred.

Credit Approval: We incur the additional administrative expenses, the costs of carrying A/R and the bad debt losses in order to get a profitable sale that would otherwise be lost. The goal of credit approval should be to look for ways to accommodate

profitable sales while being confident of payment. Maximize sales and minimize risks. Any bonuses paid for finding a way to make the sale should be subject to charge back, should the customer fail to pay.

Measure the timeliness of credit approval and by percent approved. A good credit manager should be on the lookout for ways to increase sales and profitability. Don't forget to consider your product value at the time of the sale.

Past Due A/R Management: Stop thinking of past due A/R management as "the enforcement of payment," it's not. Most are tied to something going wrong and the important thing is to fix systems problems. The sooner a systems problem is identified the easier it is to fix. Allow systems problems to go unidentified and the older they become the more difficult they are to fix.

Early contact, identification of type and resolution not only brings in the money, it elevates customer service levels and contributes to customer retention and repeat sales.

Measure the timeliness of contact on past-due A/R, the percent of A/R current to 30-days-past-due. Do this and the 90-days-plus A/R's will take care of themselves.

Close

Good distributors have more money in A/R than any other asset. Next to cash on hand the

A/R is the most liquid asset. And yet, the credit function is still thought of as an accounting function, a cost center, a negative and a necessary evil.

Be careful what you ask for, it may come true.

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A hard hitting and fast paced speaker, Abe brings life and energy to a critical business function whose true potential has yet to be realized by most businesses.

TEC (The Executive Committee), "Inc." Magazine Annual Business Conference, CU (Denver), CSU (Ft. Collins), Texas A&M, NACM, IDA, AWCI, ARWI, PEI, BCFM, RAB, STAFDA, WIMA, ISD, Pet Industry Distributors Assn., Rain Bird, American Lock, Southern Wholesalers Assn., IBM, Touchstone/2000 Software are but a few of the groups, schools, companies and associations for whom Abe has conducted programs.

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been altered or is subject to a claim by someone else.

4. The holder must also not know about any defenses or claims in recoupment, such as when the person who wrote the check did not have legal capacity, the signature was fraudulently induced, or the obligation to pay the check was discharged in bankruptcy proceedings.

How do you protect yourself from someone who cashes your check, then tells you it was lost and then cashes the replacement check you so kindly wrote for him? As you can see, simply stopping payment of the check by calling the bank won't necessarily protect you. Prudence would probably dictate that you wait at least until you have a chance to review next month's bank statement before you issue a replacement check. Even if a check is truly lost or

stolen, someone who cashes it without knowing about the situation could still be in a position to make you pay the check. Probably the best advice is to never issue a replacement check unless you really know and trust the person that you're writing the check to and are confident that you will always be able to find him and that he will be solvent.

The law concerning the issuing, paying and collecting of checks is more complex than people realize. This discussion has covered a few of the general rules, but keep in mind that there are tons of exceptions and different rules which might apply in certain circumstances. If you have any questions about checks or other negotiable instruments, please feel free to call me.

Michael R. King is a founding partner of Gammage & Burnham, P.L.C., a Phoenix law firm with diverse areas of emphasis. His practice primarily centers around bankruptcy and creditors' rights, commercial litigation, including uniform commercial code cases and real estate and business law. He is a former member of the Creditor/Debtor Rights Committee and is a current member of the Bankruptcy, Real Estate and Construction Law Sections of the State Bar of Arizona. He is the past Chairman of the Board of Trustees of the Maricopa County Bar Foundation. He is an active alumnus of the University of Arizona, where he received his B.A. and J.D. degrees, with distinction and with high distinction. He is an at-large member of Credit Professionals International.

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in contact with could be the boss next year, so remember to be extra considerate. Even if things don't work out this time, you want to have another shot in the future.

Remember not to let your ambition or ego cause you to behave in a manner that will get doors slammed in your face. By following the tips above, you will be able to not only sell your ideas to those in charge, but you will be selling yourself as well.

Now that you have the tools, get on the phone and make some appointments. Summon up your courage and present your ideas knowing that you have the skill set to make things happen.



Barton Goldsmith, Ph.D., is a highly sought after speaker and business consultant, nationally syndicated author, and radio talk show host. He presents to numerous companies, associations and leaders worldwide. His articles have run in more than 500 publications and he has given over 2000 professional presentations. Most recently, he was interviewed by Cosmopolitan Magazine, Working Mother, and Bottom Line. He can be contacted through his web site: www.BartonGoldsmith.com or at

MEMBERSHIP NEWS

The following people have joined CPI since the last magazine was published. We welcome these new members.

Pensacola, FL

Lisa Erwin
Collection Services, Inc.

Atlanta, GA

Linda Otero

Maria B. Schneider
CMB Financial, Inc.

Lake Charles, LA

Darryl H. Hebert
Citifinancial

Spartanburg, SC

Susan I. Munson
Piedmont Natural Gas
Michelle Thompson
Piedmont Natural Gas

Indianapolis, IN

Sherri Elise Gibbs
Consumer Credit Counseling Service
Thomas L. Hill
Consumer Credit Counseling Service
Jeff Malott
Paige's Music, Inc.

Ann Arbor, MI

Renee Bartkovich
Midwestern Consulting, LLC
Terry G. Walters
Saline Area Schools

Jackson, MI

Deborah L. Courtney
Jackson Affordable
Housing Corp.

Fort Smith, AR

Mollie Waters

Alamo, TX

(San Antonio, TX)
Jayne Elizabeth Askins
TX Expeditors
Tammy Cox
CSC Credit Services
Brandi Michele Freeman
TX Expeditors

Adam S. Garza
Valera Federal Credit Union
Mary A. Posch
San Antonio Federal
Credit Union

Laredo, TX

Rosalia Leyendecker
SARMA

Sun-Sational, CO

Kit E. Brown
Pueblo Bank & Trust
Barbara Ferrero
Jones Heazy Realtors
Christie Novak
Affiliated Credit Service
Jeannie C. Sandidge
SCEDD Development Company
Monica Soto
Southern Co. Women Care

Anchorage, AK

Gayle Lynn Schroder
Morrison Auto Group

Pocatello, ID

Joanne Bowser

Michelle A. Farris
Pocatello Teachers Federal
Credit Union
Shelia K. Fulwyler
Pocatello Teachers Federal
Credit Union
Kathy Mraz
ISU FCU
Paula Wittman
Pocatello Teachers Federal
Credit Union

Magic Valley, ID

Tara Grover
Stevens, Pierce & Associates
Cindy Hofland
Gem State Paper & Supply Co.

Flathead Valley, MT

Jamie L. Carey
Five Star Collections
Jennifer Gustin
Valley Chiropractic
Julie Legate
Consumer Credit Counseling
Karen McReynolds
Three Rivers Bank
Dorothy M. Milledge
Five Star Collections
Keith Valentine
Three Rivers Bank

Great Falls, MT

Candace F. Head
1st Liberty FCU
Lael L. Humble
Montana Federal Credit Union

Pendleton, OR

Judy Moore
Pendleton Surgical Clinic, PC
Lynn Van Dorn
Woodpecker Truck

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The Denver Newspaper Group
Denver, CO
Melissa J. Myers-Tassel
American Debt Counseling
Kalamazoo, MI
Tina Woodruff
CCCS of Greater Fort Worth
Odessa, TX

Certification News

The following people have received professional certification since the last issue of *The Credit Professional*.

Master Professional Credit Executive (MPCE)

Marcella Lowe
Jacksonville, FL

Jeff Malott
Indianapolis, IN

Charlotte Maness
Charlotte, NC

Linda Mitchell
Fort Smith, AR

Kem Morales
Schertz, TX

Josie Salazar
Pueblo, CO

Vicki Wyman
Milan, MI

Professional Credit Executive (PCE)

Randy Clark
San Antonio, TX

Pat Evans
San Antonio, TX

Sharon K. Gaskell
Pueblo, CO

Cheryl Kite
Summerville, SC

Professional Credit Associate (PCA)

Darla Hoover
Great Falls, MT

Joyce Rider
Bristol, IN

Professional Credit Specialist (PCS)

Tammy Burks
Great Falls, MT

Darla Kauffman
Middlebury, IN

Lacy Jane Owens
San Antonio, TX

Martha Reyes
San Antonio, TX

The following people have received recertification or upgrades

Mary Lou Addy, MPCE
Silverdale, WA

Debra Buck, PCS
Great Falls, MT

Joyce Dove, MPCE
Atlanta, GA

Anne Hammond, MPCE
Atlanta, GA

Linda J. Simbeck, MPCE
San Antonio, TX

Cindy Westenhofer, MPCE
Indianapolis, IN

Linda Zenor, MPCE
Hutchinson, KS

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