

The Credit Professional

April 2007



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Why “Moms” have the upper hand
in debt collection

plus

- Negotiating your way to the top of the stack
- The cost of relocating for a job
- The “human” side of change
- Recovering More Debt

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The Credit Professional is published annually by Credit Education Resources Foundation, 525-B N. Laclede Station Road, St. Louis, MO 63119. Phone (314) 961-0031. Fax (314) 961-0040.

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Printed in the U.S.A.

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Negotiate Your Way To the Top of the Stack

By Pete Szabo

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The account is sizeable and past due. Your customer has informed you that it is experiencing a "temporary cash flow problem." You visualize a stack of overdue invoices waiting to be paid to who knows how many creditors "just as soon as the problem is resolved." So how do you move yours to the top of the stack? The answer is, negotiate!

Although to some people the term "negotiation" implies that they will have to settle for less than they are due, this is not necessarily the case. Negotiation means simply "the process of arranging or settling by discussion and mutual agreement."



Successful negotiation leaves you feeling good about what you have received as a result of the process. From a credit manager's point of view, that means meeting your immediate objective of getting paid

as well as the longer-term objective of preserving a good business relationship.

Win-Win vs. Win-Lose

Perhaps the reason many people believe that negotiation means getting less than they should get is that traditional negotiation uses an "advocacy" or "positional" approach, otherwise known as "haggling." In this process, one party stakes out a position or claim and the other party makes a counter-offer. At the end of this back-and-forth exchange, they reach a split-the-difference agreement that often leaves both parties feeling unsatisfied. The tone of the dialog can easily escalate from making demands to outright hostility. This approach is often labeled "win-lose" because each party's objective is to obtain the maximum result, which by definition frequently means the least result for the other party.

An alternative approach that has gained many converts in recent years is called "principled" negotiation, also sometimes called

"mutual gains bargaining" or "reciprocal negotiation." This is a "win-win" problem-solving approach that strives to achieve two goals—reaching a favorable settlement and maintaining a good relationship. While still remaining firm, the negotiator



engages the other party collaboratively, focusing on underlying interests and motivations. The approach is based

on the premise that the most favorable result possible for both parties can be achieved this way.

While positional negotiation may sometimes seem to lead to a higher collection, at the same time, it can put the relationship with the customer at risk. Trust can be a casualty, and resentments can develop that can later lead to lost revenues, not to speak of damage to the relationship between credit and sales.

Given the importance of relationships in the media industry,

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the principled approach is most advantageous; however, it is not easily achieved. The adversarial approach comes more naturally to most people, while the principled approach requires participants to view negotiation as a process and a discipline. In order to be effective, it must be learned, planned for, and practiced.

Issues, Positions, and Interests

Understanding the distinction between an issue, a position, and an interest is key to cultivating a principled approach to negotiation. An issue is the subject on the table for resolution. A position is the stand a party takes on the issue.

Interests are the underlying concerns that drive—and will be affected by—the outcome of the negotiation. So while positions reflect underlying interests, they are not identical. Addressing your customer's interests involves an understanding of how those interests relate to the issue at hand and to the customer's position.

For example, the issue may be your customer's outstanding \$5,000 debt; the customer's position is that it is willing to pay \$2,500 of that debt;

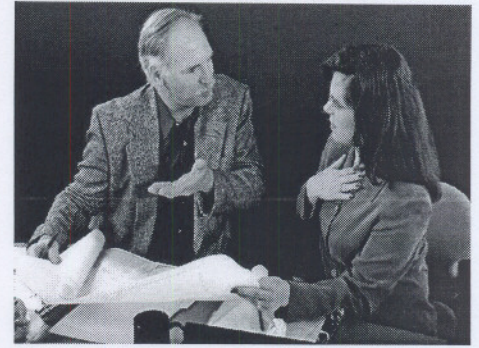
the customer's interest is that it is experiencing a cash-flow problem but recognizes the value of continuing to advertise with you.



In the positional approach, one party establishes a starting point from which a bidding process ensues and, if incompatible positions finally converge, there is a deal; if not, the negotiation ends in an impasse. In this example, you might establish the starting point by insisting that the entire \$5,000 be paid, and until that happens, no further credit will be extended. Principled negotiation, on the other hand, attempts to reconcile the underlying interests first and allows interests to frame the terms of the agreement. In this situation, you might propose a payment schedule that the customer can comfortably accommodate while continuing to extend reasonable credit.

As this example illustrates, what differentiates principled negotiation from positional negotiation more than anything else is its focus on determining, understanding, and addressing the underlying interests of the other party. When you uncover the needs, desires, and hopes that form the basis for your customer's positions, you can address them directly, providing a greater probability of resolution and averting intractable position-taking. Additionally, this approach provides an opportunity to discover an outcome that may not have been considered by either party, but which is more satisfactory to both parties than traditional adversarial negotiating would have achieved.

Of course, in the real world the situation is often much more complex. Consequently, despite the



clear advantages of an interests-driven process, there can be a strong tendency to fall back to focusing on positions instead. There tends to be a hard-wired assumption that the interests of the two parties are incompatible and hence the only choice is a zero-sum game where one party's win is the other's loss. To circumvent this outcome, the successful negotiator needs to prepare well for the negotiation process and know the techniques to keep the "win-win" process on track.

Here are 15 suggestions from the experts that are key to effective principled negotiation:

1. Cultivate the right attitude.

Principled negotiation needs to be approached in a somewhat detached manner. Separate the people from the problem, and start with yourself! This detachment allows you to effectively manage emotions during the negotiating session and helps create the best mindset to effectively investigate the situation and develop alternatives.

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Recognize, of course, that emotions cannot be entirely dismissed from the situation. Even though you are prepared to take an interests-driven approach, that very well may not be the case for the other party. An adversarial or defensive attitude will often be the other party's default in a collection negotiation. If yours is an analytical or hard-driving social style that prefers a "just the facts, ma'am" approach, remember that other people may not be wired that way. It is actually best to acknowledge emotions and get them out in the open at the outset so that they can be minimized as obstacles. It can be helpful to offer, in a diplomatic way, a few empathetic words that indicate you recognize and respect how the other party might be feeling.

2. Understand your customer's interests as well as your own.

Try to get inside the head of the other party to really understand what their "win" is. Take this to the personal level, too, by trying to learn about the individuals you will be meeting with, their negotiating style and personalities.

Explore your own interests before you begin to explore acceptable alternatives. What will be the likely consequence if you cannot reach agreement with the other party? How does the value of the relationship with that customer compare with the amount you are trying

to collect? What monetary value should be placed on that relationship? You must understand all the specifics of the situation, both on your side and on the side of the customer, before crafting alternatives.

3. Know the authority of the other party.

A mismatch of the negotiating individuals is one of the most common problems encountered, and it can easily derail the process. If that person cannot make decisions on the alternatives you may offer, then you will need to escalate the matter in the customer's organization. Know what the decision-making process is in the other company. This can be difficult to do, and time-consuming. To accomplish this, you may need to enlist the assistance of sales.

4. Be prepared for objections.

While you may have your own positions well thought through and you are ably prepared to articulate them in a non-threatening manner, you can be quickly thrown off your stride by an unanticipated position or approach by the other party. Give serious thought to what issues may be raised by the other party to each of your alternatives, and be

prepared to explore the basis for the objection and creative ways to work around it. Rehearse these in advance in your mind's eye.

5. Plan the meeting logistics carefully.

Here again, positional negotiators will take a different tack than principled negotiators. The adversarial approach suggests arguing that the negotiation be



at your place of business or failing that, a neutral location, but never at the other's party's location. The principled approach stresses that since set and setting can significantly affect comfort levels, being flexible about location, as long as your own interests are also being met, is most conducive to a collaborative spirit. Choose a location where you both can be relaxed yet have a totally frank discussion. Make sure you will have the privacy you need, out of the range of all uninvited ears. Setting a time limit in advance will help the discussion remain focused and stay on topic.

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6. Start the negotiations off on the right foot.

Shake hands, sit down, and smile. Be relaxed. Try to establish as good a person-to-person relationship as possible in order to focus everyone's energies towards analyzing the issues and collaborating on possible.

7. Resist the temptation to put a number on the table.

Even if the other party does so first, early in the discussion—which by the way is preferred in the adversarial method—it is best to not directly respond and instead redirect the conversation. After all, what's the hurry? Putting down a number in negotiating parlance—the "anchor"—too soon may close off the opportunity to explore interests, which you

prepared to do. That can undermine your whole strategy.

Instead, move the process along by using questions. You have previously investigated the situation and developed possible interest scenarios with accompanying alternatives. Now is the time to begin testing those assumptions and to determine first hand what the interests truly are. Posing questions also sends a positive emotional signal, demonstrating respect for the other party's interests.

8. Use "party-neutral" language.

Keep your conversation in third-person language; the less you can say "I" or "we," the less the other party will feel

that he is making concessions. Take note of what you are thinking as you are speaking, to make sure that your behavior is perceived as genuine and constructive.

9. Clarify your understanding.

As much as possible, limit your own talking and use "active listening" to determine the thinking behind the words. As you dig to learn the other party's interests, continually paraphrase back to the other party what you have heard. This provides edification for the other party, as well as for yourself and facilitates personal bonding.

10. Consider options together.

Prepare yourself before the meeting to brainstorm different options with the other

party that go beyond the alternatives you developed. As interests get put on the table, begin considering options together, leveraging where applicable the alternatives you prepared. But do so always in the third person, collaboratively. Avoid making demands or commitments. Brainstorm together to find "out of the box" solutions. When there are disagreements, try to offer independent, objective reference points such as industry

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norms or past settlements to arbitrate the difference, rather than taking a dogmatic stance.

11. Re-emphasize the value of the business relationship to both parties.

Especially if your two companies have done business together for some time, that represents a significant resource investment that would be costly to replace. Make sure that the other party recognizes that a positive, open, trustful relationship encourages future business dealings and flexibility in business transactions.

12. Maintain an atmosphere of respect.

Having the contract "on your side" can create the temptation to take on the mantle of authority, which may be counter-productively perceived as condescension or "muscling" by the other party. Most relevant thoughts can be shared as long as they are expressed as perceptions or interpretations rather than arbitrary statements of fact or rigid judgments.

13. Pay attention to non-verbal behavior.

Pay attention to how your remarks are perceived. Watch the other person's body language



for indications of defensiveness or hostility, such as pushing away from the table or crossing arms. Remember that your non-verbal behavior can distract from or even contradict what you are saying. Watch your own voice pitch, intonation, facial expressions, gestures, and proximity. Sit attentively and maintain good eye contact.

14. Manage negative behavior.

What if, despite your best efforts, the other party gets hostile or tricky? Once again, separate the people from the problem, and redirect the conversation with questions that may uncover underlying interests. Try tasteful and non-critical humor. Perhaps redirect the conversation from a negotiation on the issues to a negotiation on how both sides will negotiate. In other words, acknowledge the tactic the

other party is using for what it is and then suggest getting back to business.

15. Put all relevant points in writing.

As the framework for an agreement begins to emerge, summarize each point of consensus as it is reached and write it down. If there are action items, write those down, too. At the end of the session, review your notes, obtain agreement that

everything is correct, and re-confirm the agreement. Later, follow up with a formal hard copy to cement the understanding.

Successful negotiation can mean the difference between getting paid or not, needing the services of a collection agency or not, and preserving a customer relationship or not. At Szabo, we take pride in using principled negotiating techniques that protect and preserve our clients' relationships with their customers. And by using the same approach, you may reduce the amount of business you need to send our way!

Pete Szabo, who submitted this article for publication in May 2006, died a few months later. He was President of Szabo Associates in Atlanta Georgia.

Performance Appraisals Updated

Use year-round feedback to improve employee performance

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As December and January appear on the horizon, leaders everywhere begin to plan for—or plan to avoid—the annual ritual of year-end performance appraisals. Both approaches fall short.

Employee performance should not be a once-a-year concern. If you are waiting until year's end to evaluate performance and plan improvements, you are missing opportunities throughout the year that could bring your team's performance up to the next level.

Three methods for providing continual feedback

Take small steps to ease into a year-round evaluation habit.

Begin by letting employees know how they are doing, with these three methods:

Appreciation. Express sincere thanks, with suitable emotion, when employees' efforts please you.

Advice. Use a coaching approach to suggest ways employees could change—or repeat—behaviors. Just make sure that you focus on their performance and do not stray into judging their personalities.



Evaluation. Periodically rate how well employees have performed according to agreed-upon standards. Doing so once every 12 months precludes the opportunity to adapt, adjust and increase success. Brief meetings, scheduled midway through key projects or planned in advance every month or two, offer you the opportunity to provide timely feedback that employees can act upon to improve their performance when it matters most.

Tip: Remind yourself to offer continual feedback by listing each employee's name on your to-do list each week. Cross off as

many names as possible by the end of each week.

The basics of useful feedback

What kind of feedback and evaluation do workers need? Workers will benefit most when you deliver straight talk, on a regular basis, that covers these bases:

Overall job direction. Periodically, employees need to discuss their goals and priorities. They depend on you to provide the clues and subtle corrections that will keep them on course.

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Status reports. No one benefits when employees are left in the dark. By all means, tell them what you see them doing well, but be sure also to tell them where their efforts are falling short.

Tip: During information feedback sessions, focus on sharing ideas, feelings and information rather than on giving advice.

Clear the way for employee performance improvement

Bear in mind, employees cannot make the improvements you require until they receive crystal clear feedback from you. When you deliver feedback, mentally prepare to provide answers to the four questions that will be at the top of employees' minds:

“Improve what?”

Goals as broad as “improve customer service” won't do—you need to provide more specific information. *Example:* “Respond more quickly to customers' inquiries.”

“For whom?” Give staffers realistic goals that will focus their efforts in all the right places. *Example:* “Respond more quickly to new-installation inquiries submitted by customers via the organization's Web site.”

“How much?” Include time frames. *Example:* “Respond within 24 hours to new-installation inquiries submitted by customers via the organization's Web site.”

“By when?” The larger the tasks or improvements, the longer employees will need to meet their goals. If the tasks are relatively simple, provide tight time lines that convey how seriously you view the goals. *Example:* “By Dec. 15, respond within 24 hours to new-installation inquiries submitted by customers via the organization's Web site.”

Once you have answered those questions, you will have conveyed the most important points regarding the changes you wish employees to make. But don't consider the matter closed. *First, ask employees these questions:*

“What questions do you have for me?” Give employees a chance to ask clarifying questions before you begin to hold them accountable.

“What do you need before you can make this happen?” Allow employees to request necessary resources, including training opportunities or assistance planning their next steps.

“What obstacles do you see that might prevent you from making those changes?” If you hear of obstacles, plan together to remove them. If employees tell you they see no barriers to success, formalize their tacit agreement to your improvement plans: “So do you agree to make those changes within that time frame?” Then let employees know that you plan to hold them accountable for delivering results.



“What will be your first step?”

If you turn employees loose without knowing that they have realistic action plans, they are likely to fail to make the changes you asked for. If they need time to formulate a plan, set another meeting for the near future. If they describe their plans to act on

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your feedback, agree together on a time to meet and review results.

You can't avoid formal evaluations

Even leaders who excel at giving frequent feedback often need to complete formal, annual performance evaluations. The good news is that leaders who make continual feedback their habit have an easier time than their close-mouthed colleagues do when it comes to giving performance evaluations—and their employees have an easier time accepting what they hear.

If you are just beginning to offer continual feedback, this year's annual reviews needn't become nightmares for you and your employees. *These tips will help you head off review-time meltdowns:*

Exchange honest feedback.

The best performance evaluations are two-way streets. You and your employees each should share your thoughts. *Strategy:* Ask employees to complete self-appraisals a few days before scheduled sessions. That way, you can spot potential disagreements before you sit down together.

Document the past and the future. Focusing on past performance isn't enough; you must also set goals and benchmarks to help employees stretch and grow. *Strategy:* Design official appraisal forms so that they contain space to set and track progress toward goals.



Offer plenty of examples.

Don't frustrate employees by offering vague feedback. Offer solid, recent examples for each major point you address.

Strategy: Create a performance file for each employee. Whenever an employee does something notable—good or bad—jot a note and drop it into that person's file.

Prepare yourself for the session by taking notes regarding employees' performance. Fill in these blanks, and you can be certain that you will deliver complete and accurate feedback that leaves employees clear about how you view their performance.

"I will note these strengths that the employee shows, so I can encourage the person to continue using them: _____."

"I will mention these weaknesses and discuss steps the employee can take to correct them: _____."

"I will bring up these specific issues: _____."

Finally, make sure you have answers for these key questions:

"Does this person's performance satisfy me, or do I want to see some change in action, behavior or attitude?"

"If I want to see change, what resources—time, money,

equipment, training, staff, etc.—will this person need to improve?"

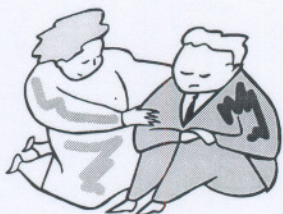
"What would it take to motivate this person to work smarter?"

Why "Moms" Have the Upper Hand in Debt Collection

By Michelle Dunn
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Collecting money is always a touchy issue for anyone, whether it is from someone you loaned it to, or someone who has purchased something from you. Women tend to want to wait, saying such things as, "Oh they will pay", or "They're having a hard time, I am sure they will pay when they can".



Some of this is because we are compassionate creatures and some of it is because

we will sometimes do anything in our power to avoid conflict or the thought of **gasp** someone not liking us, or thinking we are pushy. Well ladies, when someone owes you money, it is time to be pushy not a push over.

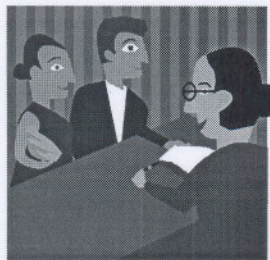
If you are a mom, you can be a successful bill collector. In my opinion, if you are a mom, you are super-woman and can do anything



you set your mind to. Some of the things moms and bill collectors have in common are:

- ◆ Teaching
- ◆ Being assertive and firm
- ◆ Being in charge of the situation
- ◆ Taking initiative
- ◆ Being organized to a fault
- ◆ Not taking any talking back
- ◆ Follow up

When you are a bill collector you need to teach debtors what, why and when certain things happen as a result of their action. Such as what will happen if they don't pay their bill. It could be reflected on their credit report, they could get dunning letters and collection calls at home or at work, they may end up in court, or with garnished wages. There are consequences for everything we do. As a mother, you spend each day teaching this to your children.



You must be sensitive to a debtor just like a small child. I am not saying treat a debtor like a baby, but remember that a debtor is not happy about the situation that has caused you to contact them. They will be embarrassed and angry and you are the perfect person to take that out on. If you can understand this before you make a collection call, you will know that you need to help the debtor not berate them. Be sensitive to the fact that they are embarrassed and maybe do not have the funds to pay in full. Be understanding and helpful and you will collect more money.



A good way to do this is to put yourself in the debtor's shoes before you ever make a call. I would say this is easy for most of us to do; we have all had situations beyond our control that may have caused us to fall behind on

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bills and have to make a decision on whether to go to the church to get food for our children or use the cash we have to buy food. Then when the bill collec-



tor calls and yells at you and tells you that a debt must be paid in full, how would you

feel? I would feel like swearing at the person who called me and never paying them, only because they didn't even try to understand or accept a partial payment or hear my situation.

Not every debtor is in a bad situation and just can't pay. There will always be the debtors who are always past due, who are repeat customers. Once you have figured out who they are by keeping your detailed organized notes on your collection efforts, you can move to the next step with those debtors. Just like when your kids become school age children from toddlers.

Social skills that we teach our children can be most helpful when making collection calls. When you walk into a room and your child is sitting there eating the dirt from the plant and the plant is tipped over with dirt everywhere, you (hopefully) resist the urge to scream, and calmly say to your child, "What happened here?" To which the child replies, "I don't know", or "The dog did it". Think about what

you do. You normally stare at the child, trying to absorb this nonsense, and counting to ten so you don't flip out. Do the same in a collection call, when you call a debtor and they give you an excuse or answer that floors you—take a breath and ask a simple question.

For example, you call a debtor and say, "Hello, this is Michelle, and I am calling from ABC Collections about your balance due of \$100 with Dr. Smith's office. I am calling to take your payment over the phone today for free."



They reply, "I paid that." Then there is silence. You can then ask detailed, simple questions that will alert you as to if this is a fact and what your next step should be. You can cheerily say, "Oh Great! When did you pay that? Did you mail the payment or make it in person? Was it a check or money order? What was the check number? What was the amount you paid?" Keep it simple and you will get the results you are looking for.

You want to be in charge of the call at all times. You don't let your child talk back to you or be disrespectful, and you shouldn't let a debtor either. Once you ask a debtor a question, stop, and let the silence sit

there. Remember, if you are uncomfortable with this silence, so is the debtor. Let them speak first; this is how you stay in control of this situation. No matter how long or how uncomfortable the silence is, let them break it. This is very hard, but I did it for many years and it truly works. They will tell you more than you need to know or they will hang up on you.

By having a child and deciding to raise it, you have taken initiative on creating, molding and teaching a person how to be a good, caring, honest person. Being a bill collector takes some initiative since you have to initiate most contacts, by letter and/or by phone. You have to be in charge of the situation, you have to negotiate, be a mediator at times and offer a solution. You want to create in the debtor, someone who will pay their bills or at least the bill you are trying to collect in full, or on a scheduled payment plan, without you having to contact them every day. If you have ever toilet trained a child, you know how frustrating it is, and so I have no doubt you can do this.



Being a parent we have to suddenly carry a huge bag around with everything but the

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kitchen sink in it. Long gone are the days of a cute, stylish, small purse. Along comes the big bag with changes of clothes, bottles, pacifiers, snacks, diapers, wipes, bibs, changing pads, toys, books, aspirin (for us), sweat-shirts, shoes, Vaseline, powder, tissues and who knows what else ends up in there. We have zip lock bags to put soiled diapers in. We are ready for anything!

Being a bill collector requires the same type of preparedness and organization. Be prepared for anything, because anything can happen. You have to be alert, be calm, have answers and solutions and take meticulous notes. I always pretended that every single debtor I talked to, any of the paperwork or notes I had on a call, were going to be reviewed by a judge. This caused me to always be very thorough, which brought me great success. So, when you do any collection work, just pretend you will have to provide this information in court, and you will know what questions to ask to get the information you need.

Being a woman bill collector is especially frustrating when a male debtor decides to give you a hard time, because, after all, you are a woman. My experience has been that they will laugh at you, call you nice names such as Honey, Sweetie, Dear or not so nice names that I



can't type here. They will ask for the man in charge, they won't believe anything you say, and will laugh the whole thing off. Guess who is laughing in the end? When you get this treatment from a man who thinks he has to act this way to be a bigger man, keeping your mouth shut is the best idea. Continue with your collection efforts, do everything you say you will do, and see who is laughing when they try to buy a new car in a year. Thank you, Honey.

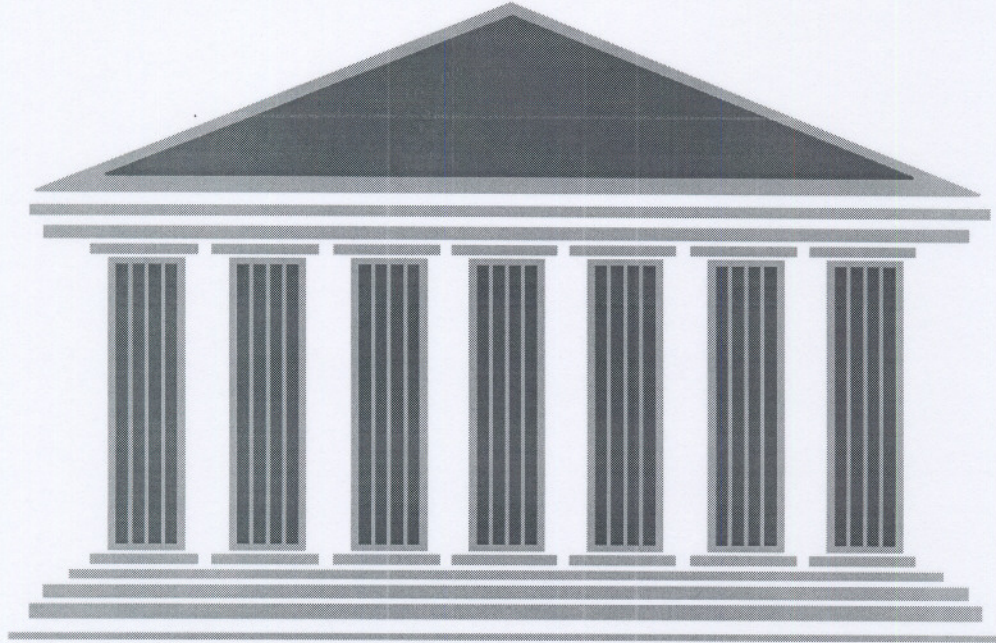
Follow up is key in any business, but especially collection work. Your main job is to make sure everyone is paying; no one wants to pay and, even if they say they will pay, it is up to you to call and follow up on each payment promise. When someone tells you they will pay on

Friday, send a letter confirming the payment, you can even include a payment envelope—how easy for them! Call on Friday to verify the check was sent. Call on Tuesday when you don't receive the check, to get a check number and verify which day it was mailed. If it wasn't mailed, offer to take a payment over the phone. You can always offer a solution.

Michelle Dunn has over 17 years experience in Credit and Debt collection. She is the founder and president of Never Dunn Publishing, LLC, is a writer, publisher, consultant and the Editorial Advisor for Eli Financial Debt Collection Compliance Alert Newsletter. www.michelledunn.com

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Cashier's, Teller's and Certified Checks Can "Bounce"

By Michael R. King, Esq.



Question: Do I need to worry about getting paid if I insist upon a cashier's check, teller's check or certified check?

Answer: An obligated bank may refuse to pay a cashier's check or certified check or stop payment on a teller's check or refuse to pay a dishonored teller's check under certain circumstances.

Parties to real estate transactions, commercial transactions, or credit arrangements often seek to avoid the risk of non-payment by insisting upon payment in the form of cashier's checks, teller's checks or certified checks. Essentially, the party seeking to be paid is insisting that the debt be paid by an obligation of a bank, rather than a check from an individual or business. After all, bank obligations don't "bounce." Unfortunately, even this level of diligence will not always guarantee payment.

For example, let's say that you are selling real estate and take a cashier's check, teller's check, or certi-

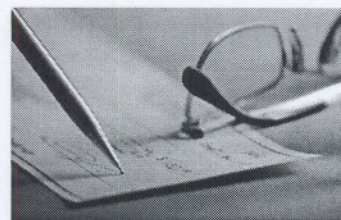
fied check as the earnest money. You are comfortable taking the property off the market because the earnest money will serve as your liquidated damages if the buyer defaults. But then the buyer goes to the bank and says that you have committed fraud by not disclosing that there could be fissures on the property in the future.



Because the buyer is a good customer of the bank, the bank refuses payment on the check as an accommodation to its customer. So you no longer have the earnest money deposit you anticipated, you have lost two other "non-flakey" offers to purchase because of the delay, and the buyer that induced the bank to refuse payment on the check has now filed bankruptcy. You may be able to sue the bank for your conse-

quential damages and for interest, but the bank will defend by asserting that its customer had the right to rescind negotiation of the check based upon its allegations of fraud. Who knows who will win that lawsuit, but you have just learned that cashier's checks, teller's checks and certified checks are not necessarily as "good as gold."

Before we can more fully explain why banks may not pay bank obligations, we need to define some terms. First, what is a "check?" A check is a "draft" that is not a "documentary draft." A check must be payable on demand and drawn on a bank. A check can also be a cashier's check or teller's check. Sometimes an "instrument" might be a "check" even if it is called a "money order" or something else.



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So if a "check" is a "draft" what is a "draft?" Well a "draft" is an "instrument" that is not a "note."

So if a "check" is a "draft" and a "draft" is an "instrument" what the heck is an "instrument?" An "instrument" is defined as a "negotiable instrument." (Wasn't that helpful?) Well, a "negotiable instrument" is an unconditional promise or order to pay a fixed amount of money, if it is payable to bearer or to order at the time it is issued or first comes into possession of the holder, is payable on demand or at a definite time, and does not include any other undertaking or instructions by the person promising or ordering payment with a few limited exceptions.

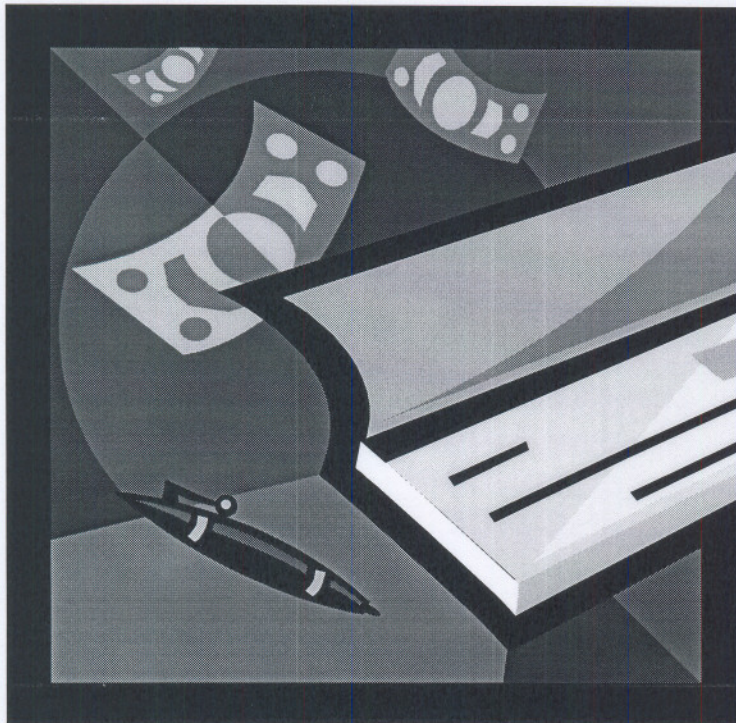
So now that we have the basic definitions, we can turn our attention to what are "cashier's checks," "teller's checks," and "certified checks." Once we understand what these types of checks are, we can figure out why banks can refuse to pay them.

A "cashier's check" is a "draft" on which the "drawer" (the person writing the check) and the "drawee" (the person ordered to make payment) are the same bank or branches of the same bank.

A "teller's check" is a "draft" drawn by a bank either on another bank or payable at or through a

bank. So a "teller's check" is one where a bank issues a check on an account at another bank or issues a check that is only payable through the bank.

A "certified check" is a check "accepted" by the bank on which it is drawn. "Acceptance" by the bank means that it has signed an agreement to pay the check as



presented. Usually, this "acceptance" is written on the check by the bank and indicates that the check is now "certified." So a "certified check" is one where the bank on which the check is drawn has agreed in writing to pay the check as presented.

So if all three of these types of checks are bank obligations, how can a bank refuse to pay them? After all, if a bank "accepts" a certified check or issues a cashier's

check or buys a teller's check from the issuing bank, it is generally obligated to pay the check according to its terms. But the obligated bank has the right to assert any claim or defense that it has reasonable grounds to believe is available against the person trying to cash the check. The obligated bank can also refuse payment if it has a reasonable doubt whether the person demanding payment is entitled to cash the check. The bank can also refuse payment if payment is prohibited by law or if the bank has suspended payments in general. (After all, if the bank is out of money, it won't be honoring any checks.)

If the obligated bank wrongfully refuses to pay a cashier's check or certified check or stops payment of a teller's check or refuses to pay a dishonored teller's check, then the party enforcing the check is entitled to seek compensation for expenses and loss of interest resulting from the non-payment. The party trying to enforce the check may also seek to recover consequential damages. To seek consequential damages, the party must give the bank notice of the reasons causing those damages. These damages against the bank come into play when the bank refuses to pay even though its obligation to pay is clear and it has the ability to pay.

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The Cost of Relocating for a Job

Either with employer assistance or on your own

By Sheryl Sookman

*Originally published in Meetings South, April 2004
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According to data from the 2000 U.S. Census, the number of people who moved to another state for work jumped 11 percent. This is not surprising data, because job seekers tend to be more willing to relocate when there is a tight job market. They are also more willing to make that decision whether or not the employer pays for relocation expenses.

According to the 36th Annual Corporate Relocation Survey conducted by Atlas Van Lines, the "lack of qualified people locally" was the primary external factor that caused survey respondents to seek candidates outside of their geographic area. In fact, 47 percent listed this as a reason in the 2003 study, whereas only 21 percent felt this was a concern in 2002. The Atlas Van Lines survey also found that almost three-fourths of the companies surveyed have some kind of formal relocation policy. What is included in those policies can vary tremendously, ranging from a flat fee to cover moving costs to assistance with selling a home.

Even if a company or organization states in its job posting that it offers no relocation assistance,

you may be able to negotiate to have some expenses covered once the final job offer has been made.

For that reason, it is important to determine what your relocation needs are when you start your job search. Would you be satisfied if the employer covered only the cost of moving your household



furniture and not your car? Do you feel it is important to have one or two scouting trips to the new area covered by the employer? Create a

list of the primary expenses you would like the employer to pay for, and include ancillary items that you would be willing to pay for on your own, if necessary.

What You Can Expect

Although more than 80 percent of the employers who responded to the survey offer relocation assistance, an increasing number of them have moved to a tiered policy based on the employee's salary level or job title, offer a cap on moving expenses or require employee co-payment of expenses.



In the survey, 56 percent of the employers surveyed offered full reimbursement of moving expenses to new hires. Thirty-eight percent of new hires received a partial reimbursement based on their salary or position, and 30 percent received a lump sum payment. Only 7 percent offered no reimbursement of moving expenses.



Companies that have a tiered relocation policy will tend to offer entry-level employees assistance with moving household goods, storage fees for a prescribed period of time, limited funds to assist with searching for an apartment or home, and a per diem for lodging and meal expenses en route to the new location.

When it is a mid-level, manager or senior-level position, the individual also may be offered assistance with selling their home and purchasing another one in the new location. In many cases, there is a time limit



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established for selling the old home on your own and then offering a flat rate to have it sold for you. If the individual is a renter, the policy tends to cover the cost of breaking a lease. They will also



cover the cost of one or two trips to the new area to scout for a new home. A manager or executive might also receive assistance with child care or offer to help the spouse locate a new job.

A meeting planner from the Seattle area recently negotiated a relocation package with her new employer that included all of these items, plus quite a few more. Her new employer agreed to a flat fee to cover the expenses listed below. (Noted next to each is the percentage of companies with less than 500 employees that offer the same type of assistance, according to the Atlas Van Lines Survey.)

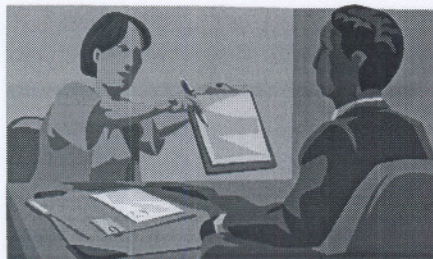
- ◆ Two scouting trips to the San Francisco Bay Area to look for an apartment (49%)
- ◆ Moving all household goods (69%)
- ◆ Security deposit and first month's rent in her new apartment (28%)
- ◆ Cancellation fees for breaking her lease at the apartment in Seattle (42%)
- ◆ Set-up fees for establishing phone and cable service (31%)

In addition to these items, 33 percent of companies offer to move one or more automobiles, 22 percent offer assistance with renting a storage facility, and 40 percent typically apply a temporary living allowance toward rent.

In the end, the employer doubled the anticipated expenses to a total of \$10,000. According to figures compiled by the Employee Relocation Council (ERC), which is a national association of companies concerned with employee mobility, this meeting planner negotiated very well, because it estimates that the cost to relocate a new hire who rents is \$11,491. When the new hire is a homeowner, the ERC's figures indicate that the average cost to relocate them is around \$41,000.

Employee Agreements Tied to Expenses

The Seattle meeting planner agreed that if she stayed through the association's 2005 Annual Convention, she would not have to repay any portion of the relocation expenses. If she left before that time, the association would require her to repay a pro-rated portion of the cost. In the case of another meeting planner, an association offered to provide a flat \$5,000 for moving expenses if she



agreed to stay in the position for at least one year. They asked her to repay a pro-rated portion of the expenses if she left before then.

Tax Deductibility of Relocation Expenses

If you have to pay for all or a portion of your relocation expenses, the IRS has two tests it uses to determine if you qualify for a relocation tax deduction: time and distance. With the time test, you must work full-time for 39 weeks during the first 12-month period after arriving at the new job. The distance test is based on the new place of work being at least 50 miles farther from your former residence than the old primary residence.

The IRS allows the deduction of expenses such as the cost of packing and shipping your furniture and other household items, the cost of shipping your pets, and the cost of lodging while in transit to your new job. IRS Publication 521 on Moving Expenses explains in more detail what deductions are allowed. You can download this publication from the IRS at www.irs.gov.

The other thing to keep in mind is that relocation reimbursement is taxable. The best relocation package includes what is referred to as "grossing up" the amount to include in the total the amount that you would pay in taxes. If your relocation costs are \$5,000 and you are in the 30 percent tax bracket, your out-of-pocket costs

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would be \$1,500. Under a gross-up plan, you would receive \$7,142 (reimbursement expenses divided by 1, minus the tax rate) and pay \$2,142 in taxes that is actually the employer's money, not yours.

The Cost of Interviewing

Unless you are in a senior-level or executive position, it is unlikely these days that the prospective employer will pay to fly you out for an interview. A meeting planner who had been living away from her hometown for more than 10 years decided she wanted to move back home. During the nine months that she spent looking for a job in Cincinnati, she sent her resume to 15 different places—a mix of corporate, association and nonprofit positions. In her cover letter, she indicated that she would pay the costs associated with face-to-face interviews, and ended up getting five of them. Out of the five in-person interviews she received, she ended up with three job offers.

A senior meeting planner in the Midwest found that "...unless the job came to me as a referral or through a headhunter, it's more difficult to get your resume put on the top of the pile. I recently had an employer tell me she had pulled my resume because I had great qualifications, but due to my location put it on the bottom of the short list. It becomes very frustrating, because if I'm willing to relocate myself I'd at least like the opportunity for a phone interview."



In your cover letter, consider suggesting an initial phone interview in addition to offering to pay the costs for an in-person interview. Quintessential Careers has a good article on its website, titled "Phone Interview Etiquette Can Propel You to the Next Step in the Hiring Process" (www.quintcareers.com).

Numerous Internet sources can help you determine the costs:

- ◆ www.homefair.com/homefair/cale/salcalc.html
- ◆ www.moving.com
- ◆ www.cityrating.com
- ◆ www.relocationapartments.com www.123relocation.com

Sheryl Sookman, CMP, is the owner of The MeetingConnection, a recruiting and placement company that works with companies and associations nationwide to place meeting professionals in full-time positions, contract short-term and on-site assignments.

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Recovering More Debt

By Michelle Dunn

Did you know that 70% of Citibank's bad debt accounts are skipped accounts? And that 10% are bankruptcies and deceased accounts? That leaves just 20% of their bad debt that they are "actively" trying to collect or that they normally just write off or sell. What happens to the other 80%?

Of the \$60 billion of debt that will be charged-off by issuers of general-purpose credit cards in the United States this year, only 90% is potentially collectable because 10% is tied to deceased, fraudulent and bankrupt accounts. When this 90% of debt is placed with collection agencies, it is found that half of the cardholders cannot be located even after the use of databases and online tracing tools.

Government regulations prohibit collection agencies from using any means other than databases to find debtors because they are not the owners of the debt. So if these accounts are placed with the agency on a contingency or other basis, they would need to ask their client who placed those accounts with them to hire a "skip tracer", "private investigator" or "skip

tracing firm" to locate those debtors for them so they can then continue to try and collect. If you purchase credit card debt and are the owner of the debt, you can utilize the tools a professional skip trace firm uses to locate those debtors and continue to try and collect. I am told by professional skip tracers that you should check



with the state you reside in. There are a number of states that do not require licensing or that do not have state regulations. It is all over the board and varies from state to state.

45% of all charged-off accounts are returned to issuers—after primary, secondary and tertiary collection efforts by collection agencies—without any collection

activity because the debtors could not be found by traditional database or collection skip trace methods. Issuers then have two choices: sell the debt or hire a professional investigator to track down the debtors. The overwhelming practice has been to sell the debt. Card issuers seldom hire professional tracers because they consider them too expensive and feel they are throwing good money after bad. This could be because they can't be bothered to continue to spend time on the accounts or that they don't realize that most location firms offer a quote on all portfolios prior to processing and, in some cases, the cost can be added to the debt.

Fees range from \$100 to \$150 for small balance accounts with average fees of \$350 to \$450 for most portfolios. These tracers usually uncover home and office addresses and phone numbers which then let the collectors make contact and try to collect their money. Most importantly, because so much time has elapsed since the original charge-off date, collectors can go after not only the original debt but also accumulated interest,

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fees and, in some states, the cost of the tracing or locating of the debtor. The original amount of debt charged-off doubles every 30 months with added interest and fees.

Some professional investigators or skip tracing firms can locate up to between 70% and 80% of missing persons, I know of one location company that guarantees that they will locate 80%, so how can you lose? Other firms that specialize in location work state that the information uncovered can be virtually limitless depending on how much money the client wants to spend and the permissible purposes they are operating under. Some examples they gave are assets, physical and mailing address, vehicles, telephone and cell phone numbers. Location firms are not subject to the government regulations that prevent the use of aggressive tracing techniques by any entity other than the owner of the debt.



All private investigators are regulated by their state in which they operate. Their rule of thumb is, don't do anything to locate a person that you wouldn't do to locate your mother or your best friend. Private investigators have a fair

amount of latitude as long as they don't do anything illegal, immoral or unethical. As a PI, it is illegal to pass yourself off as a police officer, official of the court or any other government official.

If the company you hire to do your location work has no involvement in the debt collection aspect after the individual is located and has no knowledge of the specifics of the debt, they are not a "debt collector" as defined by the FDCPA. This is an important distinction. The skip tracing firm must not be owned or affiliated with a collection agency.

Chris Soteris, the skip tracing manager at Merlin Information Services, states that they must abide by the FCRA and the Gramm, Leach Bliley Act, both of which restrict their use of Credit Bureau information to activities supporting the collecting of a debt. He also stated that his company is not a third-party debt collector and therefore is not regulated by the FDCPA.

Third party debt collectors must follow the FDCPA when obtaining location information. This includes in-house "locators or skip tracers", even if they are not doing any collection work. This means that they can use databases and phone calls as long as they follow the FDCPA.

Most collection agencies and business owners are not aware that they can partner up with an exclusive skip trace firm to increase their recovery on bad debts. Many

collection agencies offer "skip tracing" as an added service to their clients. In most cases, based on the limited tools they have available to them, they do not locate 80% of the accounts they are looking for and therefore send them back to the creditor as "uncollectible". Business owners need to be aware that when that happens, all hope is not lost. They should place that 80% of bad debt accounts with a professional skip tracing company and send them back to the agency for collection once they have good contact information for the debtors. Depending on the balance that is due, this can add up to quite a bit of money at the end of the year.



It has been my experience that collection agencies that also offer "skip tracing services" locate approximately 15% of the accounts they work if they are doing collection work and limited location work. This is because most agencies train collectors to collect—not skip trace. Also, since they work for the agency, they are bound by the same laws as the collector and, therefore, are limited in the use of certain location tools.

Many people I interviewed for this article share the view that, when you work at a collection agency, there is little time for skip tracing. The biggest reason for this is that most agencies work on a

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commission basis, where they get paid for the money collected. If they are successful in locating a debtor, they still have to try and collect and that is not a guarantee. The general consensus is that it is not cost effective for collectors or collection agencies to spend time and money skip tracing when they could be spending their time collecting, which is what they do best.

I interviewed many collection agencies that advertise “skip tracing” as one of the services they offer and many of them stated that the way they “locate” debtors is through credit reports, asking other business owners in their network about the debtor, and search engines. Some of them told me that they offer address location, phone number reversal and retrieval, employment location, banking locations, vehicle locations and much more but couldn’t elaborate on how they obtain this information. I even had one company that offers skip tracing tell me that they could not comment on answering any questions about their skip tracing techniques based on “their direction and target audience.”

When you are researching a location or skip tracing firm be sure to check references, check their credentials, and talk to their customers. Some have websites with

testimonials listed. Email those people, ask them how the service worked for them; be smart about your money.

Business owners who utilize the services of collection agencies recognize that they need help with those collections and so they place or outsource their bad debt to their collection agency. Once their agency returns any accounts they cannot collect due to being unable



to locate a debtor, a smart business owner should then recognize that they can place those accounts with a professional skip tracing firm to have them located and then give them back to their collection agency to collect on. This way, they are helping themselves and their collection agency and recovering more of the money they are entitled to. Creditors who utilize a

location or skip tracing service are smart and will see that reflected in their bottom line.

Collection agencies will sometimes outsource different aspects of their collection work, such as generation and mailing of letters. Collection agencies do this because they recognize that they can collect more money if they outsource something they don’t specialize in, such as printing

letters, stuffing envelopes and mailings and focus on what they do best—making collection calls and collecting money for their clients. When they return accounts to their client, and ask them to provide them with current contact information so they can continue to try and collect, they are making a smart business decision. They will make more

money because, once the client receives the accounts back from their skip tracing firm, the agency can then work the account, collect the money and make a commission as well as send a check to their client. Everyone is happy.

Location firms, businesses and collection agencies complement

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each other by working together to ensure as much debt as possible is collected, resulting in all parties being successful. After you look at these facts, take a good look at your business and bad debt and ask yourself, "Can I afford not to use all the resources that are available to me to recover the money that I am owed?" If you are in business to make money, using a location firm, just like using a collection agency is a necessity.

The market for debt buyers and collection agencies has become increasingly competitive with higher prices, greater risks and more exacting demands on performance, according to the November issue of *Cards & Payments*. In view of this, you want to work together with your collectors and your skip tracers. When you can help make a collector's job easier by utilizing a skip tracing company, you will all benefit.

The information for this article was compiled with research and interviews with Carl McBride of International Research Specialists, Myron

Katz of Collection Consultant Specialists of America, Inc, Tom Borges of International Credit Services LLC, and members of Michelle Dunn's Credit & Collection Association.

Michelle Dunn, author of an award winning book, has spent the last 18 years stepping into dangerous debt collection potholes. She shares her hard-won expertise on debt collection with the titles in her "Collecting Money Series." She is the founder and president of Never Dunn Publishing, LLC and her 10-year-old Credit & Collections Association, which has over 1,037 members. She is a writer, teacher, and consultant who has a contagious passion for her work. Michelle started and ran M.A.D. Collection Agency for 8 years.

Michelle has been featured in Forbes.com, The Wall Street Journal, Ladies Home Journal, PC World, Home Business Magazine, Home Business Journal, Entrepreneur magazine, Professional Collector, Credit & Collections Risk, the NH Business Review, Smart Money magazine,

About.com, Master Cards small business website and in many books, including Home Based Business for Dummies. Michelle has been a featured guest on (NPR) National Public Radio and many other radio programs as well as published in many newspapers and magazines nationwide. She has been a repeat guest on television shows such as the CBS Early Show, The Book Authority and Process for Profit. She has many published articles and seven published books to add to her list of accomplishments. Entrepreneur Press has released "The Ultimate Credit & Collections Handbook, the check IS in the mail" penned by Dunn in 2006.

In addition to writing and marketing her books, Michelle was a member of The American Collectors Association for nine years and shares valuable credit and debt information with business owners on her blog at www.BizCreditPolicy.com. For more information, visit www.michelledunn.com and www.credit-and-collections.com.

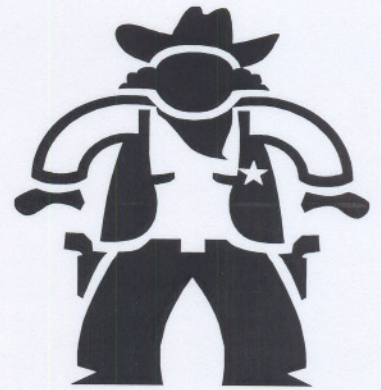
IT'S A WHOLE NEW BALLGAME Credit Professionals International 2007 Conference

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High Noon for Real ID?

By Rich Ehsen

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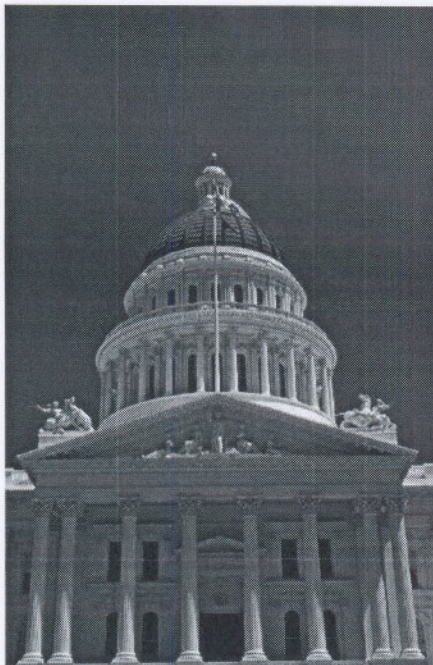
States' anger over the federal Real ID Act—the mandate for states to adopt by 2008 uniform, tamper-proof driver's licenses and ID cards as a hedge against terrorism—has been on a low simmer ever since Congress passed the provision in 2005.

But that simmer has turned to a full boil, with numerous statehouses rolling out bills this year to reject the law over concerns about how much it will cost, who will pay for it and whether it will actually make the country even less secure than under the current system.

To date (mid-Feb. 2007), at least 22 states have filed bills opposing Real ID, starting with a non-binding resolution approved in January by the Maine Legislature, a measure meant more to catch Congress's attention than to declare an actual intent not to comply with the federal statute. That is definitely not the case in Montana, however, where the House in February 2007 approved a pair of bills (HB 384 and HB 287) that direct the state to disregard Real ID.

Variations of these proposals—some binding, some not—have

also advanced in a handful of other states, including Vermont, Wyoming, Washington and New Mexico. That number could grow significantly, according to Missouri Rep. Jim Guest (R), who is working with lawmakers across the country to form a coalition opposing the Real ID Act. Guest



believes as many as 35 states will ultimately introduce similar bills, a number he feels would give the movement real power to resist the federal law.

"We are hopeful that if we get enough states that say they will

opt out, Congress will have to take a more realistic look at it," he says. Based on the number of issues states currently have with Real ID, a more "realistic" look is going to require a lot of heavy lifting.

The Act requires states to obtain multiple forms of identification from driver's license applicants, and to verify that those documents are legitimate and that applicants are in the United States legally. States will also have to develop databases to hold this information, and link them all with one another as well as with an overriding federal database. The licenses themselves would also have to significantly change, with new licenses containing digitized "common machine-readable technology" such as a bar code, RFID chip or magnetic strip.

Chief among state concerns is the projected cost to implement such a system, which the Act's supporters in Congress peg at about \$100 million. But according to a recent survey from the American Association of Motor Vehicle Administrators, current licensing requirements and technology vary greatly from state to state, with some

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systems dating back to the 1960s. And with everyone suddenly required to exchange their current license for the new version, DMV offices could potentially be forced to hire thousands of new employees to handle the increased workload.

Nobody can yet say with absolute certainty what the necessary upgrades in technology and personnel will entail, but a report released last September by the National Conference of State Legislatures (NCSL) estimates the actual cost to states at more than \$11 billion over the program's first five years.

There are other issues as well, most notably concern over protecting the information contained on the new licenses. Many privacy advocates believe the lure of a single database from which to mine personal data will be an irresistible draw for identity thieves.

The Georgia Senate, for example, recently approved SB 5, which authorizes Gov. Sonny Perdue (R) to delay the Peach State's implementation of the Act until he and lawmakers feel the measure will adequately protect the privacy of any information the new licenses contain.

Many opponents also fear that the federal government will use such a database to clandestinely keep tabs on just about anyone it chooses. "My primary objection to all of this, even more than the cost, is that the government will be able to track you wherever you go," says

Missouri Rep. Guest. "That is a real invasion of privacy, and I'm not sure how you put a dollar value on freedom."

There could, however, be a fairly significant penalty for people living in states that choose not to go along. In theory, under the Real ID Act anyone without a federally approved driver's license would not be able to get on an airplane, enter a federal building, open a bank account, collect Social Security, or apply for a federal program or a federal job.

Brian McNicoll, a policy analyst with the Congressional Minority Committee on Oversight and Government Reform (MCOGR), says the majority of states' concerns are rooted in the fact that a year and a half after Congress approved the law, the federal Dept. of Homeland Security (DHS) still has not given states the actual regulations under which the Real ID Act will be implemented. And while DHS says it plans to release that information soon, no hard date has yet been determined. That leaves states to continue wondering what will be asked of them, and to understandably presume the worst.

In response to the host of state measures opposing Real ID, Virginia Rep. Tom Davis (R), the ranking member of the MCOGR and a Real ID co-author, sent DHS Secretary Michael Chertoff a letter in January urging him to speed up the process. To date, McNicoll says DHS has not responded.

The time factor is also extremely problematic for states. The Act requires states to be ready to go with their systems by May 11, 2008, slightly more than a year from now. But according to NCSL policy analyst Molly Ramsdell, with no set guidelines in place, states have almost no chance of meeting that deadline.

"Even if those regulations came out today, states would have a year or less to implement them," Ramsdell says, noting that 40 states will also have gone out of session for the year by July, and that "some states aren't even in session next year." The irony, Ramsdell says, is that all of this has actually slowed states' own efforts to upgrade driver's license security that were underway before the Real ID Act came into play.

"Prior to and right after 9/11, states were already taking steps to improve the integrity of their driver's licenses," she says. "Since the passing of the Real ID Act, states have slowed down those efforts. They don't want to spend limited resources on a system because they know that when the rules finally do come out, they may call for something completely different."

That is one of the most frustrating aspects of the entire issue, notes New York Deputy Secretary for Public Safety Michael Balboni, who was a state senator working as co-chair for the NCSL Executive Task Force on Homeland

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Security when Real ID was approved. "Nobody took the time prior to the Real ID Act to see where everybody was," Balboni says.

In that regard, McNicoll says he understands lawmakers' anxiety over Real ID, but also contends that states are unnecessarily risking major inconveniences for their citizens by choosing to legislatively opt out of the program before they know the full story. "These bills are clearly a sign of frustration," he says. "I doubt cooler heads in the states really think they are going to defy a federal law. The issue of who is in charge of making laws is sort of settled."

McNicoll also believes the issuance of regulations will go a long way toward resolving states' concerns, noting that "when DHS issues the regulations, then we go from talking about opting out to discussing what is good and bad about those regulations."

But Balboni argues that the states' adherence to the Real ID Act is actually anything but determined. "I know of no statute more vulnerable to an exercise of civil disobedience than this," he says. "The one thing nobody focuses on is that Real ID is a voluntary system. You don't need to comply. And yet the credibility and effectiveness of the program absolutely depends on how many people do comply."

Balboni also notes that, unlike many federal mandates on the

states, nobody is withholding other federal funds as a hammer to adhere with Real ID. "What if 15 or 20 states simply don't comply?" he adds. "What is the point of having a supposedly secure national driver's license system if that many states don't adhere to it? At that point, the whole system will collapse under its own weight."

But while states' frustration may be justified, Real ID's supporters point out that the Act's primary author, Wisconsin Rep. James Sensenbrenner (R), patterned the statute upon the 9/11 Commission's recommendation that national standards be enacted for both licenses and birth certificates. That suggestion was motivated directly by the fact that several of the 9/11 terrorists used legally acquired driver's licenses to board the planes they later crashed into the Pentagon and the World Trade Centers. Many supporters also note that the current systems are doing little to stop crimes like identity theft.

Balboni says that is why, in spite of his own frustration with the Real ID Act's vagaries, he is also still a vocal proponent of overhauling how states manage driver's license security. "It really comes down to the regulations and the timetable," he says. "The system itself has tremendous operating difficulties right now. I mean, how can you ask a clerk at a rural DMV to be the front line of your immigration enforcement if they don't have the system in place to do so? That said, if you

fix those issues, if you fund the program properly, and you provide a proper time frame in which to comply, it could all work."

Although President Bush's new budget proposal contains no additional funding for Real ID implementation, there is a growing sense that Congress is becoming more open to altering the statute. Sen. Daniel Akaka (D-Hawaii) and Sen. John Sununu (R-New Hampshire), for instance, introduced a measure last session that would dramatically alter or eliminate many of the Act's basic elements. Like the states, the authors are now waiting to see what regulations DHS releases before deciding whether to pursue the matter in this session.

Meanwhile, Sen. Susan Collins (R-Maine) introduced legislation this month to delay Real ID implementation and to give states more say in what it will eventually require. That, says Missouri Rep. Guest, is exactly what current state efforts are all about—getting Congress to listen to their point of view and to give them back their seat at the bargaining table.

"There is an election year coming up, and there are probably some people in Congress that will have a hard time explaining why they voted for it [Real ID] and why they did not support looking at it again as a separate issue," he says.

How Valid Are Electronic Signatures?

By Michael R. King, Esq.

Question: Do I need a real signature for this deal to be good?

Answer: Probably not, but it depends on what you are doing.

Almost daily, I am asked “Do I need a real signature on this document?” Although the answer varies depending upon the context, a “real signature” with ink on paper is becoming increasingly unnecessary.

But what is the context? Are you asking whether a photocopied signature or facsimile transmission signature is sufficient for the document to be admitted into evidence in court? Are you asking whether an e-mail message accepting your offer to sell creates a valid contract? Are you asking whether a digital copy of a check can be negotiated? Or are you asking whether the county recorder will accept and record a deed to real property without the ink on paper signature? The answer is different in different circumstances.

The Millennium Digital Commerce Act (the “E-Sign Act” or the “Digital Signatures Act”) made digital, on online, signatures as legally binding as ink-on-paper signatures for most purposes effective October 1, 2000. The Act

was intended to encourage electronic commerce and to allow parties to prove in court that their electronic signatures and electronic transactions are valid.

The parties to an electronic transaction may decide what constitutes a binding electronic signature for their purposes. For example, the parties could agree upon scanned handwritten signatures, “smart cards,” fingerprint readers, or other “acceptable or required technologies or business models” to serve as the binding electronic signatures for their business transactions. “The intent of a person to execute or adopt an electronic signature shall be determined from the context and surrounding circumstances, which may include accepted commercial practices.” Although parties can still dispute the authenticity or authorization of electronic signatures, paper-based obstacles to electronic transactions are removed.

The Act requires that interstate transactions using electronic signatures be given legal effect, and that the parties be allowed to agree upon the specific methods for the electronic signatures. For the most part, the E-Sign Act preempts state laws, unless the state law is the Uniform Electronic Transactions Act (which is consistent with the

federal Act). There are exceptions for such things as state procurement laws, however. Therefore, you should probably check the state laws where your electronic transactions will take place and include selection of law provisions in your contracts.

The exact scope of the E-Sign Act seems a bit hazy. Very little case law has addressed its provisions. The Act says that “A contract relating to an interstate transaction shall not be denied legal effect solely because an electronic signature or electronic record was used in its formation.” The E-Sign Act excludes:

- Wills and related documents
- Family law matters
- Some Uniform Commercial Code instruments
- Some judicial documents
- Some credit-related proceedings
- The Uniform Anatomical Gift Act
- The Uniform Health-Care Decisions Act

But the Act does apply to make “electronic records” legally enforceable. “The term ‘record’ means information that is inscribed on a tangible medium or

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that is stored in an electronic or other medium and is retrievable in perceivable form.” Clearly, the Act is intended to make electronic “transactions” enforceable and “the term ‘transaction’ means an action or set of actions occurring between two or more persons relating to the conduct of commerce.” So businesses may clearly use E-Signatures on checks. In fact, almost anything “relating to the conduct of commerce” seems to be covered by the Act.

signature of a judge in the “/s/ Name” format on an electronically filed judgment complied with Arizona Rule of Civil Procedure 58(a) requiring that judgments be “signed.” The Supreme Court stated:

The court of appeals apparently assumed that “signed” means only a manual signature. In fact, the ordinary understanding of “signed” is not so limited. For example, under the statute of

The Supreme Court was quoting from the 1960 Arizona case of *Bishop v. Norell*, which recognized that earlier Arizona case law had interpreted “signed” as more than just manual, handwritten signatures. In fact, in 1943, the Arizona Supreme Court had recognized the validity of a facsimile signature, long before electronic facsimile transmissions or digitally scanned signatures were possible in the case of *Maricopa County v. Osborn*.



The Court went on to note that whether or not an order was “signed by a judge” depended upon the intent of the judge. The Court noted that the court system has converted to “e-filing” programs “under the assumption that electronic signatures comply with the Rules of Civil Procedure.” The Court wanted to make sure that its ruling was consistent with “the policies of a paperless electronic court system.”

In a footnote, the Arizona Supreme Court stated:

Arizona’s Electronic Transactions Act, A.R.S. §§ 44-7001 to -7051 (2003 & Supp. 2006), embodies the general policy of facilitating transactions based on electronic signatures, increasing consistency regarding electronic transactions, and providing uniform law for electronic transactions. *Id.* § 44-7006 (1)—(3) (2003). The Act applies to judicial agencies. *See Id.* § 44-7002(9) (2003). Given our analysis above, we find it unnecessary

Although there has been scarce case law with regard to the E-Sign Act, a recent Arizona Supreme Court case illustrates that the law is struggling to catch up with the realities of business communications, even in the field of law. In *Haywood Securities, Inc. v. Susan A. Ehrlich*, (Ariz. S. Ct. No. CV-06-0280-SA, March 10, 2006), the court decided that a typed

frauds, a document is valid “if it is signed by the person to be charged by any of the known modes of impressing a name on paper, namely, by writing, printing, lithographing, or other such mode, provided the same is done with the intention of signing.” [citation omitted.]

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to rely on the Act, but recognize that our holding comports with the Act's general policy of recognizing and facilitating transactions using electronic signatures.

So the Court reached the same result as would have been reached under the Uniform Electronic Transactions Act and the E-Sign Act without specifically relying on those Acts. Slowly the law is catching up with the rest of the world.

While electronic signatures and electronic transactions will be legally binding and legal barriers to storing documents and sending notices electronically are removed, you will probably need to be even more vigilant in the realm of electronic commerce than you were with paper commerce. Forged signatures, ambiguous documents and legal loopholes have always been problems. The range of

possibilities for fraud, breaches of confidentiality, and other problems is greatly increased in the realm of electronic commerce. If you thought the world of bad checks and unauthorized credit card transactions was bad, imagine the potential risks now. How will you make sure that the person providing the E-Signature has the authority to bind his or her company? How do you actually verify the person's identity? How do you assure appropriate confidentiality when sending various types of notices, particularly to consumers? Among other things, you will need to find reliable ways to certify that you have received a valid and authentic E-Signature.

Those who venture into electronic commerce without well-designed procedures, careful contracts, and sound legal advice would be better off going back to stone tablets and chisels. If your company or some

one you know needs assistance in navigating through the legal issues presented by electronic commerce, please feel free to call me.

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The 'Human' Side of Change

By Nancy Riesz

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We are all being asked to do more with less. To raise the standard a little higher each year even when we feel we are already maxed out. All these things require change. Are you someone who resists or embraces change? Your professional success—or failure—rests on your answer.

At first it was fun, skimming across the water and bouncing up and down. I had never been tubing before and was enjoying this new experience with my friends. As the boat picked up speed, however, I found myself being sucked into the center of the tube, causing a sharp pain in my back. I pushed up with my arms, but the suction was so strong, I was unable to free myself. I started yelling to my friends in the boat to stop, but I soon realized that no one could hear me. My next thought was to wave to get their attention. They thought I was motioning them to go faster!

Because my body was locked into the inner circle of the tube, my face was directly in the spray of water from the front of the tube. I quickly started inhaling water. I also started to panic. I was not able to get anyone on the boat to sense my plight. Nor was I able to

free myself from the downward pull of the water, a clutch that was quickly turning into a death grip. And, I could not change anything. Or, so I thought.

Minutes that seemed like hours went by. If I inhaled, I took in water, not air. Finally, I decided I had no choice. I believed I was about to die and I decided I would rather do so peacefully. With that thought in mind, I stopped fighting. Once I let go and relaxed my body, the arch of my back changed and I quickly fell from the tube.

Despite being freed, I could barely breathe, so my friends rushed me to the local ER. The doctor was amazed I had not drowned as my lungs were more than two-thirds filled with water. Why, he asked, had I not let go sooner?

It's a question we should ask ourselves in our work. Why don't we let go more quickly and

accept that technology is changing the way we do business, the commodization of planning meetings, the shorter lead times on RFPs or the expanded territory and responsibilities we have because of mergers and acquisitions? Why do we stay stuck by focusing on the problem rather than solutions? Why do we react by fixing the symptoms, not the cause? Why? Because we are human, which means we think and feel. Change is scary and involves hard work. We need to reorient ourselves psychologically for change to work.

In reality, the change itself is not the obstacle. It's only an event or experience that marks a beginning. Learning to let go and move from the old to the new—physically, mentally, and emotionally—is the real challenge.

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Change Versus Transition

Change has two sides: the “hard” side—process, strategy, measurement, and procedures and the “soft” side—attitude, acceptance, commitment, creativity, and understanding.

Change is not the same as transition. Change is situational: a hurricane threatens your meeting; you institute online meeting registration; there is new leadership; you must learn a new technology. Transition is the psychological process we go through to come to terms with the new situation. Change is external, intellectual. Transition is internal, emotional. There can be any number of changes, but unless we let go and allow transitions to occur, nothing will be different when the dust clears.

The starting point for managing transition is not describing the outcomes you want, but recognizing and accepting the endings you will have to make. Situational change hinges on the newly appointed CEO, just installed software, or using text messaging on your new cell phone. Psychological transition depends on letting go of the old habits and identity you had before the change took place.

Transition starts with an ending of the way things used to be. Think about a significant change you have made in your own life: your first managerial position, moving to a new job or city, starting your own business. Good changes, yet each one started with an ending. Once you understand that

transition begins with letting go of something, you have taken the first step in the process of transition management.

Letting Go

Most of us do not like endings because they are painful and disorienting. The majority of us resist doing things differently. In order to move on, you need to deal directly with the feelings you are experiencing over the ending. How do you do that?

- Initially focus on what you have to give up, not the benefits. It is important to legitimize what you feel you are losing.
- Take time to reflect on how you are feeling. Allow yourself to be angry or feel sad and grieve over what has been lost. Do not mistake these feelings for a bad attitude.
- Give yourself permission to appropriately express what you are sensing. Sometimes we are reluctant to talk openly about our feelings, believing they do not belong in the work place. But pretending feelings do not exist, or ignoring them, only creates problems.
- Realize each person accepts changes at a different rate. Don't expect or push yourself to be like everyone else.
- Many times we feel we have been robbed of control over our future, especially if the

change was involuntary. Find a way to gain back a feeling of control. If the feeling of competence has been taken away, give yourself a new sense of competence by training for the necessary skill(s).

- Take a piece of the old way with you. Endings occur more easily if you can take a bit of the past with you.
- Reward the progress you make.

Moving Through the Desert

“I have always argued that change becomes stressful and overwhelming only when you've lost a sense of the constancy of your life. You need firm ground to stand on. From there, you can deal with change.”

Richard Bolles in *Fast Company*

Welcome to the middle phase of the transition process—what William Bridges calls the Neutral Zone. The somewhere between two nowheres. It is the limbo between the old sense of identity and the new, when the old way is gone and the new does not yet feel comfortable. This is also a very creative time as it is here we come up with breakthrough answers and innovation.

Focus on “normalizing” the neutral zone. One of the most difficult aspects of this time is that we do not understand it. We expect to be able to move in a straight line from the old to the new. But it is not a short, easy trip. Nor is it linear. It is a

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journey from one identity to another, and this takes time.

The neutral zone is like the wilderness through which Moses led his people. That took 40 years, not because Moses did not know where he was going, but because it was necessary for the generations that had known Egypt to die before the Israelites could enter the Promised Land. Moses made the change when he led his people out of Egypt, but it was the 40 years in the neutral zone that got Egypt out of his people.

Fortunately, the changes we deal with on the job will not take 40 years, but it will take time to go through this phase. This is a time when a necessary reorientation and redefinition is taking place. Do not ignore or rush through it. You need to recognize that it is natural to feel somewhat frightened and confused in this no-man's land. As old patterns die in your mind and new ones begin to take shape, you are often assailed with self-doubt and misgivings. Take time to refocus on your desired outcome to keep you moving forward.

Embracing the New

"You begin by always expecting good things to happen."

Tom Hopkins

Beginnings involve new understandings, new values, new attitudes and, most of all, new identities. Beginnings are the final phase in the transition process. Beginnings feel frightening. They

establish once and for all that the endings were real. Once you are willing to move forward and accept the change, you can embark on the beginnings.

One way to become more open to change is to gain new perspectives. Read magazines, watch TV programs, or go to movies you ordinarily would not select. Strike up conversations with people you don't know well. Try new foods, learn a new hobby, or visit some place you have never been.

Dealing with change and transition is demanding, but it needn't get the better of you.

- Keep your body, mind, and your spirit in peak condition. Pay attention to your body, your feelings, and your thoughts. They are important messengers.
- Instead of getting upset about what you cannot control, choose to invest your time and energy on developing solutions to the new challenges change inevitably brings.
- Get busy instead of getting mad. Action is great therapy. It lowers your stress level better than resistance does.
- Put some fire in your work habits and burn off your anger and worry. Focus on possibilities, not problems.
- Reach out for support.

- Practice an attitude of gratitude for the many good things in life.
- Focus on your vision of the future rather than what is at the present time.

As John F. Kennedy said, *"Change is the law of life. And those who look only to the past or present are certain to miss the future."*

It is your choice as to what happens to you and your organization. Are you brave enough to let go and release your fears in order to breathe new energy into yourself and your organization? The choice is yours. So is the responsibility.

Nancy Riesz, MBA, is a performance improvement expert who teaches people to work together... better. Through her presentations, seminars, coaching, and writing she works with organizations and their leaders to create places where people want to work, bosses they are thrilled to work for, doing what they do best. She can be reached at Nancy@SuccessCatalyst.com or visit her web site at www.SuccessCatalyst.com

Check 21—Check It Out—Again

by Gary H. Bügge

At 12:01 a.m. on October 28, 2004 the world of check writing underwent a significant transformation. That is when the **Check Clearing for the 21st Century Act (Check 21)** went into effect.

Check 21 came about as a result of September 11th when nonmilitary aircraft was grounded. Since the planes were grounded, banks were unable to transport written checks. Check 21 allows banks to handle checks more proficiently through electronic images and expedite withdrawals from a bank account. It was the latest evolution in modernizing the clearing of checks at the time. Remember Magnetic Ink Character Recognition, other wise known as MICR? It came into being in the 1960s.

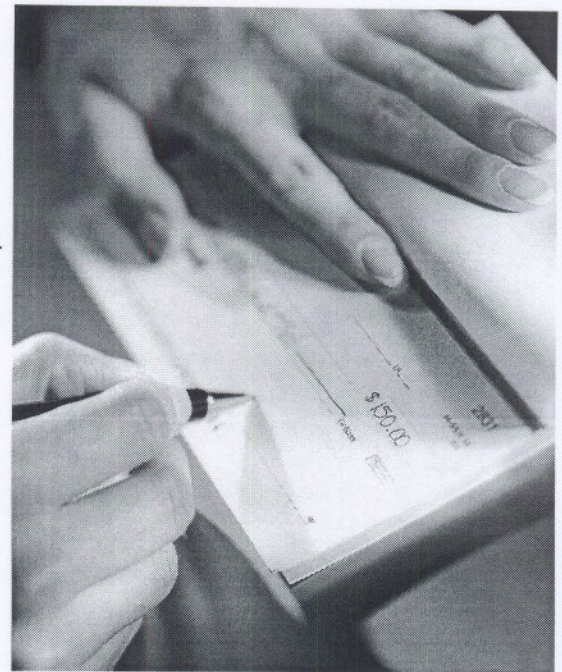
Check 21 reduces the time and cost associated with the physical transportation of paper checks between banks. It reduces the vulnerability of the check payment system to disruptions, such as extreme weather or natural disasters.

The law is extremely complex and has both benefits and challenges associated with it. For example, banks do not mandate electronically clearing checks. Check 21 merely authorizes banks to begin use of electronic check clearing.

As it concerns credit managers, there are a number of features in Check 21 that you need to understand and adjust to. The biggest change is that the traditional “float” many individuals and companies have periodically relied upon has disappeared. That means that there has been an increase in bounced checks, although not significant. However, since checks clear more rapidly, there has been an improved notification of *NSF* checks for those banks utilizing Check 21. Also on the plus side, speeding up the process virtually eliminates the ability to *Stop Payment* on a check, for those banks utilizing it.

Check 21 doesn't change how businesses write checks. Instead, it creates a more efficient way to process them. Technology and merchant services are catching up and reaching into those areas where upgrades have been slow to provide merchants with up-to-date equipment and check imagers that will not only verify funds, but process the transaction in as little as 48 hours.

Both the merchant and consumer are thus protected from fraud and returned check fees. In many



Federal Reserve regions about 90% of all checks written reach the paying bank overnight.

Even though funds clear faster and are debited against your account, this doesn't mean access to the funds you deposit are available any sooner. The law does not shorten check hold times. Therefore, outbound cash flow has been escalated while inbound availability of funds has not. This causes some debtors to tend to slow payment as they attempt to make up the difference in time between funds withdrawn and funds available.

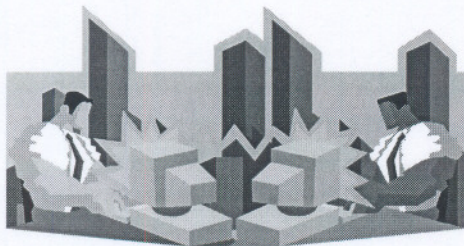
If a bank or customer requires a paper check, the bank can use the electronic picture and payment information to create a paper “*substitute check*” also known as an *Image Replacement Document*

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(IRD). Checks that are converted into a "substitute check" must be printed in accordance with very specific standards so that the substitute check can be used in the same way as the original check.

A "substitute check" must include the following statement: "This is a legal copy of your check. You can use it the same way you would use the original check." This allows the substitute check to be used as proof of payment. It must have MICR font and magnetic ink on the bottom of the item and it must be printed on business-sized check stock.

Banks create IRDs to facilitate quicker clearing. Your depository bank or another bank in the clearing chain may take images of the original check, transmit them to a print shop in the region where the check is drawn and voila! Print an IRD to submit to the paying bank. The paying bank may also use an IRD to return an unpaid check to



the depositing bank.

Let's face it; the creation of IRDs was the first step toward the full electronification of checks for clearing or image exchange. There are increasing means to make payments electronically. One wonders how long Check 21 will be in effect before it is entirely

obsolete. Some argue it already is, considering the cost to implement and maintain it.

So what does all this have to do with credit management? Plenty.

Ten business days is a very long time to hold the shipment of goods as you wait to confirm that your questionable customer's check has cleared successfully. It also is too long to wait to find out if your customer's check is NSF. Bounced checks are in the \$20 billion a year strata.

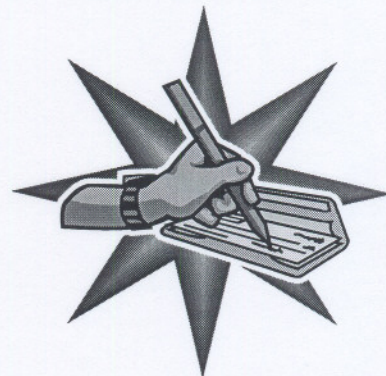
The accelerated return of checks results in less fraud and reduced losses for you.

Truncation removes an original check form the check collection process. As a result, the original check is never presented to the drawee bank for payment. By facilitating truncation of original checks in the clearing process, Check 21 reduces the risk that an identity thief will be able to access the financial information imprinted on your company's checks.

The electronic processing between financial institutions results in some checks clearing more quickly. As a result, companies can detect forged, altered or unauthorized items sooner rather than later.

Check 21 is intended to improve the efficiency of the check payment system. The reduced risk for depositing customers due to quicker clearing and better information are the main benefits to a credit professional.

New banking regulations took effect in March 2006 that simplify check handling and allow more point of service (POS) companies to process checks electronically. It is expected to speed check processing, allow vendors and merchants to more quickly get their money or detect accounts with insufficient funds, and to cut the cost of check processing by banks.



The change is called back office conversion. Instead of scanning and returning checks to customers at the point of sale, the checks will be accepted and run through a machine that will take pictures of the front and back of each check and read each check's coding. The electronic data will be sent to the company's bank and then on to the paying bank.

Most check writers don't need a float since they have sufficient funds in their accounts to cover checks that are outstanding. Many banks also offer overdraft protection coverage in case a check does bounce.

One result of the new regulations may be to discourage check writing and prompt greater use of debit

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cards and Internet bill paying, which are less expensive and usually just as fast.

There is a downside though.

Law enforcement now has a tougher time establishing check fraud because there is no physical check to analyze handwriting and to lift fingerprints from. Fraud detection features, such as watermarks and micro printing do not survive the conversion

from original to image to substitute check. Handwriting experts will not be able to utilize the substitute for examination of pen pressure, etc.

Then there is the ability of the criminal mind to adapt and be ahead of the curve of changing technologies. Check 21 will help to identify an ongoing check scam but it remains up to the Credit Manager to be aware of what is happening in the industry to

intercept a bogus check before it is even negotiated for payment.

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(King-most checks can bounce)

While the bank may assert any claim or defense that it may have, it seldom has a claim or defense to payment of these types of instruments. Usually, it will be the bank's customer or the remitter that will be asserting a claim to the check on the basis of a dispute it has with the payee. The bank can assert its customer-remitter's claim, but is not protected from damages unless the remitter's defense is upheld.

What might you do differently in our original example? On a substantial transaction, you should wait until you have confirmation that the check has actually cleared the bank and funds are in your

account before taking the property off the market or otherwise acting in reliance upon the payment. Perhaps requiring an electronic transfer of funds to be confirmed before opening escrow or taking other action may be wise in a large transaction.

The law of checks and other negotiable instruments is far more complicated than most of us realize. If you have questions about how to structure your transactions and how to make sure you actually get paid, please feel free to call me.

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The Etiquette of How We Communicate

By Marjorie Brody,
CPAE Speaker Hall of Fame

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Most people realize that proper business etiquette makes good business sense. But every day I hear horror stories about deals gone bad, customers lost, promotions squandered—all due to poor business manners.

Common courtesies **do** make a difference, affecting the relationships we create and the impressions we make. This Briefings Bonus will address three areas to focus on when it comes to etiquette: communication technologies, professional appearance and dining etiquette. Save these reminders for yourself, or share this Bonus Item with your staffers and others who need to learn—or brush up on—the basics.

Potential Problems with Communication Technologies

Communication technology continues to change and evolve. Professionals who keep up with the protocols for each method will survive and thrive. Here are tips for using:

iPods. Apple's online store features these humorous iPod etiquette tips. Remove both

earbuds during a job interview and leave the earbuds in when your boss calls. But iPod etiquette is no joke. Just because you have the latest techno toys, doesn't mean you should let them jeopardize your career. Leave them in the car or at home, unless your work culture specifically allows them.

Cell phones. Don't use your cell phone in public areas or during business meetings—set phones to vibrate. Never disrupt a conversation to take a call—that's rude, and doing so makes the person with you feel unworthy of your time and attention. The same goes for taking pictures and text messaging.



Pagers/beepers. Unless your job requires you to leave them on, set pagers and beepers to vibrate.

E-mail. Remember, e-mail is never truly private; long after you delete messages, any tech-savvy person can retrieve them from your hard drive. Also, be sure to check your spelling, keep messages concise, use subject lines and avoid using all capital letters in messages.

Faxes. When faxing sensitive information, cover up names and confidential details—or simply don't fax proprietary details. Never assume your important fax went through; a quick call or e-mail ensures receipt.

Speakerphone. People who use speakerphones to check messages and make/take calls seem arrogant. Use the "hands free" option only during conference calls, and always identify everyone present for the person on the other end.

Your Personal "Package" Must Communicate Well Too

On the job, the expression "You don't get a second chance to make a first impression" is true. The simple fact is that people are judging you on your appearance.

Your clothing affects the message you communicate. No matter how eloquent your vocal communications, if the visual element is lacking, your overall message will not accomplish its intent.

Women can rely on the following as "business professional" attire:

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- Suits—pants or skirts
- Silk blouses
- Knee-highs/stockings
- Closed-toe shoes
- Jewelry that enhances—not detracts from—the outfit
- Leather briefcase or handbag—stick to basic colors
- Black, brown or burgundy briefcase or laptop case

For men, “business professional” wardrobe options include the following:

- Suits
- Ties
- Oxford-cloth shirt
- Lace-up shoes—not sneakers
- Leather briefcase or laptop bag

For both men and women, a neat, clean, conservative and well-groomed businesslike appearance applies when a “business casual” standard is in place. Choose among three levels of “business casual” attire, depending on the

organization, location and nature of the event:

Classic casual wardrobe options for women include blazers, skirts, dress pants, trouser socks or knee-highs, and closed-toe shoes. Men should wear jackets over nice dress slacks and lace-up shoes or loafers.

Smart casual options for women include sweater sets, slacks, skirts and always stockings with closed-toe flats or pumps. If organization policy allows for sandals (not flip-flops), do not wear stockings. For men, smart casual means golf shirts, khakis with a belt, and lace-up shoes or loafers.

Resort casual for women means sleeveless cotton blouses, sweaters, cotton pants or capris, silk shorts, sandals or flats. Men can wear golf shirts, short-sleeve cotton shirts, cotton shorts with a belt, sandals or loafers. Socks (or stockings for women) are not required.

Remember: The image you present internally and to customers is of utmost importance. If you are in doubt about whether a garment is appropriate, it’s probably not.

Table Manners: more than not talking with your mouth full

From the arrival of the appetizer through the final cup of coffee, the business meal is still the most common way for professionals to

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entertain. Some guidelines will guarantee gracious dining etiquette.

Dos:

- Make reservations and honor them.
- Treat your server with respect. Address the person by name if requested, otherwise use “waiter,” “waitress,” “sir” or “ma’am.”
- Catch your server’s eye or use a discreet wave of the fingers to request service.
- Use a utensil rather than your fingers even with foods you normally eat by hand: french fries, bacon and any food with a bone.
- Tuck paper trash—empty sugar packs, plastic creamer cups, wrappers—under your plate’s rim.
- Expect to pay the bill if you are the host/inviter.

Don’ts:

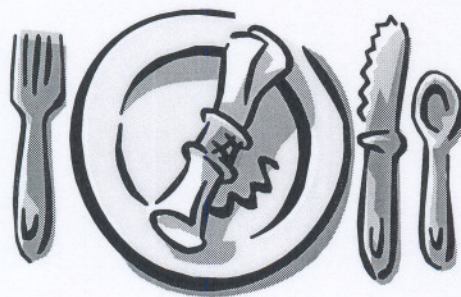
- Call your server “honey,” “Sweetie,” “Dear,” “Garçon” or “Boy.”
- Snap your fingers to attract your server’s attention.
- Cut bread or rolls. Instead break off and butter one piece at a time.
- Salt and pepper your food before tasting it.
- Turn your wineglass or coffee cup upside down to show that you don’t want any. Say “no, thank you,” shake your head or place your fingertips over the rim.
- Blow on your beverage to cool it.
- Ask for a “doggy bag.”

Place-setting Perplexity

The most commonly used place setting in the United States depends on the idea that you work your way through the utensils, from the outside in on both sides. These guidelines will steer you safely through the maze:

Napkin niceties. Your napkin should go on your lap once everyone has been seated. Fold a large napkin in half. If you leave the table briefly mid-meal, place your napkin on your chair. At the end of the meal, put your napkin on the table to the left of your plate.

Managing silverware. Confused about which item is yours? Here’s an easy way to remember. The word “left” has four letters, as does the word “fork.” The word “right” has five letters, as do the words “knife” and “spoon.” That will help you remember that the fork is on your left, and the knife



and spoon are set to your right. If you are eating American style—switching the fork to your right hand after cutting—cut two to three pieces at a time. Put your silverware on the plate while chewing, not on the table, and never wave it around.

Bread-plate basics. Have you ever looked at “your” bread plate—only to find your neighbor using it? Here’s the rule: Eat to your left, drink to your right. Any food dish to the left is yours, and any glass to the right is yours. If your neighbor has used your bread plate, don’t embarrass him or her. Quietly ask the waiter for another.

Learn to navigate these primary areas of work-related communication smoothly, and you will prevent embarrassing social gaffes or missteps that ultimately could make or break a business relationship.

*Communications Briefings Editorial Advisory Board member Marjorie Brody, CSP, CMC, PCC, CPAE Speaker Hall of Fame, is an author, sought-after public speaker and coach to Fortune 1,000 executives. She is a global authority in helping successful business leaders identify their strategies and enhance their skills for career success. Marjorie’s etiquette books include **Professional Impressions...Etiquette for Everyone, Every Day; Help! Was That a Career Limiting Move?** and **21st Century Pocket Guide to Proper Business Protocol**. To order a copy of these or other Marjorie Brody learning tools, or book her as a speaker, trainer or coach, call 800-726-7936 or visit www.MarjorieBrody.com.*

MEMBERSHIP NEWS

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

Atlanta, GA

Anthony Stroman
Stromanenterprise

Lake Charles, LA

Alana Renee Corry
First Federal Bank of LA
Jessica White LaRocca
Calcasieu Federal Employees CU
Myra R. Lavergne
Calcasieu Federal Employees CU

Charlotte, NC

Shirley Clontz
Irene McQuain

Cabarrus County, NC

Sandra Baker
Piedmont Gas

CPI of the Triad, NC

Audrey Adams
Walter Mahlon Adams
Lori Brody
Crown Automotive of High Point
Loretta Freders
Merril Lynch
Lucy Y. Schaeffer
Mark R. Cowan, DMD, PA

Greenville, SC

John Greene
Angel Food Ministries

Jackson, TN

Brian L. Groom
Farmers & Merchants Bank
Rick I. Smith
AmSouth Bank

Indianapolis, IN

Connie Boon
IN Nephrology
Sherri Harris
Union Federal Bank

Ann Arbor, MI

Elizabeth Blanco
First of Washtenaw
Kevin Butts
Er Credit Education Solutions
LaCinda Rishel
Huron River Area Credit Union
David Smith
Atwell-Hicks
Randy Swigart
University of Michigan
Credit Union

Sun-Sational, CO

Christie M. Novak
Affiliated Credit Services

Fremont, NE

Linda S. Kamp
First National Bank Northeast
Michelle M. Wiese
FSB&T

Las Madrugadoras, NM

Lori Ann Churchwell
Chase Auto Finance
Josie Hood

Anchorage, AK

Jody Steed
Cornerstone Credit Services

Pocatello, ID

Karen Hall
Smile Makers of Pocatello
Karen Jackson
Potelco United Credit
Julie Ann Toop
Pocatello Railroad FCU
Cheryl Wilkey
Smile Makers of Pocatello

Bremerton, WA

Deana M. York
CCCS of Yakima

Certification News

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

Master Professional Credit Executive (MPCE)

Mary Rangel-Mattox
Atlanta, GA

Kathryn Greiner
Ann Arbor MI

Professional Credit Executive (PCE)

Deborah Courtney
Jackson, MI

Jennifer Grove
Great Falls, MT

Professional Credit Specialist (PCS)

Sarah Hill
Tucker, GA

Pat Porter
Montgomery, AL

Melinda Dolezal
Denver, CO (direct member)

The following people have received recertification or upgrades

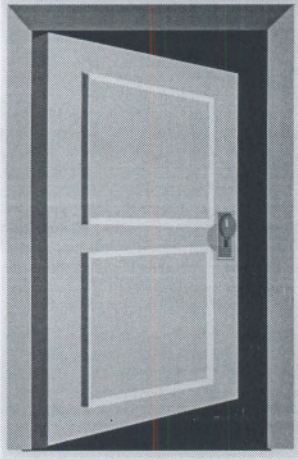
Margaret Ewert, PCE
Kalispell, MT

Nancy Holiman, MPCE
Everett, WA

Mary Nebeker, MPCE
Brigham City, UT

Eva Nifong, MPCE
High Point, NC

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