# The Credit Professional

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# Does Your Sales and Credit Relationship Need Improvement?

# Principles and "How To's" That Work!

By Robin Szabo
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One interesting observation about life is that often the most rewarding relationships are those that are the most challenging. The harder we choose to work at them, the more we stand to gain.

As human beings, we seek and develop relationships because we believe they will help us reach a goal or objective. In our personal lives, the goals and objectives may be more abstract than in business, and working toward them and achieving them may be more satisfying at a deeper level. Even so, the principles and skills that make for successful relationships, in and out of the workplace, are largely the same.

It is valuable to observe the principles that successful relationships, both personal and business, have in common. Like cornerstones upon which a structure lies, they form the basis for building a strong, complex, multi-leveled relationship that can weather the inevitable storm. Conversely, when one or more of these principles is missing or crumbles, the relationship fails for lack of a solid foundation.

Nowhere in business is this more apparent than in the relationship between credit and sales. The cornerstones that form the basis of a successful credit/sales relationship and the closest of personal relationships are the same:

Trust
Understanding
Shared Objectives, and
Shared Responsibility.

If the basis of the relationship is solid, that is, if the underlying principles are in place, disagreements are more likely to be viewed in the context of the "bigger picture." If, on the other hand, the principles are not in place, simple disagreements can become "flash points" that lead to broader conflict.

## The Principles

***Trust.*** Without trust, there can be no "real" relationship. There is no way around this simple fact. Call it a primal instinct if you like, but as human beings, we usually can sense whether or not another person is trustworthy. An organization might have all the requisite policies, procedures, and rules in place, but in the end, business is conducted between individuals. For sales and credit to carry on smoothly and successfully, each department needs to

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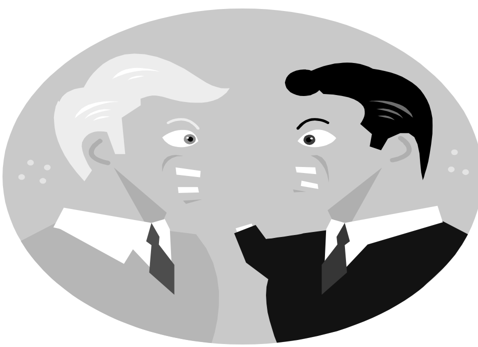
trust that the other has its interests, in addition to its own, at heart.

When there is no trust, it becomes easy to misinterpret comments and directives or to attribute the wrong motives to actions (or inactions) of the other party. Credit may view an omission on a prospective account's credit application as an attempt by sales to "get under the radar" with a marginal account. Sales may see credit's rejection of a prospective account as an indication of inflexibility.



It is not necessary for people to "like" each other in order to have a relationship of trust. Salespeople generally are a "different breed of cat" than credit and collections people, and the departments fare better because of those differences; however, the diverse personalities within each group can pose significant challenges. The trust derives from an honest commitment—independent of personal "likes" and "dislikes"—to shared goals and objectives. It also takes patience, because trust proves itself by consistency of attitude and decisions over time.

***Understanding.*** How often do we hear (or say), "If only you could see this situation from my perspective…"? How can credit, from sales' point of view, know what it is like to face lagging quotas as the end of the month fast approaches? How can sales, from credit's point of view, understand the cost in time and resources to collect a past-due account?

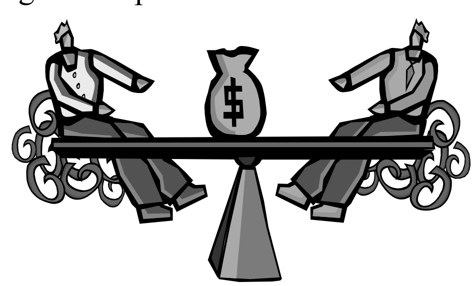
We all know the old adage, "Never criticize a man until you have walked a mile in his shoes." While most of us embrace the idea in theory, it is extremely hard for credit to do when its own shoes are pinching from past-due receivables, and perhaps even harder for sales to do when unmet quotas are snapping at their heels like a yard dog.

People cannot simply "decide" to understand each other. Understanding, like trust, must be cultivated. They are not qualities that we can choose to apply, on an ad hoc basis, to one situation and not to another. Sales and credit must decide that an atmosphere of trust and understanding is critical to their mutual success, then the hard work of creating it can begin.

***Shared Objectives.*** We are all painfully aware that sales' agenda (holding on to existing accounts and selling new ones) is different from credit's agenda (minimizing past-due receivables and bad-debt losses). The only way to get around these divergent interests is to focus on objectives that converge—keeping credit losses below a certain percentage of sales.

Without sales, credit would have no reason to exist. Without profitable sales, neither credit nor sales would exist. A credit department that is not sales-oriented is not a good credit department. A sales department that is not profit-oriented is not a good sales department.

For sales and credit to sincerely embrace the principle of shared objectives, they need to agree to implement a plan of action that supports it, that is, to actively pursue every opportunity for a profitable sale. In addition to focusing sales' and credit's efforts on growth and profitability, implementing this plan of action can help dispel sales' perception that credit managers are the people they "need to get through" to make the sale. Rather, credit and sales become partners—creating opportunities for both the organization and its customers to generate profits.



***Shared Responsibility.*** It is not uncommon for salespeople to assume the attitude, "It's my job to find the customer. It's credit's job

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to collect the money." Since neither sales nor credit benefits if an account cannot or will not pay, each department should bear its share of the responsibility for seeing that the money comes in. The principle of shared responsibility involves an acceptance that a sale is not truly a sale until the money arrives, as well as a willingness on the part of both sales and credit to assume the duties that would logically fall within the purview of their department.

## The How To's

***Develop Policy and Procedures.*** Having a written credit policy and clear-cut procedures may be the single most important way to avoid serious disagreements between credit and sales.

Train new sales hires on every aspect of the policy. Coach them on how to explain credit terms to their customers. Make sure they understand the effects of slow and partial payments. Help them understand that "terms are terms" and that consistency is critical. If accounts are payable in 30 days, it is unacceptable to imply to the customer that 40 days would not be a problem.

If your credit policy will be changed, include sales in the revision process. Involving sales in the development of policy not only demonstrates respect for its point of view but also gives sales the opportunity to more deeply understand the reasons for each point in the policy.

Clearly state in your procedures the expectation that sales must procure necessary credit information from the prospective customer and provide a complete credit application for credit's evaluation. Additionally, it is sales' duty to explain terms and conditions to the customer prior to submitting the application for credit's review.

Define the responsibilities for collection under various circumstances. Under what circumstances should sales be relied upon to collect on an account? Should sales collect prepayments when required? Should sales formulate a plan with credit to collect on delinquent accounts before or at the same time they solicit new accounts? Does credit follow up a sale with a letter to the customer, expressing appreciation for the business and reiterating terms? Does sales follow up after the invoice is sent to thank the customer, verify that the bill was received, and ask if the customer needs any clarifications? What are credit's and sales' roles in dispute resolution?

The timely resolution of disputed invoices is one of the most critical areas of shared responsibility. In this era of Sarbanes-Oxley, when reported deductions are coming under increased scrutiny, sales and credit must recognize the

importance of determining, as quickly as possible, whether or not an amount is recoverable. Company policy should be clear on the consequences of unresolved payment disputes.

***Communicate.*** Good communication, both formal and informal, is key to creating a spirit of teamwork between sales and credit. Schedule formal credit meetings at least once a month. Include the sales manager and additional sales personnel as appropriate. The meeting agenda should include discussion of the reasons behind your credit policy in general as well as decisions about specific accounts.

Ask the sales manager for permission to attend sales meetings, and offer to make presentations on credit topics. Sales meetings are a great opportunity to discuss

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credit's criteria for establishing cash, C.O.D., and open account customers, as well as alternative credit arrangements for marginal accounts. Take this opportunity to emphasize to sales that consistent application of credit policy helps to strengthen the organization's financial status and reputation, which makes it easier for them to sell goods or services.

The timely exchange of information is critical to effective credit and sales management. Provide sales with accurate accounts receivable information to assist sales in monitoring and managing the

account. Appraise sales of anticipated legal actions. Tell the salesperson what additional information or documents you need to help you approve a marginal customer. Ask sales to inform you of any cash flow or management problems that could make collection on the account difficult.

Take a salesperson to lunch. Even if the primary purpose of the meeting is to discuss an account, having a conversation in an informal setting can bring to light information about an account that the salesperson might not other

wise have thought important to communicate. Additionally, informal settings encourage conversation that can help you get to know each other on a more personal level. Knowing that a sales rep has two children in college may help you understand his aggressive pursuit of a marginal account. Discovering that a sales rep is caring for an elderly parent can help you understand why her patience is sometimes short. Even just learning about a sales rep's interests outside of work may provide you with an "icebreaker" that can lead to deeper insights about his or her character and personality.

Use humor when appropriate. Dwight Eisenhower once said, "A sense of humor is part of the art of leadership, of getting along with people, of getting things done." Using humor in an appropriate manner can go far to create empathy, defuse potentially volatile situations, and move people back on track toward a mutually rewarding outcome.

***Reciprocate.*** Offer to conduct presale credit checks, which can save the sale rep from expending valuable time on unqualified prospects. Respond to requests for credit in a timely manner, with accurate and detailed information regarding acceptance or denial. Look for ways to accept a marginal account rather than to turn it down. Make sure that your personnel's collection efforts are sensitive to preserving the customer relationship.

Expect sales, in return, to ensure that credit applications on new accounts contain complete information and are signed by someone authorized to do so. Credit applications should be submitted and approved by the credit department before the sale is admitted on account. Existing accounts should be awarded credit limits and aging categories so they will come up for review prior to the ad running.

Offer to accompany sales on a visit to a customer who is experiencing a temporary cash-flow problem. Plan the call with sales,

soliciting advice from the rep about ways to best approach and work with the customer. Customer visits often result not only in additional goodwill, but also in a payment arrangement that allows the customer to pay off the balance in manageable increments. Additionally, they afford an opportunity for

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sales and credit to see each other "in action" and "under fire," which can foster appreciation for the challenges each faces.

***Recognize.*** Is there anyone on earth who does not enjoy being appreciated and acknowledged for their efforts? Some might argue that recognition is as motivating as financial reward. In any case, sincerely acknowledging sales' efforts is hugely beneficial to establishing and maintaining a spirit of trust and cooperation. Send notes of appreciation to sales when they have helped solve a problem. Knock on a sales rep's door to say "thanks" for getting additional information to help sell a marginal account. If an account is rejected, acknowledge the effort it took to sell the prospect and reaffirm credit's commitment to helping sales bring in additional business. At month's closing, consider sending a memo to management, acknowledging sales' assistance in reducing DSO's.

***Encourage others to "think" as a team.*** Teams are not created when the players sign up. Teamwork takes time, effort, and an unflagging determination to work together for the best possible outcome. Developing the "mindset" in which the principles of trust, understanding, shared objectives, and shared responsibility underlie every interaction between sales and credit demands discipline and commitment at every organizational level. But as every winning team knows, the rewards are well worth it!

*Robin Szabo is President of Szabo Associates in Atlanta, Georgia.*

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# Close the Door—On Internet Fraud

**by Gary H. Bügge**

The doorway to our minds in today's world is through the Internet. The business world is hooked on Internet functions. The ability to research, move money, buy and sell, archive, investigate, etc. has made the Internet an indispensable part of a businesses daily routine.

More and more Credit Department work is Internet based and supported. Credit applications, invoicing, dunning, researching, email, credit investigations, you name it. If the Credit Department is involved in the business application, the Internet plays a role.

In the old days, say five years ago, the Internet was not as woven into the fabric of our business world. Ten years ago, it was still in its business formative stage, as far as the amount of corporate information available on line. Twenty years ago, it simply didn't exist. Pre-Internet business was accomplished by phone, mail and face-to-face meetings.

At no time would an unauthorized person enter the building without being scrutinized by security, a secretary or office staff. An unauthorized person would not be allowed to rifle through files at will. An unauthorized person would not saunter into the Credit Department and walk out with credit card numbers of customers, social security numbers of those who have signed personal guarantees or proprietary corporate financial information.

Fast forward to today. The corporate world allows such activity openly, via the Internet. The very nature of the Internet is life in the fast lane so much so that gaps in Internet Security lag behind the persistence of those who would violate a business veneer.

## Malware

Criminals are remarkable in their ability to come up with creative ways to violate your security and any of your employees, including yourself, may unwittingly allow the front door to remain open. A term which needs to be learned and understood is *"Malware."* The term is short for *"malicious software."*

Malware takes on many known, but not always easily understood terms. Viruses are programs that copy themselves without your permission. Spyware are programs installed without your consent to monitor or control your computer activity. Criminals are creative at finding ways to get some Malware onto your computer.

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It can be transmitted through appealing Web sites, desirable downloads, and compelling stories. Criminals find ways to

lure consumers to links that will download malware. There are links embedded in ads within real, trusted web sites that can infect your computer. And of course, there are links in email. Malware, once transmitted onto your computer, and then from your computer to your office system and mainframe, steals personal information, sends spam, sometimes in your name, and facilitates fraudulent activity.

Computers may be infected with malware if they slow down, malfunction, or display repeated error messages; won't shut down or restart; serve up a lot of pop-up ads, or display them when you're not surfing the web; display web pages or programs you didn't intend to use, or send emails you didn't write.

If you suspect malware has infected your computer, confirm that your security software is active and current. Notify your IT personnel to handle it. While you are at it, make sure they notify you when they upgrade your spam filters. Your goal is to keep malware out AND continue to allow in email that you have subscribed for and/or expect from various, legitimate outside sources. To that end, check your captured email frequently to make sure legitimate email isn't being captured by a spam formula you didn't know was in effect.

## P2P File-Sharing

Sharing files online is a fact of life in today's world. It is as easy as downloading special software that connects your computer to an informal network of computers running the same software. The software is often free and easily accessible. Sometimes it is mandatory in order to continue to use some features on a Web site you are visiting. File sharing can also put you at risk. While you are file sharing you may allow others to copy files you never intended to share. You may download a virus or facilitate a security breach.

In order to secure the information stored on your computer set up the file sharing software very carefully. If you don't, you could open access not just to the files you intended to share but also to other information on your hard drive that you never intended others to see.

Perhaps most important is to close your connection. In some instances the file-sharing program window does not close your connection to the network. That allows file-sharing to continue and could increase your security risk. With broadband connections you stay connected to the Internet unless you turn the computer off or disconnect your Internet service. When a connection is always on it may allow others to copy your shared files at any time. Some file sharing programs automatically open every time you turn on your computer. You can control this if you want to by adjusting the file-sharing program's controls to prevent file sharing from automatically opening.

## Laptop Security

The Credit Department uses and stores a lot of confidential, proprietary information. Your company may have issued you a laptop or is allowing you to use your personal laptop for company business. The convenience and mobility allows you to work from home, a hotel room or a conference hall. The same convenience

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features that a laptop affords also makes it fodder for criminals engaged in identity theft.

All of the safety features used for your office computer apply to the laptop when it comes to malware. The difference is in its portability. Treat your laptop like cash. Keep it within your sight at all times when it is not securely stashed away. Don't put it in checked luggage. Don't leave it on the backseat of your car. Whether you are using your laptop in the office, a hotel, or some other public place, use a security device that makes it more difficult to get up and walk away.

When traveling, use a security device and attach it to a heavy piece of furniture when you are not in familiar surroundings.

When in public, a conference or getting a bite to eat, keep it off the floor. If you must put it down, place it between your feet or at least up against your leg, so that you're aware of it.

Keep your passwords or access numbers elsewhere. Don't automatically store passwords so you don't have to enter them. Leaving them available is like leaving the keys in your car with the motor running. If a crook is going to steal your laptop, there is no reason to make access to files easy.

When going through security at airports keep an eye on it from the time a TSA agency takes it from you until it goes through screening and is safely back in your hands.

There also are programs available that activate a GPS and report the location of a stolen laptop once it is connected to the Internet.

Finally, talk with the people in your department or anyone who has access to your Credit Department computers or laptops. Make sure they understand the seriousness of handling departmental files in order to thwart attempts by unknown entities who wish to do you harm and steal your information.

## OnGuard

As with most facets of credit management, today's business environment requires the Credit Executive to keep up to date on the changing business world that surrounds them.

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# How To *Transform* Your Attitude

By Don and Sheryl Grimme


This article is about optimizing individual performance, specifically **the** fundamental factor, underlying the successful application of all other performance factors (e.g., talent, education, experience and skills)—**Attitude**.

We examine what it is; why it's important; three different attitudes (and how they're reflected in behavior); self-talk; and how to transform it.

Also included are activities to gauge your own attitude and to identify your self-talk—and five additional *Bonus Tools* for improving your attitude.

Attitude also is a critical component of effective stress management, at least as we deal with it in our *On Top of Stress* training programs.

Unfortunately, too often attitude is dismissed as something we're cursed (or blessed) with—unable to change—or just too intangible to deal with objectively in the workplace.

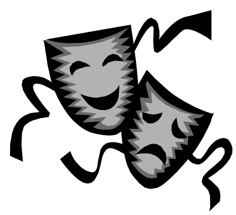
All of these attitudes about "attitude" are *incorrect*—and counter-productive! A person's attitude (both fundamental view of life and specific views of various life challenges) is reflected in objective behavior and **can** be changed. Not manipulated by outside forces, but controlled by the individual.

In previous articles, we've introduced some of the techniques we teach in our training programs to transform one's attitude: *Assertion, Active Listening* and the *Challenge of Change.*

But the single most powerful technique is—*self-talk.*

## What *Is* Attitude?

Attitude is the way we think, feel and act—the way we react to the world around us.



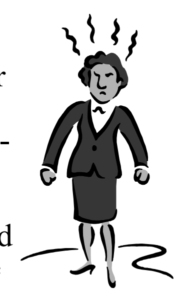
It determines the quality and effectiveness of all of our thinking, emotions and behavior. And, thereby, the positive or negative consequences of that behavior.

Attitude is the **one** thing we can count on as a lifetime companion. Jobs and relationships come and go, but your attitude is always with you. You can't take a vacation from yourself!

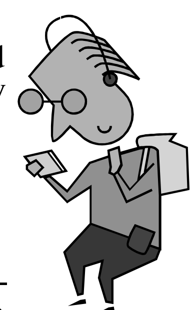
Attitude is based upon our expectations and perceptions—our definition of "reality".

## 3 Types—3 Attitudes

Each of the following has the same job, but notice their attitudes:



*Carrie Critic* feels frustrated in her job, but at least it gives her a chance to complain and to vent her frustrations on all the "idiots" she deals with. When confronted with her mistakes, she looks for excuses and others to blame. She hates what she regards as impositions placed on her by coworkers. Her negative opinions are known by all.



*Sam Spectator* likes the predictability and limited responsibility of his job. He feels most comfortable when others make the important decisions. He feels threatened when anything out of the norm happens and calls his manager for instructions. He never feels certain about anything and has difficulty making commitments.

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*Paula Player* views her job as an opportunity to experience the thrill of competence and meeting progressive challenges. She enjoys interacting with her coworkers, customers and vendors. When she makes a mistake, she acknowledges it to herself and those impacted by it, then looks to see how she can correct it and learn from it.

Carrie Critic, Sam Spectator and Paula Player exemplify three very different ways of approaching life and relating to others—three different attitudes:

1. *Critics* with **Negative** Attitudes

   Critics **comment** on life and complain. They critique after the fact, imposing their "expertise" and finding fault in others. Critics are *annoyed* about change. They often appear frustrated or pessimistic. Their defining word is: **No!** Typical phrases: "I can't", "I won't", "No way" and "You made me."

2. *Spectators* with **Neutral** Attitudes

   Spectators **watch** life happen and observe others. They play it safe and try to avoid risks. Spectators are *afraid* of change. They often are tired or detached. Their defining word is: **Maybe.** Typical phrases: "I doubt it", "I might", "I don't know" and "I'm hesitant."

3. *Players* with **Positive** Attitudes

   Players actively **participate** in life and embrace opportunities. They take risks and are willing to make mistakes. Players *enjoy* learning and change. They usually are confident and optimistic. Their defining word is: **Yes!** Typical phrases: "I can", "I will", "I'm sure" and "I choose to."

Most of us have some of each type and attitude in us. Often, though, one general attitude predominates.

## *Why* Is It Important?

A study of success factors by Telemetrics International surveyed 16,000 people. The study found that one of the most significant differences between high and low achievers was their—attitude!

Let's look at two examples from figure skating:

1. **Sarah Hughes** won the Olympic Gold Medal in 2002. She had far less experience and probably less raw talent than her competition (e.g., Michelle Kwan and Irena Slutskaya), whom she trailed as they entered the final stage of the competition, the "free skate." Sarah won the free skate and the championship by skating her heart out—"the performance of a life time." She was "in the moment."

   While her competitors were plagued by the pressure of expectations and (therefore) by mistakes, Sarah skated with pure joy (and was flawless). Also of note is her close relationship with her highly supportive coach, Robin Wagner. [See <u>Bonus Tool #4</u> later in this article.]

2. **Tonya Harding,** on the other hand, performed dismally in an earlier Olympic competition. A two-time U.S. champion, Tonya was the first American woman to complete a triple Axel in major competition. She had the talent. Tonya Harding is remembered, however, as being implicated in the brutal attack on her "teammate," Nancy Kerrigan (who went on to win the Olympic Silver Medal).

   Tonya, a high school dropout and now twice divorced, had often blamed outside factors (e.g., her skate laces) for mistakes in her performance. At that time, she was married to a truly sleazy man (who, for example, arranged the attack on Kerrigan). In interviews and photos, she often appeared sad and insecure—even when smiling.

## Good News and Bad News:

The **Bad News:** We can't control everything that happens ***to*** us.

Nancy Kerrigan certainly didn't plan on being bashed in the knee shortly before the Olympics. Sarah Hughes couldn't count on mistakes being made by her competitors.

The **Good News:** The one thing we can ***always*** control is our attitude!

Even before learning that she had won the Gold Medal (due, in part, to "luck"), Sarah Hughes knew

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that she had done her personal best.

Nancy Kerrigan wasn't quite as lucky—she “only” won Silver. But she also knew that she had turned in a transcendent performance—despite her injury.

And you **do** control your attitude: **No one can make you feel anything without your permission!**

When we make that statement in our training classes, participants often take issue with it. Perhaps you do, as well.

We're not referring to children or to victims of physical violence—nor to the transitory emotions triggered by external events. Rather to an adult's basic state of emotional well-being and self-esteem.

For example, the attack on Nancy Kerrigan was captured on video. She certainly experienced pain and anguish at that time. But it didn't affect her attitude or her Olympic performance. [Fortunately, the physical damage to her knee was not incapacitating.]

And here's the payoff:

## Control of your *attitude* -> Control of your *life*

## Activity: *Your* Attitude

1. **Recall** a challenge you faced in your interactions with others (whether on your current job, in a previous job or in your personal life).

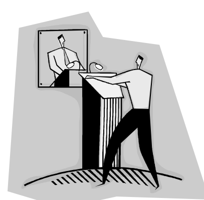
2. **Describe** (in writing) the situation, the other people involved, what was challenging about it and how you handled it.
   - *What were your actions?*
   - *Your thoughts?*
   - *Your feelings?*
   - *What statements did you use? In what tone of voice?*
   - *What was your body language and facial expression?*

3. Now **step back** and look at what you've written. Were you a *Spectator, Critic* or *Player* (or some combination)?

For a complimentary and confidential second opinion on that assessment—and for advice on how you could face and handle a similar challenge in the future—write to us. *Solutions@GHR-Training.com*

## Self-Talk

*More* Good News: **A negative or neutral attitude can always be changed!**



One way to do this (perhaps the most powerful) is by listening to your **self-talk**—and changing *negative* statements to *positive* ones.

We communicate every moment of our lives—not only with others—but also with ourselves. And much of this self-talk comes from a “tape” in our mind. Some of the data on that tape was recorded during early learning experiences—some came later.

By the time we're 17, we've taken in, and recorded, **150,000 pieces of negative data**!—“You can't”, “You shouldn't”, “You'll only fail”, “Don't try”, “Who are you to...?”

## Garbage In -> Garbage Out

This expression from computer programming is applicable to mental programming as well.

If you fill your mind with negative thoughts, you will have a negative attitude!

And this negative attitude will poison your actions—resulting—in negative consequences.

Fortunately, all these negative thoughts can be transformed into positive thoughts, attitudes and actions (and consequences)!

Monitor your self-talk. Catch yourself using negative words and phrases—and replace them with positive dialogue.

For example:

- I'm a failure -> I've not
- yet succeeded

- I messed up -> I was confident enough to try

- I am a mistake -> That was a mistake. OK. What can I learn from it?

**Activity: *Your* Self-Talk**

1. **Write down** some of your negative thoughts and/or statements you've made about yourself, your job or others.

2. **Think about** what you've written. How accurate or fair are these thoughts or statements?

3. Try **reframing** each thought into a more accurate, fair and positive statement.

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## How to *Change* Self-Talk

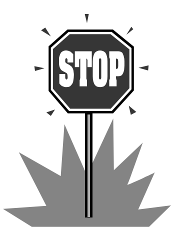
There are four steps—each is important:

1. **Recognize**
Start paying attention to your internal dialogue—especially when feeling disappointed or frustrated.

What are you saying to yourself? It's probably negative—and untrue or unfair. Very likely, it's unduly harsh.

And don't limit this to "major" issues. Our sense of ourselves is formed primarily by our thoughts about the "little things"—the typos of life. If you do this often enough regarding your minute-by-minute thoughts and actions, you'll be well prepared to face the big challenges.

2. **STOP!**
Tell yourself: STOP!—or words/images to that effect.




For example, Sheryl often visualizes a blinking red stoplight. Don usually says: "No! That's not true!"

You don't deserve the kind of negative judgments you may have been making on yourself.

3. **Restate**
Too often, people will leave it at that. But, it's very important to *reframe* the negative statement into a positive (and more accurate) one. For example, change: "I'll never be able to do this!" to: "That was a bit disappointing. Oh well, better luck next time."

For extra credit—and to become more effective in action—you can add: "Let's see, what can I learn from this? How can I do it better next time?"

4. **Reward**
If you have the time and can afford it, you can take yourself on a shopping spree. More often, however, we suggest you "pat yourself on the back." [And don't hesitate to do this literally, particularly in private.] For example: "Hey! I did it! Well done!"

Those are the four steps to take—every time you notice a negative thought. But, in a sense, there's a fifth step, as well:

## Practice!

Reframing just one or two negative thoughts isn't going to help that much. Remember, you're challenging a lifetime of heavily negative programming.

As with any other skill, you need to keep practicing this four-step process—until this transformation becomes a habit.

## Bonus Tool #1

**Stay in the *present* tense.**

*Yesterday's the past,*
*tomorrow's the future,*
*but today is* a *GIFT.*
*That's why it's called the present.*
**Bill Keane, The Family Circus**

You can't change the past. And you can't yet take action in the future. What you've been given to work with is the present.

*When* do you spend most of your mental life?

- Ruminating about the past? Worrying about the future? [By the way, although *planning* is effective, *worrying* is totally unproductive—even counter-productive.]
- Or—are you "in the moment"—fully focused on what you're thinking, feeling and doing at this time?

**Be—Here—Now!**

## Bonus Tool #2

Before presenting this tool, we recommend that you try this brief two-part visualization exercise:

***The Circle* of *Imagination***

1. Imagine that you're part of a circle of people. Place in the center of the circle a loved one—e.g., child, spouse, friend. Imagine that your loved one is in anguish—feeling pain and fear—and, perhaps, crying. What do you feel impelled to do or say to that person?

Do **not** go on to the second part until you've completed this visualization.

2. You're still part of that circle. But this time, put *yourself* in the center of the circle. That's right, simultaneously, you are in the center and you are watching yourself from the rim. Imagine that the "you" in the center is in anguish—feeling pain and fear—and, perhaps, crying. What do you (the observer) feel impelled to do or say to that person?

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Now reflect on what you said or did in the two visualizations. Any differences?

Most people are more compassionate, supportive and nurturing with the loved one than with themselves. That's a shame. Don't you deserve the same level of compassion as you give your loved ones?

Now here's the tool:

**Talk to yourself in a calming, compassionate manner.**

If you entered the *Circle of Imagination,* you may have discovered that you tend not to do this. But we hope you agree that you deserve such treatment.

For example, replace: "Get your act together, *(insert your last name)*!" with: "It's OK, *(insert your first name)*, just relaaaxxx."

And please do address yourself fondly, e.g., using your nickname—rather than last name (as a drill sergeant, stuffy teacher or cold boss might).

## Bonus Tool #3
**Talk yourself out of unreasonable expectations and fearful thoughts.**

Use the same technique as we did for self-talk. Really *challenge* those expectations and fears. How reasonable, realistic or likely are the events you're projecting?

If they're not reasonable, tell yourself to "STOP!"—and reframe your expectations to more likely (and less alarming) ones.

*If* you really do think your expectations *are* reasonable (but undesirable), try to come to terms with them. Even people facing certain death often have been able to become accepting and serene.

## Bonus Tool #4
**Surround yourself with *positive* people.**

It is difficult (although not impossible) to remain positive, while those around you are naysayers and critics. For example, compare Sarah Hughes' coach (and family) with Tonya Harding's husband (and dismal childhood).

Definitely separate yourself from the optional relationships in your life (e.g., friends, acquaintances and group activities) that are sucking your energy, self-confidence and self-worth. And start reaching out to those who *do* give you what you need—the positive strokes and shared values.

And you may even want to consider separating from employment and familial relationships that are not fulfilling. If that is not feasible—or if it is a "mixed bag"—begin asserting yourself—and modifying the implicit ground rules of the relationship.

## Bonus Tool #5
**Don't *should* on yourself.**

*"Shoulds"* are expectations that we usually fall short of—because they tend to be what matters more to *other* people—perhaps people from the past like our parents, whose dictums we've internalized. This can lead to enormous stress on all parties concerned.

A '*should*' that you want to do is a '*want*.' Do it because you *want* to do it.

Take a second look at any 'should' you *don't* want to do. Discover if you really *do* want to (perhaps considering a broader context)—or *eliminate* it.

Test this out with the "shoulds" that *you* use. For example:

*Should* you go to the dentist for a root canal? Perhaps the experience itself is unpleasant. But visualize the consequences of not doing it. If you really get in touch with the long-term benefit of the procedure—you probably will *want* to keep that dental appointment.

This is not just semantics. Such words have emotional impact. A should acts as a *whip*—***you*** drag yourself to fulfill it. A want, on the other hand, is *motivating* and *energizing.*

We hope you've found this article to be helpful. But personal effectiveness skills like attitude transformation cannot be learned just by reading articles. That's where interactive, live training can be invaluable.

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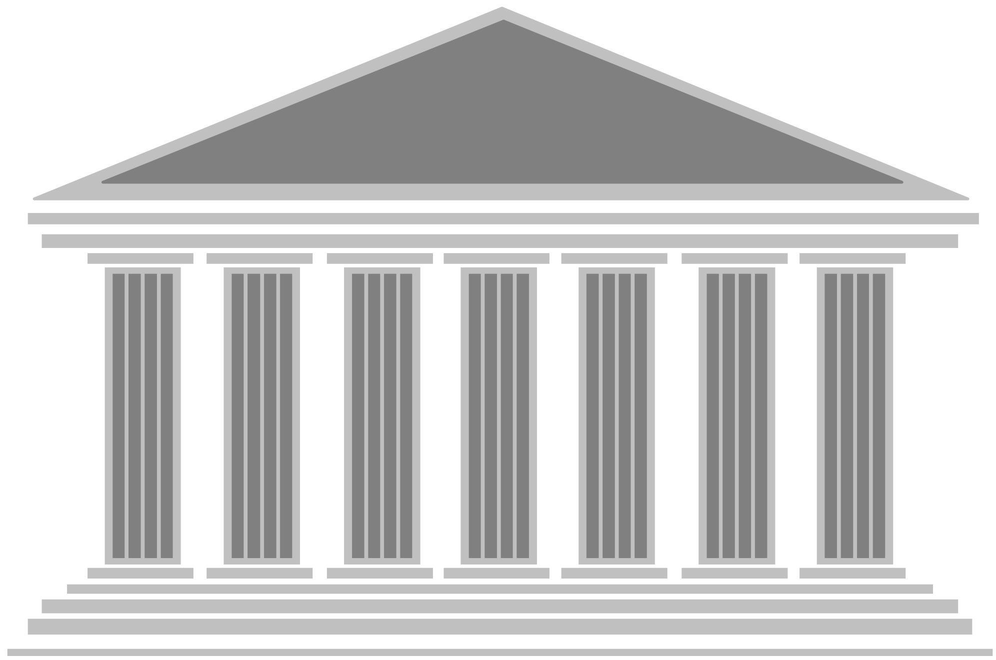

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# Enforceability and Perfection Of Mechanics Liens in Bankruptcy

By Samuel Levine

*Published in Debt³, November/December 2006*


The Mechanics Lien Act (the "Act") is a very technical act. It is technical in nature both as to the enforcement and perfection of claims for mechanics liens. The Act is also strictly construed with reference to those requirements upon which the right to a lien depends. ***Tefco Construction Co., Inc. v. Community Bank and Trust Co., 357* Ill. App 30 714 (1st Dist. 2005)**.

What happens when the Mechanics Lien Act and the Bankruptcy Act intersect? The results are surprising in terms of enforcement and perfection of claims for mechanics liens.

## Overview of Provisions for Enforcement and Perfection of Mechanics Liens Claims

It is a most difficult task to describe the procedure for perfection or enforcement of a claim for lien under the Act while standing on one foot. A mechanics lien is a lien of a contractor, who furnishes labor, materials or services to real estate which is considered by Section 1 of the Act to be lienable 770ILCS 60/0.01.

Contractors are classified as original contractors and subcontractors. An original contractor, often referred to as a general contractor, is one who has a contract with the owner or with someone whom the owner has authorized or knowingly permitted to contract to improve the real estate. An example may be a beneficiary of a title holding land trust. A subcontractor is one who enters into a contract with an original contractor or with another subcontractor.

An original contractor must either record its claim for lien or file suit within two years to perfect a claim for lien against the owner of the real estate. An original contractor must either record a claim for lien or file suit within four months of its last date of work to perfect its claim against third parties. A *lis pendens* should be recorded at the same time a lawsuit is filed.

A subcontractor in order to perfect its claim for lien as to third parties has an additional burden. It must service a 90-days notice on the owner, or its agent, architect or superintendent, and any mortgagees of record. The subcontractor can also rely on the existence of and accuracy of an original contractor's sworn statement to the owner under Section 5 of the Act in lieu of service of a 90-days notice. However, the subcontractor's claim is limited to the amount the contractor claims is due to the subcontractor on the sworn statement. For an existing owner-occupied single-family residence, a subcontractor must also serve notice that it is supplying materials or labor within 60 days of first doing so.

The general rule is that an original subcontractor or contractor must file suit within two years of its last date of work to enforce its claim for lien. However, this rule is subject to one significant exception, the bankruptcy of a necessary party to a mechanics lien lawsuit.

A subcontractor is not entitled to record a claim for mechanics lien on public property. In other words, a subcontractor cannot force a sale of city hall. However, a subcontractor has two remedies for collection of amounts due to

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it. Section 23 of the Act provides for a lien on funds due from a public body, municipal or state, to the contractor. The Public Construction Bond Act provides for a claim against the bond of the subcontractor. **30 ILCS *550/0.01* et seq. The Miller Act, 40 U.S.C. §3131 et seq.,** provides a vehicle for recovery on federal projects.

## Perfection of Claims for Mechanics Liens in Bankruptcy

A properly perfected claim for mechanics lien may take priority over the interest of the trustee. On the other hand, if the contractor or subcontractor fails to comply with the requirements of the Mechanics Lien Act, its lien claim against the owner's property is unperfected and would not stand up against the claim of a bona fide purchaser of any real property allegedly subject to the unperfected mechanics lien. Thus, if the owner filed bankruptcy, an unperfected mechanic's lien claim would fall to a trustee's exercise of his strong-arm powers under §544(a) of the Bankruptcy Code. ***In re Ian Homes, Inc., 126* B.R. 933, 935 (Bankr. D.Md. 1991); *In re Joseph M. Eaton Builders, Inc.,* 93 B.R.428, 431 (Bankr. W.D.Pa.1988). [Footnotes omitted]. *In re Germansen Decorating, Inc., 149* B.R. 522, 526 (Bankr. N.D.Ill. 1993).**

The following are descriptions of common situations in which a mechanics lien claimant might find itself in connection with a bankruptcy case. All references to "the last date of work" are to the last date of work or delivery of materials by a subcontractor or an original contractor.

A bankruptcy case has been commenced before the expiration of 90 days from the last date of work. Counsel represents a subcontractor who has not served its 90-days notice. Serve the notice within the 90-day period and record the claim for lien within four months of the last date of work.

A bankruptcy case has been commenced after 90-days but within four months of the last date of work. Counsel represents a subcontractor who has served a 90-days notice but has not recorded a claim for mechanics lien against the property of the debtor. Record the claim for mechanics lien within four months of the last date of work.

A bankruptcy case has been commenced after 90-days but within four months of the last date of work. Counsel represents a subcontractor who has not served a 90-days notice and has not recorded a mechanics lien claim against the property of the debtor, but there is an original (general) contractor's sworn statement on file showing the subcontractor for the amount it claims is due. Record the claim for mechanics lien within four months of the last date of work.

A bankruptcy case has been commenced within four months of the last date of work. Counsel represents an original contractor who has not recorded a claim for lien against property of the debtor. Record the claim for mechanics lien within four months of the last date of work.

The actions to be taken as suggested above will not violate the automatic stay. Bankruptcy Code §362(b)(3) allows lien claimants to perfect their claims for mechanics liens after the commencement of a bankruptcy case because, pursuant to Bankruptcy Code §546 (b), the trustee could not avoid the liens in those situations.

The following situations, however, are different.

A bankruptcy case has been commenced more than four months after the last date of work. The contractor or subcontractor has not recorded a mechanics lien claim against the property of the debtor. Under Illinois law, although a mechanics lien claimant's failure to file a claim for lien or suit to enforce a lien within four months of completing its work will not affect the validity of the lien against the property owner, it can be set aside by a trustee in bankruptcy. **See *In re Cutly's-Gurnee, Inc.,* 133 B.R. 929 (Bankr. N.D.Ill. 1991).**

A bankruptcy case has been commenced more than four months after the last date of work but before the expiration of two years from that date. The contractor or subcontractor has served all required notices and has recorded a mechanics lien claim against the property within four months of the last date of work but has not filed suit to foreclose the lien. A foreclosure suit cannot be commenced without approval of the

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bankruptcy court. ***See Alexander Lumber Co. v. Kellerman,* 358 Ill. 207, 192 N.E. 913 (1934).**

Note that Bankruptcy Rules 4001 and 9014 provide that relief from the stay is to be sought by motion, and motions are to be served in the manner provided for service of a summons and a complaint pursuant to Bankruptcy Rule 7004.

That a creditor does not violate the automatic stay by perfecting its lien, as illustrated above, but must obtain approval of the bankruptcy court to foreclose is exemplified by the Court's statement in the case of ***In re Houts,* 23 B.R. 705, 707 (Bankr. WD.Mo. 1982)**, in which the court said:

Under Missouri law a properly filed mechanic's lien relates back to the commencement of the work. ***United Lumber Co. v. Minmar Investment Co., 472* S.W.2d 630 (Mo.App.1971)**. The lien must be established through a "reasonable and substantial compliance with the statutory requirements..." ***Sentinel Woodtreating Inc. v. Cascade Development Corp.,* 599 S.W2d 268, 270 (Mo.App.1980)**. The filing does not create the lien; it gives notice of the previous existence of the lien and perfects it. This filing is contemplated by the Code and is an exception to the automatic stay.

But plaintiff here did more than perfect its lien. It also attempted to enforce it by the filing of a suit while debtors were in bankruptcy and its Complaint to Lift Stay to accomplish that very purpose had not yet been ruled. It strikes the Court as peculiar that plaintiff would recognize that it needed a ruling from the bankruptcy court before proceeding to enforce its lien and began the proceeding to get that ruling, yet filed in state court before the ruling was issued.

The filing of the action to enforce the lien violates the automatic stay, prohibiting "any act to...enforce against property of the debtor any lien to the extent that such lien secures a claim that arose before the commencement of the case under this title." **Section 362(a)(5) of the Code; *McGonigle v. Foutch,* 51 F.2d 455 (8th Cir. 1931)**... The courts distinguish, and properly so, between the act of perfecting the lien and the act of attempting to enforce it.

Plaintiff did not violate the automatic stay by perfecting its lien; it did violate the stay by filing suit to enforce it. [Citations omitted.]

Missouri, like Illinois, is a "relation-back" state. The illustrations and outcomes of situations a-e above should be correct under both Missouri and Illinois law.

Under the Bankruptcy Code, a mechanics lien claimant may perfect its statutory lien by service of a 90-day notice (if required) and recording or registering the lien claim, if it is done in consonance with the provisions of Bankruptcy Code §§362 and 546. However, the final step in the perfection of a mechanics lien, the initiation of a lawsuit to foreclose that lien, is not permissible under the Bankruptcy Code without relief from the stay.

## Enforcement of Mechanics Liens

A most striking aspect of the intersection between mechanics lien law and bankruptcy law is the effect Bankruptcy Code §108 has on the time period for the filing of a complaint to enforce a mechanics lien pursuant to the Act, as exemplified by ***Garbe Iron Works, Inc. v, Priester,* 99 Ill.2d 84, 457 N.E.2d 422, 75 Ill. Dec. 428 (1983)**. Bankruptcy Code §108 is a tolling provision that extends statutes of limitations that are running at the time of the commencement of a bankruptcy case.

Prior to Garbe, one of the few certainties that seemed to exist in the field of mechanics lien law was that a lien claimant had two years from the date of last work to file a complaint or intervening petition before its rights would be barred. **770 ILCS60/9, 60/28.** That two-year period was universally held to be a statute of right and not a statute of limitation. ***Muehljèlt v. Vlcek,* 112 Ill.App.2d 190, 250 N.E.2d 14 (2d Dist. 1969)**. However, the Garbe decision changed that and held that the two-year statute was tolled when the contractor commenced a bankruptcy case because the contractor was a necessary party to any lien enforcement proceeding. The two-year period for filing suit was tolled until the automatic stay was modified.

The Garbe decision applies whenever the party filing the bankruptcy is a necessary party to a mechanics lien foreclosure. **See *In re Chemisphere Partners,* 90 B.R. 380**

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**(Bankr. N.D.Ill.** ***1988); In re Cutty's-Gurnee, Inc.,*** **133 B.R. 929 (Bankr. N.D.Ill.** ***1991); Pittman v. Manion,*** **212 Ill.App.3d 342, 570 N.E.2d 1169, 156 Ill.Dec. 447 (5th Dist. 1991).** The Garbe decision has had a broad impact on mechanics lien law. In ***Chicago Whiny, Inc. v. Amp Rite Electric Co.,*** **304 Ill.App.3d 641, 710 N.E.2d 45, 237 Ill.Dec. 622 (1999)**, the court was faced with the intervention of a bankruptcy before suit to enforce a mechanics lien was commenced. The plaintiff served a demand to commence suit pursuant to §34 of the Mechanics Lien Act, 770 ILCS 60/34. Section 34 of the Act requires a contractor to enforce its claim for lien within thirty days of receipt of a demand to commence suit or forfeit its claim for lien. The court held:

*It is undisputed that defendant here did not file suit to enforce its lien on the property within 30 days of plaintiff's demand for defendant to commence its suit. Defendant, however, claims that it was unable to file suit within the period to enforce the mechanics lien since Cinaco Builders, the general contractor, was a necessary party to the suit but could not be named as a party to the suit due to a bankruptcy stay. Defendant claims that section 108(c) of the Bankruptcy Act extended the time in which it had to bring suit to enforce the mechanics lien. 11 U.S.C. §108(c).*

There is no case law addressing the impact that a bankruptcy stay has on the 30-day time period in which to file suit after a demand is made pursuant to section 34 of the Mechanics Lien Act. However, we agree with defendant that the Illinois Supreme Court case ***Garbe Iron Works, Inc. v. Priester,*** **99 Ill.2d 84, 75 Ill. Dec. 428, 457 N.E.2d 422 (1983)**, addressing the effect that a bankruptcy stay has on the two-year statute of limitations under the Mechanics Lien Act, presents a similar situation and is determinative. 710 N.E.2d at 46—47.

The Garbe decision also applies to a bankruptcy after a suit was commenced. In ***Concrete Products, Inc. v. Centex Homes, 308*** **Ill.App.3d 957, 721 N.E.2d 802, 242 Ill.Dec. 523 (1999)**, a general contractor filed a bankruptcy petition after a subcontractor brought suit against the general contractor and owner to foreclose on its mechanics lien. The court found that the automatic stay required abatement of the action until either the general contractor was discharged in bankruptcy or the subcontractor obtained relief from the automatic stay in bankruptcy court.

However, *Garbe* has its limitations. In ***Flader Plumbing & Heating Co. v. Callas,*** **171 Ill.App.3d 74, 524 N.E.2d 1097, 121 Ill. Dec. 49 (1st Dist. 1988)**, the court distinguished Garbe. The evidence did not establish that the bankrupt was a necessary party to the enforcement of the mechanics lien.

These decisions have far-reaching effects on land titles. Before the Garbe decision, title companies routinely waived and trial judges routinely dismissed mechanics liens for which evidence was presented showing that the two-year period had run without the filing of an intervening petition or complaint.

Because of the tolling effect the automatic stay in bankruptcy has on the time within which mechanics lien actions must be brought, the lapse of the statutory period under state law alone may not be a sufficient basis for dismissal of a suit brought after that time. Now, it also may be necessary to provide evidence of a search of the bankruptcy court records in every state where a necessary party might be eligible to commence a bankruptcy case.

## Conclusion

The intersection of bankruptcy and mechanics lien law creates a trap for the unwary. It is imperative that the lien claimant continue to perfect its claim despite the filing of a bankruptcy. However, it needs to be careful when it comes to enforcing its rights.

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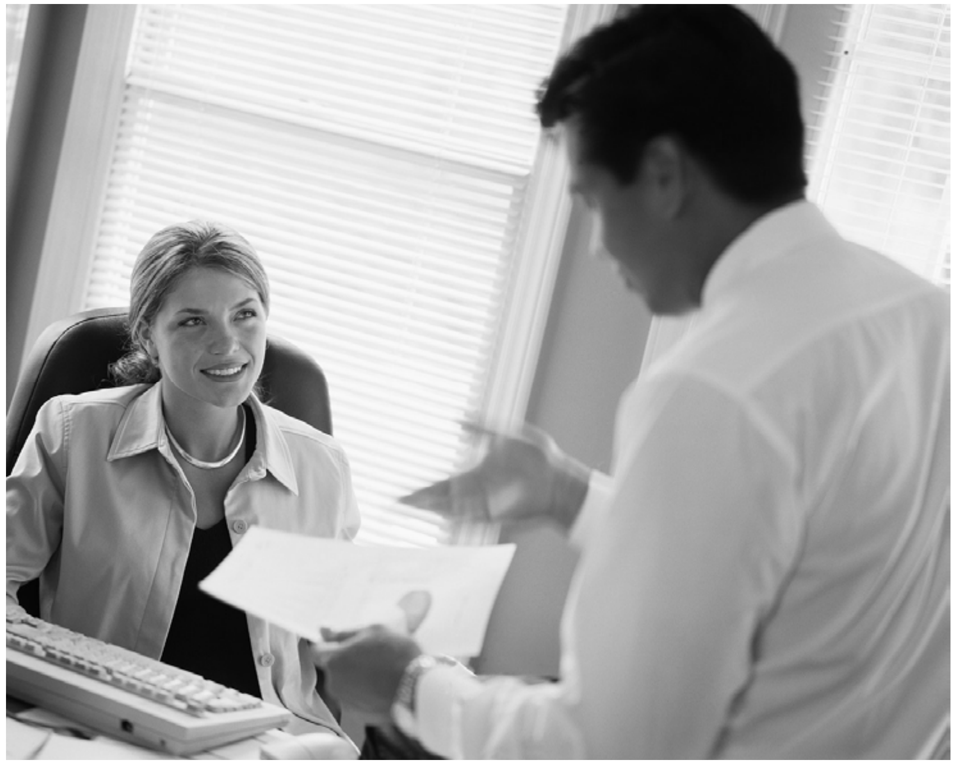
# Becoming a Boss People Love To Work For

By Nancy Riesz, MBA



Congratulations! You have just been promoted to your first supervisory position. You're excited. You've just accomplished what you wanted—moving up the ladder. Now what?

I remember those great feelings at being promoted. I never thought to panic about the consequences, as I believed then that I knew just what to do. I was 14 months out of College—only five months at a new work place and two months in a new section of the laboratory. The supervisor had left when she had twins. I was anxious to get things organized the way I thought they should be. And, after the terrible experiences I had at my first post-graduate job with an alcoholic boss, I definitely knew what I did not want to do. As you can well imagine, my ignorance definitely did not turn to bliss!

Statistics say 17% of new managers fail within their first year. Why? Because they have moved into a job that requires a whole new set of skills. And, few are given the necessary training, coaching and mentoring they need to succeed. New bosses are better at managing tasks than leading people. Their technical skills are not sufficient. Now they need to know how to teach, inspire, appraise and correct the work of others. Management is about getting things done through people. Relationship skills are mandatory. Yet, too often, these skills are not assessed when choosing a new manager—and, rarely taught. Many laboratorians who are good at what they do are analytical, organized, process-oriented, results driven people—and, introverted. Many have chosen laboratory science as a career because they prefer to work alone—or, at least without a lot of chatter. Yet, because they excel at their technical work, they are promoted.

In my experience, most people are promoted for two reasons: they are very good at what they do. Or, they have been on the job for a long time. People that stay at one place and/or in one job for a long time tend to be change resistant and conflict avoidant.

They are unwilling or unable to face the ever-constant change that management responsibility brings. And, too often ignore conflict even after it erupts and disrupts the work. When promoted, they move out of their well-developed comfort zone.

In the first instance, employees of a task oriented, results driven boss often become unhappy because they feel ignored, unappreciated and not respected.

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In the second situation, the new manager becomes unhappy and often puts up a shell to protect herself.

Both of these situations lead to the employees becoming discontented. Employees then become disengaged and their dissatisfaction decreases productivity, increases stress leading to more "dis-ease" and sick days. As time passes, good employees choose to leave for a place where they enjoy working.

Developing highly competent management skills is much more complicated than developing the technical skills that probably led to your promotion. This is because management is about interacting with other frequently unpredictable individuals.

What can you do to become a boss people are thrilled to work for? Three words to remember are: Listen, Learn, and Laugh.

## Listen

One of the most important management skills is listening. Start by having a one-on-one session with each of your employees. Ask for their opinions. What is working? What suggestions do they have for improvement? What can be discontinued? What do they **enJOY** most about their job? What do they like least about it? Etc.

Next, ask to interview experienced managers you admire, both in your work place, your profession and managers in totally unrelated jobs. Also, take time to think about your best and worst bosses. What did they do that made them good bosses? What lessons did you learn from the "bad" bosses? Compile your data and create your action plan by combining all the input with your vision of what your department can become. Then, discuss your ideas and plan with your manager for approval and tweaking. Once your action plan has been refined, share it with your employees. And, introduce the changes gradually. Everyone is still adjusting to your promotion.

One more thing about listening—the higher you move up the management ladder, the more you need to listen. You are more readily perceived as a great communicator if you are a great listener! Take a listening course if necessary to improve this essential communication skill.

## Learn

Learning will be a constant no matter how many years you spend as a manager. The first person to learn more about is—you! Great leaders are very self-aware. The more you know about yourself, the better you can interact with others. I encourage you to access the many self-assessment tools that are available. Examples include: behavioral styles, personality preferences, problem-solving methods, learning styles, preferred team role, stress coping skills, listening styles, time management skills, etc. It is also helpful to do a modified 360-degree evaluation. Ask your employees, peers and manager(s) to assess your strengths and areas for improvement. Typically there is about a 60% overlap in how you view yourself and others' opinions of your skills. It is valuable to have this knowledge so you know how to best interact with each of these individuals.

A very important lesson to learn as you move into your new role is you are no longer the peer you were only yesterday. Even though you feel the same, and believe you act the same, those same people

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that you joked around with yesterday will now treat you differently because you are now their boss. People we were friends with may adopt coolness, especially if they feel they should have been the one to be promoted. My peers started to go on breaks and to lunch without me, leaving me to eat by myself. Not a fun experience for this people-oriented person! These experiences carry over to after work hours. Be sure to maintain professional confidentiality and not express your frustrations with others within your department. And, be careful not to alienate your former peers by allowing your ego to take over.

A great way to learn good management skills is to find a mentor. Mentoring is a great way to boost the self-esteem and tap into the knowledge and experience of a person who is nearing retirement and not feeling valued anymore.

For a mentoring relationship to thrive, it is important you view it as a win-win situation. Not just a "you give, I take" experience. Be mindful of their time and organize your questions so you use your mentor's time efficiently. Help expand your mentor's skills by sharing generational differences of perspective. Take her to lunch or break, keep a journal of your lessons learned and share them with your mentor. Another win-win experience!

Although most lessons are learned best by experience, great ways to expand your knowledge base is to attend classes, read books, listen to audio courses or take on-line classes. Most skills are best learned by practicing them. That's why we have an internship! Yet, you're already on the job. One great way I have found to help new managers is to create a learning team. I work with small groups

(4-6) of recently promoted supervisors. I train them as a group and then coach them individually. We do case studies and role modeling to help reinforce the learning. We practice interviewing, appraising and providing feedback. With time, the managers learn to depend on each other for advice and suggestions. And, often create bonds that last beyond the work place.

## Laugh

Last, remember to laugh. A sense of humor helps to keep things in perspective. Learn to accept that you and your employees do make mistakes. When you can laugh about these errors, you will live longer and more enjoyably.

Develop flexibility if you do not already have it. Keep in mind there is almost always more than one right answer. And, the first answer may not be the best choice. Find ways to put fun into work. Break out the clown nose when someone is taking himself too seriously. Keep some comic books and humorous pictures handy for those times when you need a laugh break. Post a joke of the day. Keep a "treasure chest" of rewards such as candy bars (Lifesavers, 100 Grand, etc) inspirational quotes and toys for a job well done.

New managers generally define their positions by their responsibilities, not their relationships. Managers are judged not only by the work their team produces, but also by the relationships they build. Be patient. Good management skills are not learned over night. They take time, practice and updating. Keep listening, continually learning and laughing and you will enjoy your new role more and become a boss employees are thrilled to work with. People do not quit jobs. They leave bosses. As a boss, you will make a difference in someone's life. What difference will you make?

*Nancy Riesz, MBA, is an interpersonal effectiveness expert who teaches people to work together—better. Through her presentations, seminars, coaching, and writing, she works with people and their organizations to create places where people want to come to work, be bosses people love to work for, and helps them do what they do best. Nancy can be reached at Nancy@SuccessCatalyst.com or through her Web site at www.SuccessCatalyst.com*

# How To Be in Control of Your Accounts Receivable And Not Let It Control You

## Creating a credit policy that prevents delinquent accounts and results in fewer bad debts

By Michelle Dunn

While the economy takes a nosedive, business owners everywhere suddenly have to deal with making more collection calls to help them get paid. Foreclosures are at a record high with no quick fix in sight. Home prices in 10 major metropolitan areas in October 2007 were down 6.7% since last year at the same time. People are losing their jobs in many industries making it more difficult to collect money. Credit flow through companies is drying up at a pace not seen in decades. You may have noticed it yourself that getting credit is becoming harder and harder. Keeping up to date on the foreclosures happening nationwide and in your area is crucial to your business.

Hopefully you have a credit policy in place and now, as you watch your receivables grow as the economy sinks, you don't have to scramble to have your receivables under control. If not, there is still time to take steps to help you avoid this problem in the future and to help you take care of it now.

Take a look at your A/R listing, look at your customer's credit limits, what they owe, how old the balances are, their payment history and when was the last time their credit limit was reviewed? It is very important to determine how and whom to extend credit to and, when setting credit limits, that step should be updated at least once a year. You should also be thinking about the criteria you have for any customer that you extend credit to. You need to build your business while also remembering to limit your risk.

To determine how and whom to extend credit to, you need to gather information from your customers or potential customers. The most painless way to do this is to use credit applications. Credit applications give you a wealth of information that you can use later if you are having trouble getting paid. Information you can get from a credit application includes:

- Credit references
- Bank references
- Employment information
- Financial information
- Permission to check references and/or pull a credit report

Before you start telling people what your credit policy is, you need to know your billing procedures so you can offer them credit based on how you want cash to flow through your business. To determine your criteria for new customers you will need to know the following about your business:

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- Your terms
- How and when you want to get paid
- How much risk you are willing to take

To determine how much credit to extend to a customer ask yourself these questions:

- Do they have a pattern of paying some suppliers on time and some late?
- Is there chronic delinquency?
- Is there a seasonal pattern?
- Is poor payment due to employment issues, a one time event or change in marital status?
- What are the customers anticipated monthly purchases?
- Is cash OK until credit is approved?

If the customer is a business ask yourself:

- Where is this business going and how long have they been in business?
- Who are there customers?
- What does the competition look like?
- Do they have any liens, bankruptcies, U.C.C. filings or judgments against them?

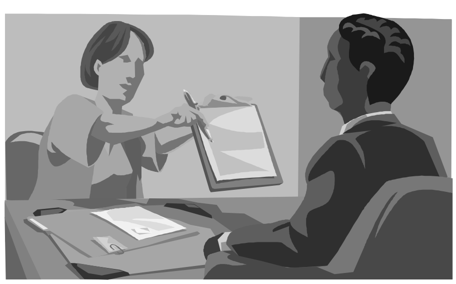
When you want to limit your risk while extending some credit, there are some things you can do that will help protect you legally and help you if you end up having to take any type of action to help you get paid. You can do any or all of these things to help protect yourself, your business and your money.

Get a personal guarantee, offer month to month credit, offer ship-to- ship credit, ask for a security deposit, and/or get a 50% deposit on every order.

I know many of you are desperate for a quick fix because suddenly many of your customers are losing their jobs or getting behind on payments. So I have listed six easy steps you can take today to help boost your credit policy and keep your customers on their toes.

1. Print out or buy Credit Applications (http://www.michelledunn.com/free.html)
2. Put them on a clip board at your front desk or door, or on your website.
3. Have every new customer fill one out.
4. Mail one to every existing customer, with a stamped addressed envelope
5. Check ALL references
6. Email me with any questions

If you didn't have a credit policy before and then, if you printed out a sample credit application and start taking these steps, congratulations because you have one now. Credit policies don't have to be difficult and confusing; they can be as simple as you want. Not having a credit policy is a recipe for disaster, which many companies will be finding out as the recession worsens.



Your credit policy will be based on your terms, due dates and what you want to happen when a customer is late or doesn't pay. Some things to think about when you are setting your payment terms:

- How often do you want to get paid?
- Do you want to be paid upon completion of the work, or would you like to offer 30-day terms?
- Maybe you want to offer 30-day terms with a discount if the invoice is paid in full within 10 or 15 days.

Some people really don't think about when they want to be paid. When will receiving that money benefit you and your business the most? Maybe right before your bills are due so you have the cash on hand to pay your bills on time or early, taking advantage of early pay discounts, thus saving even more money. When setting your due dates, no matter what you decide on for terms, choose a time of the month that you want to be paid, such as the first of each month, the 15th or any date that works best for your business.

Now really put yourself into this scenario. You're sitting at your desk and a customer that you really thought would pay you is past due and avoiding you. The balance is quite large and the debt is getting older and older. What do you want to happen when your customer is late or doesn't pay you?

- Do you want their credit to

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be revoked?

- Do you want their account to go on hold for future orders until this is paid?
- Do you want a phone call to be made or a letter to be sent?

Once you have a past due customer or a bad check, here are the steps that can be taken when customers are past due, over their credit limit or bouncing checks.

- Refer to your Credit Policy
- Make a collection phone call
- Send a friendly (or not so friendly) reminder
- Revoke credit
- Stay on top of your accounts receivables and follow up with anyone you contact

If you are still having trouble with an account go back to the sales department and talk to whoever made the sale.

- Sales will have gathered information on what the customer can and cannot afford—do not oversell!
- When an account is past due have the sales person who made the sale contact the customer.

The least popular method to getting the sales department to help collect is to withhold commissions on sales until customers have paid for the item in full.

It is important for you to take these steps BEFORE your business is in a cash flow crisis. Make sure you have all of your credit approved customer accounts up to date and paid off in full. If anyone is past due, take steps NOW to resolve any issues. Go through all your credit

approved customers and make sure you have a current and up to date credit application, as well as a credit limit that works well for them and for you. Watch customers who may be in danger of losing their jobs or their homes. If this happens they will not be able to pay you.

I want to give you a list of Top 10 ways to Avoid Bad Debt—things you can start doing right now. Even if you just try one new thing a week, at least you are doing something towards having some control of your cash flow.

1. Stay on top of balances owed.
2. Contact a customer IMMEDIATELY if they start to get overdue.
3. Do not continue to ship products to a customer that is not paying on time.
4. Re-evaluate credit limits once a year.
5. Get a signed credit application from EVERY customer.
6. Check references.
7. Stay firm!
8. Follow up!
9. Send invoices immediately after products are shipped or service is performed.
10. Fire those customers that are not profitable.

Psychologists tell us that up to 90% of our behavior is habitual. If you have a habit of letting your receivables get overdue, which is one of the most common unsuccessful habits, you will always get a predictable result. Negative habits breed negative consequences. If your negative habit is letting your accounts receivables get

overdue, you want to choose a better, more successful habit to replace that. Three steps you can take to change this habit:

1. Review your accounts receivables weekly or at the very least, monthly.
2. Stay motivated by trying to collect as much money as possible.
3. Stay focused; don't let excuses veer you off track.

Once you have these habits in place, keeping your receivables up to date will be your new habit and a habit that makes you more money and helps you grow your business.

*A 20-year debt collection industry veteran, entrepreneur, award winning author, one of the Top Five Women in Collections for 2007 & 2008 and one of the Top 50 most influential collection professionals of 2007, Michelle Dunn is the founder of her 10-year-old Credit & Collections Association, the author of seven books and a regular contributor to the Wall Street Journal. Learn more at www.Credit-and-Collections.com & www.MichelleDunn.com*

# Easy Ways To Deliver Better Presentations

By Jeannette Henderson



Much of the advice people receive about public speaking is so full of old wives' tales and gobbledygook that they instinctively know it just can't be right. Still, because they don't know what else to do, they may follow that advice, thus perpetuating the myths.

## Time to counter the myths about your opening remarks

A strong presentation depends on a strong opening. It's a critical component, and theories abound regarding the best way to open. Here are some of the most common—along with the reasons why they almost always fail:

**Making a joke.** Beginning with a joke invites four possible outcomes. *Audience members may react by:*

- Laughing because they "get" your joke.
- Not laughing because they do not appreciate your humor.
- Not laughing because although they understand the joke, they find it unfunny or inappropriate.
- Not laughing because they have heard the joke before.

Even if you tell the joke perfectly, you have a 75% chance of leaving your audience cold. Starting with a joke is a very easy way to make a poor first impression.

**Asking a question.** Beginning with a query carries its own risks. *Among those risks:*

- Some people think the question is rhetorical and avoid answering.
- Others won't answer you because they don't know whether they should raise their hands or call out the answer.
- Still others will remain silent for fear of answering incorrectly.
- Audience members call out incorrect answers, forcing you to correct and possibly alienate them.

In any case, your approach will have failed to engage your audience.

**Talking about yourself.** When you begin by talking about your qualifications or experiences, audience members may respond in these ways:

- They see you as a self-centered bore.
- They react with dislike—an impression that you must now work to overcome.
- They tune you out because they don't care about you; they just want to know what you can do for them.

*Result:* You lose your audience's attention at the beginning of your speech.

**Starting with an apology.** When you begin by offering some excuse for, say, not having enough time to prepare, your audience members may assume that:

- You care so little about the value of their time that you waste it by arriving unprepared.
- You were coerced into making the presentation to them, and that will leave them feel unappreciated.
- You know so little about the topic that you needed to apply superhuman effort to prepare.
- You simply are making pre-emptive excuses for the bad job you are about to do.

None of those reactions will endear you to them.

**Telling the audience what you're going to tell them,** then telling them, and then telling them what you told them. When you begin

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with that age-old—but misguided—approach, these are the likely outcomes:

- People hear the conclusion, assume they already know the path your presentation will take and lose interest in sticking around for the long and tedious ride.
- They decide they don't want to know about that particular subject and begin looking for a way out.
- Listeners who actually stay until the end assume that you think they are stupid, given that you repeated yourself three times so that they could grasp the information.

*The likely outcome:* Your audience members will be disinclined to want to do anything you ask of them.

## Chart a course for audience connection

It's easy to see the reasons why those old myths should be deleted from the public speaking handbook: They simply don't make sense. Of course, that begs the question "What *does* make sense?"

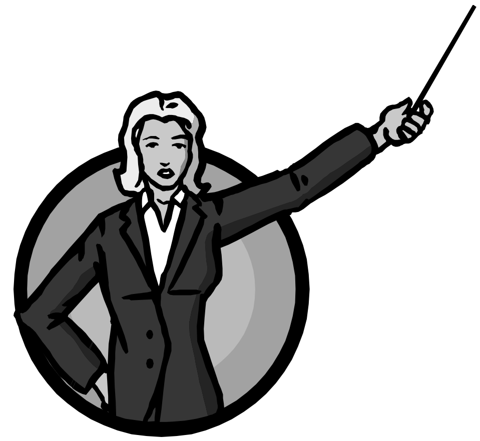
The purpose of your opening remarks is to bring everyone together and create a receptive mood. The best way of doing that is to make an irrefutable statement with which everyone can agree. *Here are four tried-and-true methods:*

**History.** When Abraham Lincoln said “Four score and seven years ago...” he reminded everyone of a time when they all fought for a common cause rather than with one another. You can gain the same effect by citing corporate beginnings or by recalling the early days of a group's history. *Caution:* Avoid talking about your own personal story.

**Concern.** Another effective way to open a presentation is to voice a common concern or need: “We're all worried about___” or “We would all like to___.” Choose something that you know with certainty your listeners care about. *Reason:* If you are wrong, and if your listeners don't care about your message, they’re likely response will be “No, I'm not...” or “No, I don't...” In that case, because you failed to rouse them to say “Yes,” you have erected an obstacle that you now must overcome.

**Truth.** Open your presentation by offering an irrefutable statement that creates agreement. Your audience will have a hard time rejecting statements such as “The cost of a college education is higher than ever” or “Those kids have grown so much.” They will be compelled to say “Yes.”

**A quote.** Begin with a quote that supports your presentation. First, listeners must say “Yes” when you use a quote and give credit for it: “Yes, so-and-so said that.” Second, when the quote is appropriate to the subject at hand, they will have to further agree that “Yes, that's the way things are.”



**Deliver a compelling call to action**

Anyone of those approaches, appropriately applied, will draw the desired audience response. Your next challenge is to move them to the next segment of your presentation, when you introduce new ideas. *Your goal:* to move everyone toward a new understanding, one that will benefit them by making their lives easier, more comfortable, more secure and generally better.

It is critical that you work on satisfying your listeners' needs rather than focusing on your own needs. *Example:* If you are exhorting your sales staff to turn in extra effort to meet quotas and earn a year-end bonus, don't tell them how making the numbers will enhance your own reputation or salary. *Tell them:* “Think about what a great holiday you will have with a bigger bonus to spend” or “Your spouse will love going to the Bahamas with you.”

Don't focus on your own needs or wants—“I need you to make more sales” or “I want you to donate to this cause.” Instead, seek ways to move listeners to want to do those

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things. *The key:* They must see some benefit to themselves when they do so.

**Wrap up with a strong finish**
Once you have described all the benefits listeners will receive by changing how they think or act, wrap up your presentation with your third and final step: delivering a proposal of action.

Layout for your listeners exactly what they must now do to satisfy their new needs. *Tell them:* "Just make two more sales calls each day" or "Write a check now."

When you make the result of their efforts enticing and rewarding, they will gladly agree to your request. And you will be on your way toward developing a reputation as a strong and compelling speaker.

*About the author:*
*Jeanette Henderson is author of the book* There's No Such Thing as Public Speaking, *which was released by Penguin in 2007. A writer, speaker, speech coach, teacher, presentation consultant and special correspondent for the radio talk show* Viewpoints *on WCPI-FM in Middle Tennessee, she is co-founder of Podium Master, a nationally recognized presentation consulting firm. Contact her via www.podiummaster.com.*

# Know Where You Stand Before Pulling a Credit Report

By Michael R. King, Esq.

**Question:** The Fair Credit Reporting act allows me to pull a credit report on a debtor any time I am collecting a debt, doesn't it?

**Answer:** Not necessarily, because the Fair and Accurate Credit Transactions Act makes it clear that debt collection is a permissible purpose for obtaining credit reports only in connection with credit transactions in which consumers have participated directly and voluntarily.

So, what do you do if the buyer of your real estate bounces the deposit check, defaults on the contract, and causes you to miss a legitimate sale? Or, what do you do if your renovation contractor is six months behind schedule, never finishes the work and costs you a full year of rental income? Is it worth suing these deadbeats for your damages? Often, people would check the credit report of the offending party to decide whether a lawsuit would be worthwhile or would simply be throwing good money after bad. Now getting the credit reports on the deadbeats may not be such a great idea.

Most creditors have instituted policies and procedures concerning compliance with the Fair Credit Reporting Act in obtaining credit reports from credit bureaus when they are considering advancing credit to potential customers. Generally, the debt collection industry has assumed that it can always pull credit reports for purposes of debt collection because debt collection was a recognized permissible purpose for obtaining credit bureau reports on consumers under the Fair Credit Reporting Act. The Ninth District Court of Appeals blew a hole in that complacent assumption in September 2007 with its decision in *Pintos* v. *Pacific Creditors Association.*

Plaintiff, Maria Pintos, seemingly had a bad year in 2002. For some reason, the vehicle registration on her sport utility vehicle had expired. On May 29, 2002, police officers found the vehicle with the expired registration parked on a street in San Bruno, California. The police had P&S Towing tow and store the vehicle. P&S Towing obtained a lien and sold the vehicle when Ms. Pintos failed to reclaim it or pay the towing and storage charges. Not only did Ms. Pintos lose her vehicle, but the sale price did not cover the amount owed to the towing company and it obtained a deficiency claim against her which it assigned to Pacific Creditors Association, a collection agency.

Pacific Creditors Association began collection efforts against Ms. Pintos and obtained a credit report on her from Experian Information Systems, Inc. on December 5, 2002. Somehow, Ms. Pintos found out that Pacific Creditors Association had obtained her credit report and she sued Pacific Creditors Association and Experian under the Fair Credit Reporting Act. Ms. Pintos said that Pacific Creditors Association violated the Act by obtaining her credit report without any proper purpose under the Act. She said that Experian was liable to her for providing her report to Pacific Creditors Association.

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In federal district court, Pacific Creditors Association got the case thrown out because the judge agreed that it had a permissible purpose for obtaining the credit report on Ms. Pintos because it was seeking to collect a debt. Experian got the judge to throw out the case because it claimed it had fulfilled its obligations by obtaining a certification from Pacific Creditors Association that it would only use the report for permissible purposes. Seems like things were getting worse and worse for Ms. Pintos, but then she appealed the district court ruling to the Ninth Circuit Court of Appeals.

The Court of Appeals decided that Ms. Pintos might have a case after all. The Circuit Court noted that the Fair Credit Reporting Act "requir[es] credit reporting agencies to maintain reasonable procedures designed to assure maximum possible accuracy of the information contained in credit reports," and limits the access to credit bureau reports except for "certain statutorily enumerated purposes." Importantly for Ms. Pintos, the court noted that the Fair Credit Reporting Act provides "a private right of action allowing injured consumers to recover any actual damages caused by negligent violations and both actual and punitive damages for willful non-compliance."

The court noted that the Fair Credit Reporting Act authorizes furnishing credit reports only for certain purposes, including "in connection with a credit transaction involving the consumer on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the consumer." But the Act does not allow all "account collection" as a permissible purpose for obtaining credit reports, according to the court. Debt collectors are authorized to obtain credit reports on debtors only when collecting "in connection with a credit transaction involving the consumer." The court said that the Fair and Accurate Credit Transactions Act of 2003 says that a "credit transaction" is a deal in which the consumer participates directly and seeks credit voluntarily. "Not all 'debt' involves a 'credit transaction'."

The court reasoned that:

*A consumer who chooses to initiate a credit transaction implicitly consents to the release of his credit report for related purposes. By requiring this consent, Section 1681b(a)(3)(A) forges a "direct link" between a consumer's search for credit and the furnishing of his credit report.*

So in the Pintos case, Ms. Pintos did not seek credit voluntarily. She really would have rather not had her vehicle towed away, impounded, and sold. So the court said that Pacific Creditors Association had no purpose specified as a permissible purpose under the Fair Credit Reporting Act to obtain Ms. Pinto's credit bureau report. "Because PCA obtained Pintos's credit report for debt collection efforts unrelated to a proper credit transaction, it violated the FCRA."

Ms. Pintos may seek actual damages and possibly punitive damages against Pacific Creditors Association in the trial court.

Experian tried to get out of the case by saying that it complied with the

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statute by requiring a certification from Pacific Creditors Association that it would only use credit reports for permissible purposes. Pacific Creditors Association gave Experian a "blanket certification," promising that all of the credit reports it got from Experian would be used for permissible purposes. The Ninth Circuit said that the Act requires that the credit bureau get more than just a "general promise to obey the law" from its customer. The court said that "the reporting agency must make a 'reasonable effort' to verify the certifications and may not furnish reports if 'reasonable grounds' exist to believe that reports will be used impermissibly." So Pacific Creditors Association's certification could not get Experian off the hook on its in dependent obligation to verify the certification and make sure that no reasonable grounds existed to suspect an impermissible use of the report. The Ninth Circuit sent Experian back to the trial court to show that it was not liable for furnishing the reports to Pacific Creditors Association for impermissible purposes under the Act.

So why should you care about this restriction on the use of credit reports? Well, anytime you obtain a credit report for a purpose not allowed under the Fair Credit Reporting Act, you face liability for actual and, perhaps, punitive damages. One can imagine many situations when the person who owes you money did not voluntarily seek credit. For example, you might not be able to pull the credit report on a guarantor of a lease or the guarantor of a car loan because the guarantors would not be the consumers who directly and voluntarily sought credit. Or let's say that someone owes you money because they defaulted under a contract which did not involve that person voluntarily borrowing money from you. You probably should not be obtaining credit bureau reports to see how you can collect from that person.

Once you start messing with people's privacy and with federal statutes involving credit reports, there can be many potential problems. If you need advice and assistance to avoid these problems and to comply with appropriate statutes, please call me.

*Michael R. King, Esq., is a founding partner of Gammage & Burnham, P.L.C., a Phoenix law firm with diverse areas of emphasis. His practice primarily centers around bankruptcy and creditors' rights and commercial litigation. He is a member of the Bankruptcy, Real Estate and Construction Law Sections of the State Bar of Arizona. He is the past Chairman of the Board of Trustees of the Maricopa County Bar Foundation. He is an active alumnus of the University of Arizona, where he received his B.A. and J.D. degrees. He is also an at-large member of Credit Professionals International.*

# Reduce the Risk When Hiring

## Ask Questions that Guarantee a Good Fit



When you're hiring, the stakes are high. A vacant position will slow down your team, draining your organization's productivity. Filling that vacancy exacts a financial toll too: Time and money invested in advertising and interviewing add up quickly.

Even more significant than the costs associated with hiring are the costs of making a bad hiring decision. Your team's morale and productivity undoubtedly will suffer. You will spend countless hours of your time dealing with an underperforming employee. And you likely will have to start the hiring process all over again!

### Smart Questions During Interviews Are Your Best Self-defense

All job applicants come to interviews prepared to present their best sides—and to present even their weaknesses and shortcomings in the best possible light. However, when you learn to ask the right questions, the answers you receive allow you to move beyond canned answers and discover each person's true skills, attitudes and abilities.

***Key:*** During every job interview, seek answers to these three general questions about the applicant:

- "Can this person do the job?"
- "Will the person do
- the job?"
- "How would this person fit into our existing work group?"

### Discover Abilities

Begin by asking a series of open-ended questions to evaluate applicants' past behavior, experience and initiative. ***Examples:***

- "What are your top three duties in the job you now have?"
- "What special skills or knowledge do you need for those duties?"
- "What kinds of decisions do you make, and how do you make them?"
- "What can you tell me about an incident where you went beyond the call of duty?"
- "When is the last time you reached out for additional responsibility? Did you receive it?"

***Remember:*** Because many job candidates are practiced interviewers, they probably come to the interview prepared to supply rehearsed answers to common questions. Don't hesitate to push them beyond their comfort zones. *Here's how:*

- **Narrow the focus.** When candidates offer vague or noncommittal responses, push them to supply specifics. If they answer in theory—saying "would," "could" or "should"—or rely on qualifiers—such as "sometimes" and "often"—ask them to cite actual situations along with actions and results that illustrate their points.

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- **Define terms.** Clarify the facts when a candidate makes unsubstantiated claims. For example, if the candidate says "I usually run big projects with large budgets," ask: "How do you define 'large'? And what do you mean by 'usually'? What percentage of your projects during the past year met that standard?"
- **Pose behavioral questions, not theoretical ones.** Replace "How would you react to an explosive customer?" with "Can you tell me about a time when you calmed an explosive customer?"

## Uncover Attitude

Most candidates come to job interviews prepared to discuss their successes, but few want to talk about their failures. Yet admitting failures—and being able to discuss learning from them—is how people reveal their character. So push candidates to explore the negatives. Ask them to tell you about their worst workplace experiences, or ask them to provide names of people who they believe would give them poor references-and to tell you why.

Here are examples of more questions you can ask to learn about each candidate's character and on-the-job attitude:

- "What would you bring to this organization that no other candidate can?"
- "What kinds of rewards satisfy you most, and how does receiving them affect your work?"
- "Can you discuss a couple of mistakes you have made in the past year? Tell me how you corrected them and what you learned from them."
- "Can XYZ Organization count on you to do the job well?" *Note:* Judge candidates' reactions to the question, not the details of the answers.
- "Suppose that you promised a customer delivery by a certain date and now realize that you can't fulfill your promise. What do you say?" Listen for an honest explanation that offers no excuses. And don't hire candidates who hedge or lie.
- "Tell me about the longest day you worked in the past month. When did you start and finish? What did you accomplish? How did you feel the next day?"
- "Everybody loses a big deal now and then or flubs an important deadline. Can you tell me about a situation where you gave it your best shot but did not succeed? What did you learn from that experience?"

***Strategy:*** Don't hesitate to throw out an oddball question or two. Some seasoned interviewers swear by this question: "What was the last book you read?" *Important:* Do not judge the candidate based on the title or topic of the book. Note instead how long it takes the person to answer your question. If the person needs a long time to come up with an answer, you will know that you're probably not interviewing an avid reader. That could influence your hiring decision if you are looking for a well-informed, intellectually curious employee.

Another oddball favorite that tests candidates' abilities to think on their feet: "If you were an animal, what kind of animal would you be?" Again, don't pay too much attention to the answer you receive. Instead, notice how the person reacts to the question. If the candidate can't handle an off-the-wall question during a job interview, what will happen when a customer or co-worker raises one in a real-world situation?

You will gain further insight into applicants' thought processes and motivations by introducing a reversal about 20 minutes into the interview. Say: "I have been asking you a lot of questions. If you could ask *me* one question, what would it be?" No matter what the applicant asks, reply "Of all the questions you could have asked me, why did you ask that one?" Focus not on the question but on why it represents the thing that matters most to the applicant.

## Check for Fit

You can't risk disrupting a high-performing team's chemistry by introducing the wrong new member. Candidates' answers to questions like the following allow you to learn about their ability to work with others:

- "Have you worked with groups like the one you would work with here?"

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- "When you first work with people, what do you do to help yourself understand them better?"
- "What can you tell me about your accomplishments as a team member?"
- "Tell me about the last time you broke the rules."
- "Tell me about a work incident where you were totally honest, despite a potential downside to the honesty."
- "Describe how you motivated a group of people to do something they didn't want to do."
- "What are your long-range goals?"
- "How would what you do here help you to reach those goals?"
- "How would your efforts contribute to the organization's mission and help us meet our customers' needs?"

## Trust Your Instincts

You can find no end of "techniques" that promise perfect, no-regrets hiring decisions. But when it's time to make the final decision, the best source of advice may be a familiar one: your gut reaction to each candidate. Before you make a job offer to your candidate of choice, ask yourself these questions:

- "If I owned this organization and paid salaries with my own money, would I hire this person?"
- "Did this person do any research on our organization? Does the person know what we do, as well as how and why we do it?"
- "If I were a customer, would I enjoy doing business with this person?"
- "Did this candidate listen well?"
- "Do I trust this person?"
- "If I moved up the ladder, could this person step in to fill my shoes?"

***Remember:*** Answer these questions silently and privately. Feel free to express your honest opinions—no one else needs to hear your answers. Your honesty combined with your instincts will lead you to hire the best candidate.

# Creativity Produces Profit

By Estienne de Beer

In today's competitive world, creativity is in short supply and it is more important than ever for businesses to attract and keep highly talented people. Bill Bernbach remarked that "an idea can turn to dust or magic, depending on the talent that rubs against it."

In order to do that, a company must provide a work place environment that is challenging, creative, and fun. Since creativity is at the root of innovation and invention, it would benefit all companies—large or small—to help promote a creative atmosphere in which this talent may flourish. What better way to get a huge return on your investment? Champion those innovators.

According to Webster's Dictionary, the definition of creativity is artistic or intellectual inventiveness. Creativity is marked by the ability or power to create or bring into existence, to invest with a new form, to produce through imaginative skill, to make or bring into existence something new.

When you create something, you are actually bringing it into being, making it from nothing. But how do you make something from nothing? How do you achieve creativity? What is the essence of creativity?

The little yellow light bulb in cartoons visualizes creativity very well—that sudden "aha!" moment when it all comes together. Some have said that it's something mysterious and puzzling, perhaps impossible to figure out. Some have said it must be divine inspiration. Creativity is thinking the impossible, and then doing what no one else has done before, sometimes discovering completely new horizons. If you've taken a new approach to a problem and it works, then you're using your creativity.

Creativity comes in many forms. It can be scientific creativity, resulting in inventions or medical cures. It can be artistic or musical, resulting in beautiful paintings, sculptures or operas and songs. It can be creative writing, designing new business processes or translating the mundane into something exciting. The important thing to remember is that creativity includes generating the idea or concept, as well as applying that idea and producing or manifesting the end product or result.

Creativity or imagination is an integral part of taking our careers to the next level and producing stellar results in the marketplace. A two-year in-house creativity course offered at General Electric resulted in a sixty percent increase in concepts available for patents, according to the Wall Street Journal. In 1999, after investing over two million dollars in research and development, Hewlett Packard generated more than 1,300 applications for patents.

So, how can your company keep its employees happily coming up with great, innovative ideas? Look out for creative people and recognize them for the intelligent innovators that they are. Create an atmosphere that's conducive to creativity. You need to let the ideas come forth and thrive. Be tolerant about ideas that don't work out initially. There's always a next time when more fresh ideas can be implemented. Acknowledge the people in your organization who generate new ideas. It's important to show visible support. Reward the innovators with public recognition, monetary rewards, or both.

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Managers and employees should bring about creative changes in the company together, shaping a culture that allows for a feeling of security for those creative ideas. It should provide an environment where people can feel secure about expressing those ideas, without being fearful of criticism or ridicule. The feelings of respect will foster inspiration, and minimize negativity or critical judgments. The perfect atmosphere would be one of encouragement, motivation, good training, and lots of opportunities to be creative.

If your creativity is allowed to blossom, your heart and soul for your career returns as well. This could change the face of the work place. Many companies try to avoid encouraging creativity. They feel it could lead to chaos. They say that it would be illogical, unruly, and uncontrollable. This needn't be the case, if approached in the proper manner. If you encourage creativity within your company and support the talented and responsible people, it will help you compete, regardless of your industry. According to Fortune Magazine (January 1998), highly motivated employees are up to 127% more productive than those averagely motivated employees in complex jobs. It's simple—if employees feels satisfied and encouraged in their jobs, they will become more motivated and thereby become more productive.

In many organizations, smart employers are beginning to see the advantage of closely-knit teams working together to form creative, problem-solving forces. They've begun using a more open kind of office, omitting walls between the departments. They're making use of more computers and other forms of communication with each other. Department heads are working more closely with the lower levels, so they are aware of what's happening at all times. The chain of command is made simpler, responsibilities are expanded and creative and innovative ideas are welcomed and encouraged. In any job or profession, there are problems to be solved; and where there is problem solving, there will be creative thought.

Unfortunately, workaholics are not conducive to creativity. Sometimes we need to rest and relax in order to become productive again. Problems that seemed beyond your reach while brainstorming might come so much easier when your mind is rested and free of stress and worry.

Watch out too for the frustration that can come at you. Long hours of preparation and anguish, when the answer doesn't present itself, can often lead to total despondency with the whole project. You just want to throw up your hands and yell, "I quit!" But don't! That's just the "darkness before the dawn," as they say. Stay persistent. The answer is out there and you'll find it; just don't give up. It's not that a problem is unsolvable; sometimes, people just give up too quickly. Sometimes, you just have to let that thought simmer in your brain for a while, let things gel a bit. Maybe you just need to "sleep on it." Let your subconscious work on it for the night.

Often times, going on about your usual business, getting ready for work, showering, and shaving will break the dam and the brilliant ideas just pop to the surface of your brain. A long walk or doing something that you really enjoy

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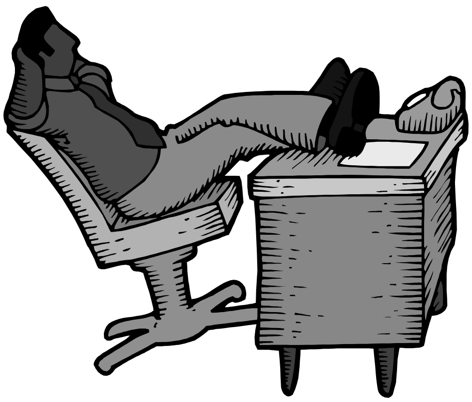
will make all the difference. You just need to relax and let those ideas simmer in your brain until they're done.

Maybe it's time to chill a bit. Try to take a break often during your



day and let your mind rest a bit. Our world is encroaching on our thinking time, all during the day. Your boss, associates and colleagues, all want to tell you what you should be doing, every minute of the day. Sometimes, you just need a break from all the mind controlling going on and think your own creative thoughts. William Shakespeare said, "No profit grows where no pleasure is taken, in short, study what thou dost affect." Simply put, do what you love and you will succeed. You work hardest where your heart lies.

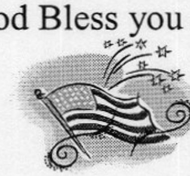
Keeping a journal is an excellent way to avoid losing all those marvelous ideas which your creative mind is capable of churning out. Watch out for the notorious "inner critic." This is simply that little voice in your head that tells you it's impossible for you to solve this problem. It's the old "if others haven't been able to solve this muddle, what makes you think you can?" critic. Disregard this voice. Allow yourself that spontaneous creativity. Each person has their own way to bring their creativity to the forefront. Remember, developing creative ideas is not enough. You must back it up with action.

Whether it's on the job or at home with your family, the creativity you possess is a vital tool in your life. Don't be so hard on yourself if things don't work the first time. Be an observant human, tap into your creativity, watch everything, learn, and don't be afraid to ask the dumb questions. You know what they say—the only dumb question is the one you didn't ask. Implement this yourself and see if you can make a change for the better in your own organization. Robert Ringer said, "Nothing happens until something moves." Put those wonderful ideas into motion. Take action.

*Estienne de Beer is a motivational speaker and leadership coach. His highly inspirational presentation, "Meerkat Motivation for the Marketplace", has been keeping conference audiences on the edge of their seats, both locally and internationally. Visit his website at www.leader2leaders.com or e-mail him at estienne@lantic.net*







# MEMBERSHIP NEWS

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

Capital City, AL
**Margaret T. Grantley**
Holloway Credit Solutions LLC

Atlanta, GA
**Michael K. Hill**
IDT Consultants
**Thomas E. Newell**
Newell Financial Services Group

CPI of the Triad, NC
**Sally Adams**

Spartenburg, SC
**Amelia Thompson**

Goshen, IN
**Collection Service of Goshen**
**Diane Tretheway**
Habitat for Humanity

Indianapolis, IN
**Katrina Green**
Indianapolis Neighborhood Housing Partnership
**Charmaine Lucas**
Advantage Debt Management Of America
**Jim Lucas**
Advantage Debt Management Of America
**Erin Robertson**
Indianapolis Neighborhood Housing Partnership

Fremont, NE
**Peggy Brenn**
American National Bank of Fremont

Lawton OK
**Michelle Jean Ramsey**
Arvest Bank

Ann Arbor, MI
**Jessica Voorhees**
Atwell Hicks

Alamo, TX
**Kathleen Dube**
San Antonio Federal Credit Union
**Betty Denis Surratt**
Consumer Credit Counseling Service of Greater San Antonio

Pocatello, ID
**Dee Murphy**
Potelco United Credit Union
**Josie Hood**

Pendleton, OR
**Kylee Evans**
Columbia River Bank

Yakima Valley, WA
**Tami J. Mason**
Bleyhl Farm Service
**Maria Osorio**
Consumer Credit Counseling Service of Yakima

Norfolk, VA
**Margie Arambula**
Papco Inc.
**Trudy Collins**
Papco Inc.
**Whitney Quartucci**
Norfolk Sash & Door
**Maureen Romero**
Norfolk Munic. Employees F.C.U.

Direct Members
**Harrine Freeman**
H.E. Freeman Enterprises
**James Hoben**
Sherwood Mortgage

# Certification News

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

**Master Professional Credit Executive (MPCE)**

**Betty Allen**
Jackson, TN

**Deborah Tyler**
Jackson, TN

**Professional Credit Executive (PCE)**

**Angela Kail**
Jackson, TN

**Robert J. Bogart**
Bloomfield, MI

**Professional Credit Specialist (PCS)**

**Theda Anderson**
Sheridan, IN

**Glenrose Miles**
Atlanta, GA

**Professional Credit Associate (PCA)**

**Yolanda Beverly**
Baton Rouge, LA

**The following people have received recertification or upgrades**

**Betsy Higgins, MPCE**
Germanton, NC

**Barbara Hall, MPCE**
Galesburg, IL

**Sharon DeShazer, MPCE**
Hutchinson, KS

**Marsha Thompson, PCE**
Hutchinson, KS

**Lee Ann Seale, MPCE**
San Antonio, TX

**Maria Trevino, MPCE**
San Antonio, TX

**Tracy Harden, PCS**
Yakima, WA

**Billie Plasker, PCS**
Fairfax, VA

**Patricia Bivens, MPCE**
Norfolk, VA

**Novella Gatlin, MPCE**
St. Louis, MO

**Agnie Twiford, PCS**
Chesapeake, VA

**Margie Vaught, PCS**
Ellensburg, WA