The Credit Professional

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The New World of Work™

By Terri Maxwell

Forget asking your kids if they want to be a doctor, lawyer or teacher. Tomorrow's career options in the social-digital decade will be radically different than anything we've experienced in our professional lives to date.

In the old days, we went to college and then chose a career. Although our jobs may have changed over time, our career "track" stayed in the same general hemisphere.

Not anymore. Yesterday's jobs don't exist. Today's jobs *won't exist* in a few years, and tomorrow's careers haven't even been created. Shocking?

Just look at any job posting board and you'll see this career-manic trend played out. One week a company advertises for a marketing communications specialist. A week later that job is pulled down and now the company wants a PR manager. Then a few weeks later, that job is pulled down, and now **THE SAME JOB** is titled social media specialist.

What's the deal? The same job with three different titles? And it's not just occurring in marketing. The same phenomenon is occurring in IT, sales, finance and operations. Worse yet, this not only rings true for the 20-somethings graduating from college, but it's true for you and me, too. Yep, both the Gen X'ers and the pre-retirement Baby Boomers are witnessing this manic hiring dilemma as the job market attempts to recover. So what is going on?

Tomorrow's career options are changing faster than your teenage daughter changes clothes. No longer will we choose a linear career path and stick to it. It is time to learn a new language. To have career success in the social-digital decade, you'll have to think differently about career options. It's a whole new career frontier.

Here's another way to look at it. One hundred years ago, jobs moved from the farm to the factory. Today, work has moved from the cube to the cloud.

The Industrial Revolution lasted 50 years but affected business models, workforce models and career models across four generations spanning an additional 100 years. The lasting change from the Industrial Revolution wasn't just innovation but the way we worked, which also affected how and what we consumed.

Factories gave way to corporations and soon our entire consumption model was built around the 9-5 workday and making life efficient for the American Worker.

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This alignment, between company and worker, created a combustible engine that propelled America into super power status.

There have been several mini-revolutions since but nothing to match the scale of the Industrial Revolution. Until now.

Today, everything has changed but few recognize the tsunami-like shift underway. The Information Revolution, which occurred over the last 20 years, has spawned an entirely new way of working, which is now creating new business models and career opportunities, all with one thing in common—NO BOUNDARIES. The New World of Work™ is leveraging The Information Revolution to transform work and move it from the cube to the cloud.

This New World of Work™ has created several workforce trends, all of which are being fueled by a technological shift known as Convergence.

Convergence isn't about the Internet. The Internet boom in the late 90's wasn't the real innovation. It was the access to information that the Internet enabled that spawned this current revolution and created the no boundaries aspect to the way in which we work.

Convergence is more than technology enablement. Convergence is three primary technologies SIMULTANEOUSLY converging on the inflexible corporate structure. Each enables faster and faster knowledge processing with access to information at our fingertips. More importantly, every day, these three technologies simultaneously converge on top of each other, transforming everything we do.

As a result of convergence and the Information Revolution, several workforce trends, for those companies and professionals who catch the wave, will drive new business models, which will accentuate the need for companies to adopt new talent models, all of which are being driven by new career models.

Fractionalization of work: work is now broken into projects, which are out-sourced, and roles, which are hired for. There will be fewer jobs created. Roles will overtake careers, and project and administration work will be outsourced as projects.

Virtualization of careers: due to cloud computing, work has moved from the cube to the cloud. Since work is being fractionalized (above), and with technological advances, it can now be virtualized. That means work can be done from anywhere and at any time.

Globalization of Talent: due to the fractionalization of work, and the virtualization of careers, talent is really exportable. Forget off-shoring. Crowd-sourcing means that I can get talent anywhere anytime.

For the first time...there are NO BOUNDARIES!

After working with professionals in varying stages of career transition, I created a system to explain how to capitalize on this new world to the throngs of professionals who are either jobless or in career shell-shock after having

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been rocked by these changing trends.

Not only has technology transcended the way we search and get hired, but it has also transformed the type of people corporations want to hire—and the way in which they hire them!

The truth is, in the social-digital decade ahead of us—you know the one—where technology changes in an instant—so will jobs. Don't fight it—adjust. Instead of worrying about your job, build a new ***career framework*** and operate within it.

The Succeed on Purpose Career Framework serves as a map to this new world and starts with three simple personas. Personas are like identities. These are not the typical career tracks known to us prior to the 2009 job market crash but they are radically more useful. This new framework will benefit anyone: from a Reluctant Entrepreneur™ to a would-be solopreneur, to a career seeker trying to find the new career superhighway.

Persona 1: DOER.
A DOER persona requires a familiar environment and a predictable set of responsibilities. Although the tasks might change, DOERs function best in a familiar structure. They are motivated by the "known." Be it a large corporation or a small business, the structure suits them. DOER personas have been, and will remain, the bedrock of our workforce in Corporate America.

If you have a DOER persona, your career choices should focus on roles in corporations and general business arenas. In a future blog, I'll explain how to expand those options to take advantage of this persona and use it as a secret weapon.

Persona 2: SOLVER.
A SOLVER persona responds best to freedom and is highly motivated to solve problems. SOLVER personas have a lot of career choices. Whether they lead a team, work on a team or work alone is irrelevant. They just need to solve problems and have the freedom to do so.

They can work successfully in traditional corporate roles, but being given the freedom to solve problems is a critical

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component for them. If they are told what to do, their passion is dampened and they quickly lose motivation.

Since most corporations typically "outsource" problem-solving assignments to consulting firms or sole-proprietor consultants, we decided to launch Empowered Voyage™ . www.empoweredvoyage.com).

The company was launched specifically to address the needs of this persona. Its mission is to teach and mentor professionals who want to become sole-proprietor consultants. In addition to training, participants in the Empowered Voyage Network of Success also receive a 12-week "Solverpreneur™ Boot Camp" designed to help them cross the bridge from a traditional job to that of a professional consultant.

Persona 3: BUILDER.
The BUILDER persona typically struggles in most corporate roles. They are better suited to be a solopreneur or entrepreneur. BUILDERS excel in small businesses that are growth oriented. But, there's a very important catch. Builders are never satisfied with the status quo. They *must* build something. And once it's built, they need to make it bigger or better or move on to the next thing. BUILDERS make great entrepreneurs. Builders invent, create, build, solve, and serve in a variety of roles across all industries. The key for a BUILDER persona isn't what they do, but **how** they do it. They must feel as if they are building something.

As you reflect on your career, don't think about traditional career tracks. Think about your persona. Which of these personas best suits you? Focus on the framework, and target your job, career or business search using this framework.

Terri Maxwell, CEO of Succeed on Purpose, is dedicated to solving problems in the marketplace through an innovative and unique method of training aspiring CEOs. She says, "My purpose is to help other people find what they're passionate about, and help them achieve it."

The Texas Company reaches out to new businesses in the Dallas-Fort Worth area using a method of culture, coaching and cash. Maxwell believes that with proper training, culture exposure and financial support, CEOs can be trained to successfully launch their companies.

Succeed on Purpose trains CEOs in all industries, with the "only common denominator" being that the business is the CEO's "purpose, something they're designed to do and are passionate about."

"We're nontraditional. How we approach what we do is not so much trying to create a new business model but rather we're trying to solve the problem in the marketplace itself," Maxwell said. "People don't really understand all the things that have to change" in order to be successful.

Maxwell ran a marketing firm called Latimark from 2002 to 2008. The 40-employee firm had revenue of $6 million in 2008 and handled the branding and go-to-market strategies for clients, including well-known brands such as Nokia and NokiaLatest; The Business Journals Rocket Fuel; MStarting; Microsoft No. 2; and Intel No. 7. During her time there, Maxwell was successful financially but not happy.

"I said to myself, 'What is it that I want to do, and how do I want to serve people?'" Maxwell said. In the end, she discovered that her passion was helping others discover their own passions and become successful.

Now, she teaches people how to get reconnected with what they are passionate about and show them how to get into a business. Her article for Credit Professionals International outlines the New World of Work™ and outlines there are no boundaries today in the workplace.

Articles about Terri Maxwell have appeared in the Dallas Business Journal, the Dallas Morning News, and the New York Times. Her book entitled "Succeed on Purpose" was published and launched in 2010.

Credit Professionals International The Journey from 1987 to 2012

By Mary Nebeker, CCCE/MPCE

When the organization we know today as Credit Professionals International (CPI) celebrated its 50th birthday in 1987, it took a bold step as it embarked on the adventure that has brought us to 2012 and the celebration of our 75th anniversary.
Our predecessors changed our name!

It wasn't the first time we had a name change and it wouldn't be the last. Our organization began in 1937 as the Credit Women's Breakfast Clubs of North America. In 1962, as we celebrated our 25th anniversary, we became Credit Women International. Then, in 1987, at age 50, we expanded our name to CWI—Credit Professionals. This change was made because more and more men working in the credit industry were joining CWI. Three years later (1990), we adopted our current name of Credit Professionals International.

An organization, however, is much more than its name. It is members who willingly support it with their dues, time and talents. It is forward-thinking leaders who identify challenges and find innovative ways to meet them. CPI has been blessed in all of these areas.

A Brief Look at the First 50 Years

As our name changed, so did our organization. We grew in the number of members, clubs and districts. We grew in the services provided to our members. And we grew in stature among professional, trade and service organizations.

Membership fueled our growth. At our birth in Spokane, WA, in 1937, there were 62 credit women's breakfast clubs in the United States and Canada, with a total membership of 778. Seventeen years later (1954) we had 400 clubs with 11,500 members. At our 25th anniversary celebration in 1962, membership stood at 14,007. Within the next four years, it grew to 14,275.

Since our beginning and continuing today, we provide career-related education for these members in a variety of ways. Education programs, often with guest speakers, are a key part of local, state, district and International meetings. These are supplemented with printed material. Our magazine, now dubbed *The Credit Professional,* has been published in various forms since 1938 and, at one time, was considered one of the top trade magazines in the credit industry. In 1948, we began publishing an annual Education Manual, which was designed as a topic guide for education sessions at club meetings. For many years, it included a test, based on the manual content, which members were required to take. In addition, our quarterly newsletter, *The Credit Connection,* keeps members abreast of pertinent national and state legislative action, as well as CPI current events.

Throughout the first 50 years, networking opportunities were provided through meetings at local, state, district and the

1937-2012
75 Years of Service

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Our Founder

First President

25th President

Lorna Collins
1987 - 88

50th President

Pat Evans, MPCE
2012-2013
75th President

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International level. The last was held annually in conjunction with the International Credit Association, which greatly expanded networking opportunities for our members.

CPI grew in stature as a professional organization when it established a corporate office in St. Louis, MO, in 1954. The office was located at 20 F Railway Exchange Building and in 1982-83, moved to 411 North 7th Street. Both were in the city's downtown business district. In 1985, the office was moved to 6500 Chippewa, near the western edge of the city limits.

The Third Quarter Century

When CPI celebrated its 50th anniversary in June 1987, in Seattle, WA (less than 300 miles from its 1937 inaugural meeting in Spokane), change was in the air. With membership continuing to decline, the board focused on finding new ways to recruit new members and innovative methods to increase funding.

Fundraising Efforts

With President Lorna Collins of Winston-Salem, NC, at the helm, discussion at the August 1987 International board meeting, which for the first time included district presidents, focused on developing new methods to increase funding to support the organization's credit education efforts. Their work resulted in the passage of a dues increase, from $15 to $25, at the 1988 International Conference.

Two other fundraising efforts were undertaken in 1988. A CWI MasterCard credit card was offered to members. CWI received $6.00 for each new approved application, plus a percentage of all purchases. This generated about $4,000 the first year. The second fundraiser was America Best sales, which generated about $7,300.

Founding the Foundation

Of lasting significance was the decision, approved at the 1988 conference, to establish the Credit Education Resources Foundation as a 501(c)3 organization. Venie Whitt of Richmond, VA, who served as CPI president in 1989-1990, proposed the idea and was the driving force behind it. The Foundation made it possible for members, employers and others to make tax-deductible donations to support CPI's education programs for members and consumers.

Under the leadership of newly installed President Hazel Wilson Knopp of Calgary, Alberta, Canada, board members and the staff worked diligently during the 1988-1989 year to create this non-profit organization. Walk-A-Thons were chosen as the primary fundraising event.

With the strength and determination of volunteers and staff, the Credit Education Resources Foundation was born, with Ruth Zardezed, of Elmira, NY, as its first president. Two local Walk-A-Thons were held in 1988—one in Calgary, led by Hazel Wilson Knopp, and another in Twin Falls, Idaho, led by then District 10 President Terry Rowe, CCCE/MPCE. In 1989, nine local Walk-A-Thons were held, raising about $7,300.

The first International Walk-A-Thon was held on the Plains of Abraham at the 1990 International Conference in Quebec, Canada, with LaDonna Smith from District 7 as the chairman. More than $30,000 was raised.

Many subsequent Walk-A-Thons were held in such scenic places as the San Diego waterfront, the Boca Raton beach, the streets of Vancouver, the banks of the Ohio River in Kentucky and on Goat Island between the American and Canadian Falls in Niagara. The Walk-A-Thon continues to be a special event at every conference with everything from hotel parking

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lots to the pits at the Nascar Hall of Fame in Charlotte, NC, serving as locations.

The purpose of the Foundation was and remains to raise funds to support continuing education programs for those working in the credit industry and to provide credit education programs for consumers. In addition, 25 percent of the funds raised were earmarked for the National Center for Missing and Exploited Children (NCMEC) and Child Find in Canada. This was done to increase public awareness of the Walk-A-Thon and the Foundation.

The 1990s—Exciting but Turbulent

The new decade started with another name change—from CWI-Credit Professionals to Credit Professionals International. In addition, the corporate office moved to larger space at 50 Crestwood Executive Center in suburban St. Louis County.

The decade, however, would be marked by a continual decline in membership. The number of members dropped from 7,610 in March 1990 to 2,268 in 1998. This challenged the leadership to find ways to serve remaining members and keep the organization financially solvent.

Barbara Hinman of Elmira, NY, presided at the August 1990 board meeting in St. Louis. It was attended by International and district officers, committee chairmen and past International presidents. The Foundation sponsored a Leadership Workshop, where attendees worked on the "Prescription for Success." Seventeen defined issues were discussed and solutions were developed. Over the year, approximately 70 percent of the objectives were implemented.

One change implemented was the merging of the magazine and the education manual. This did not sit well with the members, however. Fortunately, advertisers were found for the manual, which made it possible to publish it again, beginning in 1992.

Martha Philip, CCCE, of Chicago Heights, IL, who became president at the 1991 conference in San Diego, led CPI through some turbulent times. Martha wrote that, on the fiscal side, "we had to make major cutbacks with expenses, such as the officers' expenses and the general operating expenses. We implemented alternate means of revenue in order to have a balanced budget."

When funds for International officers to travel to district conferences were cut from the budget, many of the districts stepped up to help with expenses so that an International officer could attend their conference. After a two-year freeze and with a dues increase, the travel funds were reinstated.

Despite these challenges, CPI participated in the Credit Education Exchange in Washington, DC, and worked with the International Credit Association, the National Foundation for Consumer Credit and AT&T Universal Card in an effort to get a joint resolution passed by the U.S. Congress designating the third week of April as National Credit Education Week.

At the 1992 conference, a dues increase of $35.00 was

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approved. I was installed as president in 1992 and, at the August planning meeting, oversaw the forming of a taskforce to study membership restructuring.

In an effort to reduce costs, the office of the third vice president at the International level was eliminated, as were all the awards for which locals, states and districts competed, with the exception of the OC Tanner Award and the Credit Professional of the Year Award.

In 1993, the name of the local clubs was changed to local associations. As of March 1993, there were 267 local associations and 4,685 members.

During the early 1990s, CPI leaders began discussing the possibility of breaking away from the joint International conference that had been held annually with the International Credit Association (ICA). The decision was made at the 1994 Conference in Louisville, KY, where the Executive Board and members voted not to meet with the ICA group any longer. It was a difficult decision but it enabled CPI to have complete control of the financial side of the conferences. By controlling expenses, CPI was able to make a profit.

As Charlotte Maness, CCCE/MPCE, who served as International President in 1993-1994 wrote, "both organizations (CPI and ICA) had large memberships in the thousands, much support from employers, corporations and trade associations. With all the resources together, the conferences were in choice cities and resorts, the speakers were of notoriety; the events were elegant and, together, we were able to provide a high level conference for all included. However, on the horizon was lack of support from employers for CPI members and the fact that the cost of the conferences was getting out of reach for our membership."

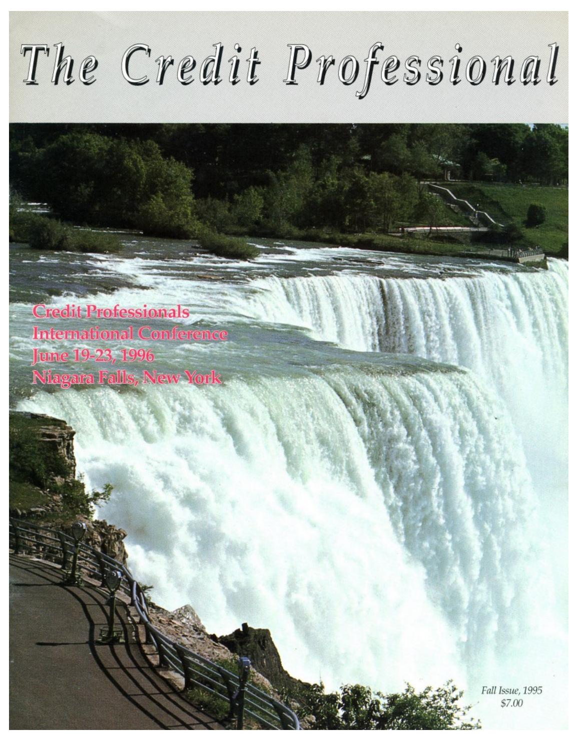
The first CPI-only International Conference was held in St. Louis, MO, in 1995, and Ruth Zardezed of Elmira, NY, was installed as president. During the 1995-1996 year, a Forward Task Force was formed to fine-tune our vision for CPI in the year 2000. The task force was instructed to include issues regarding technology, human resources and the delivery mechanism by which to achieve set goals within the plan.

In 1995, the first issue of CPI's new magazine, *The Credit Professional*, was published, thanks to funding from the Foundation. Another important achievement was the certification program which, after much hard work, was finally put in place. On the administrative side, the offices of secretary and treasurer were combined and the corporate office was moved to smaller space at 525-B N. Laclede Station Road, in suburban St. Louis.

As membership continued to decline, financial concerns grew. At the 1997 International Conference, a dues increase from $35 to $55 was passed. Membership stood at about 2,500. Another move to shore up finances was made in 1998, when Executive Vice President Esther Worthington retired and offered to stay on part-time to coordinate human resources, as well as research and development. In addition, office staff was scaled down to two persons. At this point, the International President became more involved with the operation of the office.

The 21st Century—A Time for Change

CPI bridged the centuries by changing its August board meeting to an October Strategic Planning Meeting; updating its website; and introducing a new



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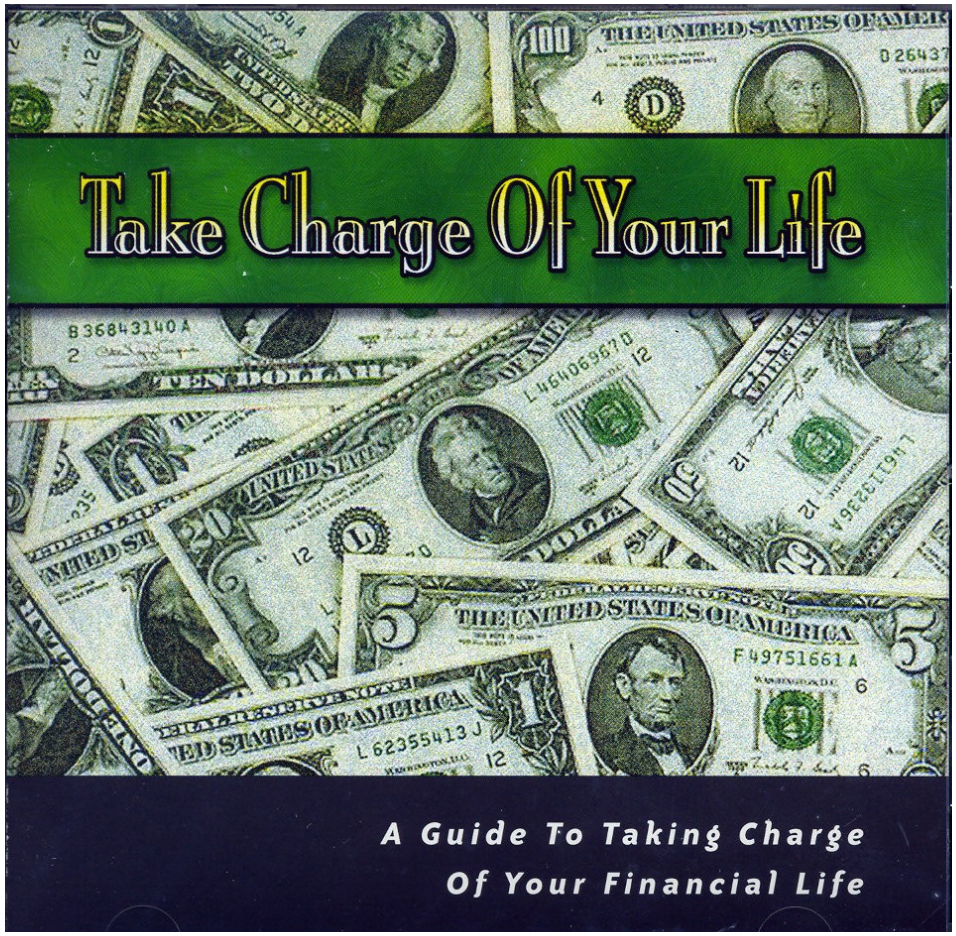
consumer credit education program called "Take Charge of Your Life."



The "Take Charge of Your Life" program was made possible by funds donated to the Foundation by Past International President Helen B. Sawyers, who died in January 2001.

Terry Rowe, CCCE/MPCE, another Past International President, took a leadership role in developing the program, which was created by CPI members. She also served as the leading narrator on the audio CDs and cassette tapes distributed for use by consumers. A PowerPoint presentation was also created for CPI members to use to conduct credit education programs in their communities. The program is still in use today.

In 2001, the Foundation established a scholarship program to award $500 to one member from each district who was attending the International Conference for the first time. This was done to help defray the cost of attending and to encourage members who had never attended the conference to do so. Later, the "first-timer" restriction was eliminated.

As membership continued to decline, so did CPI's financial situation. A report given at the 2002 Pre-Conference Board meeting stated that CPI didn't have enough money to cover bills to the end of the CPI year on September 30.

A miracle then took place. In a matter of eight hours, CPI members and employers of CPI members donated $6,150 in what Nona Ellzey, MPCE, who was then CPI president, called "miracle dollars". This gave CPI more than it needed to cover the bills. Nevertheless, a dues increase was passed at the 2002 conference to provide funding for the future. Annual dues were set at $70 for the 2002-2003 year and at $80 thereafter.

Also in 2002, the decision was made to reduce office expenses by retaining a part-time contract person to run the office instead of two salaried employees. This is when CPI welcomed Charlotte Rancilio as our office manager.

When this move was made, a number of CPI past presidents and the current officers and committee chairmen stepped up to the plate to take on some of the administrative responsibilities that had been handled by the full-time staff. These included monitoring financial records, processing jewelry orders, conference planning, memorials and webmaster. The services of a retained bookkeeper were kept until 2005, when Past International President Gail Ottinger, CCCE/MPCE, took over as volunteer bookkeeper.

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In 2003, CPI lost its founder, Edith Shaw Johnson, who died at age 98. The year also marked the first time that a local association took charge of the International Conference. The local was Norfolk, VA, and they made a profit. This enabled CPI to print and send the summer edition of the Credit Connection newsletter and the Post-Conference Capsule to every member.

Another first in 2003 was the production of a double-issue of the magazine (instead of two 20-page issues) and mailing it free to all members. The mailing was financed by the Foundation. It was so successful among members that, during the 2004-2005 year, it was decided to provide all members with the magazine and the Membership Directory free of charge.

During this period, CPI relinquished part of its office space, which was no longer needed and negotiated a reduction in rent. This resulted in an annual saving of $600. The first year's savings were used to purchase a new computer for the office.

Throughout the first decade of the 21st century, CPI found many other ways to serve members and local associations while, at the same time, reducing costs. For example, printed materials, such as the membership brochure, which were once sold, are now available via free download from the website. The newsletter, Post-Conference Capsule and Membership Directory are also available for free download and members without Internet access can either get a copy from a fellow member or, on request, have one mailed to them from the Corporate Office.

In 2008, when the office building CPI occupied was put up for sale, CPI moved to smaller office space at 10726 Manchester Road, Suite 210, in Kirkwood, MO, a suburb in St. Louis County. The rent stayed the same but, unlike the previous location, it included utilities. This is where our office is currently located.

About this same time, the office experienced a number of equipment failures. Once again, members stepped up to the plate and donations collected at the 2008 International Conference covered the cost of replacing the computer and printer and purchasing a scanner and new software.

During the 2010-2011 year, when Billie Plasker, MPCE, of Mid-Val OR CPI, was president, groundwork was laid for improving communication with members via the website, webinars and social media. This work continued last year under President Diane Radcliff, PCE, of Charlotte, NC, and is now proceeding with current President Pat Evans, MPCE, of San Antonio, TX.

Despite all these efforts, membership has continued to decline. When CPI celebrated its 75th Anniversary Conference in June 2012 in St. Louis, MO, membership stood at 233 members. Yet, there was no talk of giving up. Instead, a new student membership category was created, which holds great promise for recruiting young, enthusiastic new members. The CPI website was in the midst of being updated to 21st century technology and members were being educated about the use and value of today's social media in communicating with one another and in recruiting new members.

The members of CPI have had the good fortune of being involved with an organization that has offered so much from its very beginning 75 years ago. Much has changed over those years and the most dramatic changes have taken place in the last 25 years, with all the new technology that has affected the credit industry dramatically and impacted CPI in so many ways.

It is my hope that, in 2037, CPI will celebrate its 100th anniversary as an organization that is, once again, thriving with many new members and many new local associations.

Author's note:
It has been my privilege to be a member of Credit Professionals International since 1977. I have grown in ways that I can only relate to my membership in this organization, and the friends I've made over the years all over the country is remarkable.

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Mary Nebeker, Brigham City, Utah, has been an active member of Credit Professionals International since 1977 and became a Member At Large when Brigham City Credit Professionals dissolved in 2003.

She has held all offices at the Local and District level, serving as District Nine President in 1987-88. She served as District Seven and Nine President in 2011-12. She served in all offices at International except Treasurer and First Vice President, serving as the International President in 1992-93. She has also served as the International Credit Education Resources Foundation President. She was the Co-Chairman for the International Credit Conference held in Salt Lake City, Utah, in 1997.

Currently Mary is the Jr. Past President for District Seven and Nine and, at the International level, she is the Vice President of the Credit Education Resources Foundation.

She was certified as a CCCE in 1982 and as an MPCE in 2001. She was awarded the Credit Professional of the Year at the local, the district and the International levels. In 2009 , she was honored with the Helen B. Sawyer Hero Award.

Mary was President of the Board and a Director for the Brigham City Credit Bureau and also served as President and a Board member of the Brigham City Chamber of Commerce.

She retired after 33 years in the mortgage industry as a processor, originator, closer, underwriter and operations manager.

Credit Professionals International

2013 Conference

June 12-16, 2013

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San Antonio, Texas

Business Education Networking

Plan to Attend

Watch for More Details in the Months Ahead

Hosted by CPI District 8

(photo courtesy of San Antonio Convention & Visitors Bureau)

What You Need To Know About Vantage Scores

By Kelly Dilworth

FICO scores get a lot of attention. However, VantageScores are becoming more widely used by lenders, say experts.

"The model continues to gain traction," says Sarah Davies, senior vice president of product management at VantageScore. For example, "many very large credit card issuers are using the score," she says, including "four of the top five financial institutions."

Developed in 2006 by the three major credit bureaus, Experian, TransUnion and Equifax, the scoring model has struggled to catch up to FICO in popularity.

"FICO is still the most commonly used scale or scoring system," says Steve Brobeck, executive vice president of the Consumer Federation of America.

Mortgage lenders are especially partial to FICO, which has been around since 1956. However, "VantageScore, I think, is slowly increasing in use," says Brobeck, particularly with other lenders. "So if your score is from a credit card issuer or even an auto loan, it might be based on the Vantage scale."

If you're thinking about purchasing a VantageScore—or if you know that a particular lender is using it—here's what you need to know about the score and how to improve it.

1. **Your VantageScore is scaled differently from other credit scores.**

When you purchase a copy of your VantageScore, you may notice that it doesn't look like your other credit scores. That's because "VantageScore is different in that its scale is different," says Rod Griffin, director of public education at Experian.

For example, the lowest possible VantageScore is 501 while the highest possible score is 990. VantageScore helps take the guesswork out by assigning a letter grade to each score. The grades, modeled after the letter

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grades you received in school, are designed to make it easier to figure out where you fall on the VantageScore scale, says Griffin.

So, for example, "C is a passing grade," he says. "It's not great. It's not bad. If you're in a low C range, you may not qualify [for a loan] and if you do, it may not be at the best rates."

A: 901-990
B: 801-900
C: 701-800
D: 601-700
F: 501-600

By contrast, the lowest possible FICO score is 300, while the highest possible FICO score is 850. Here is how the FICO scores are generally interpreted:

Excellent
over 760
Very Good
721 or higher
Acceptable (average)
661-720
Uncertain
620-660
High Risk
Less than 619

The difference in ranges can be confusing if you're trying to compare your different scores. However, the only thing you really need to worry about, say experts, is how your score compares to others on the same scale. "That's what's important," says the Consumer Federation of America's Steve Brobeck, "the relationship of your score to other scores from that source."

Kathryn Greiner, budget counselor for members of the University of Michigan Credit Union, explains how she helped a member regarding her score.

"A woman called angry because, with a score of 760, she did not get the lowest possible APR on a loan. I asked her where she obtained her credit score. When she said www.annualcreditreport.com, I realized it was a VantageScore and explained that although 760 is an excellent FICO score, it's only a "C" grade with VantageScore. When she understood the difference in the ranges, we were able to discuss what was affecting her score and how to improve it."

What is true about both FICO and VantageScore is that the higher the score, the lower the risk and therefore a lower Annual Percentage Rate on a loan.

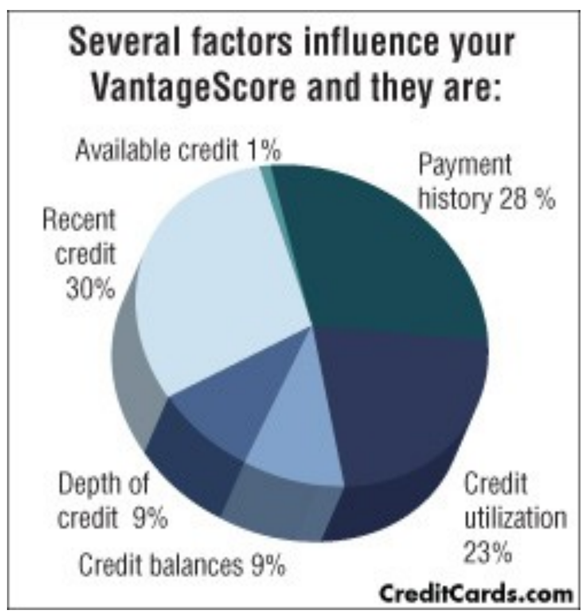
2. Your most recent information matters.

Your VantageScore is also based on many of the same factors as your FICO score. For example, says Griffin, your "payment history is the first and most important part of your credit score" and accounts for 28 percent of your score. The amount of credit you use in proportion to the amount of credit you're allowed is the second most important part of your VantageScore, he says, and accounts for 23 percent of your score.

The biggest chunk—almost a full 30 percent—of your VantageScore, however, is based on your recent credit behavior: how often you have applied for credit in recent months, how many new credit accounts you have opened and how you've been doing lately with the credit you already have.

"That kind of frightens people," says Griffin. "It looks like a huge piece of the pie." However, "recent credit really has a very minimal effect on the vast majority of consumers," he says. As long as you continue to pay your bills on time and don't go crazy applying for new loans, you should be fine, says Griffin. "What it really represents is a small percentage of people who are having difficulty in the near-term or in the recent past."

The importance that VantageScore places on recent credit sets it apart from FICO, which gives significantly less



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weight to it. Recent credit used to play a much smaller role in VantageScore's model. However, after completing research that found that recent credit behavior is a better predictor of how a consumer will behave in the future, the credit score provider revised its system.

"Credit scores are built on what actually happens and how insightful it is on whether people pay their debts on time," says VantageScore's Sarah Davies. Looking at recent credit behavior "provided a tremendous amount of insight into whether a consumer was going to pay their debts on time in the future."

3. You may still have a VantageScore, even if you have a very thin credit file.

The other thing that sets VantageScore apart from its competitors is that it will score consumers that other credit score providers call "unscorable," says Davies. "Our model is able to use, let's say, very sparse information about a consumer and still calculate the score for them."

For example, if you just got your first credit card a few months ago, you may already have a VantageScore. "A lot of other scores require at least six months of behavior to [develop a score]," says Davies. "VantageScore can score you in as little as a month."

VantageScore will also still give you a score even if the last time you used credit was a year ago. "Most scores require you to use credit within a six-month window," says Davies. VantageScore, in contrast, will look at up to two years of behavior to calculate a score.

This is important, says Davies, because it gives consumers with thinner files, such as recent graduates or people who rarely use credit, a chance to work within the system. Otherwise, "in order for a lender to work with you, they put you through a manual process which is more expensive, which is time consuming and, invariably, is a more complicated process," says Davies.

4. One person's negative mark may be scored differently than another person's.

If something out of your control, such as unemployment or medical debt, forces you to declare bankruptcy, your VantageScore will suffer. However, the damage may not be as bad as someone who has

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had a long history of managing credit badly, says Davies.

"One of the things we do in the model is we try to estimate who had to file for bankruptcy, but is a lower risk situation," she adds.

Their score will be affected, "but because that was a one-time event, I'm going to assume they've actually been doing well with all their other debts and so I'm going to assume that they are going to recover much faster."

By contrast, someone who has habitually missed payments and run up their credit cards probably won't see their score recover as quickly.

"We're looking at their behavior in slightly different ways," says Davies. Consumers who have had a run of bad luck "should not be penalized in the way that someone who has been living on the edge," would be, adds Davies.

5. Your VantageScore is calculated using the same information as your other credit scores. It's just presented differently.

"Don't get too caught up in the number," says Experian's Rod Griffin. Your different credit scores are all based on the same information that's in your credit reports and that's what you should focus on.

"The most important thing to know about credit scores is while numbers tend to be very different, the risk factors tend to be very similar from one scoring model to another," says Griffin. "So if you address those risk factors, your credit scores will get better."

It's also important to remember that "your generic score is just that. It's not a score a lender would use," adds the Consumer Federation of America's Steve Brobeck. Generic scores that you can buy online, such as the VantageScore, are designed to give you a general idea of where you fall on the credit scale. However, they won't give you a perfect snapshot.
"The bottom line is what the lender is charging you," says Brobeck. "Different lenders will treat the same score differently," he adds. So, "in the final analysis, don't take your score too seriously."

Major misperceptions about credit scores are a concern. People who fail to understand exactly what can impact their

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scores have little incentive to manage the real things that truly do make a difference—such things as paying bills on time, keeping credit card balances low, and not taking out unnecessary loans. That's why it's important to share educational materials such as CreditScoreQuiz.org, which can help consumers understand credit scores.

Among the strategies consumers can use to rebuild credit, Ms. Davies cited the following:

Keep all accounts current: If one or more payments have been missed recently, bring all accounts current, and then ensure payments are made on time for at least a year, preferably 18 months.

Reduce credit card balances: If the balance amount on one or more credit cards is greater than 70% of the full credit line for that card, substantially reduce balances to less than 30% and maintain that level for at least six months.

Reduce the remaining loan amount: Make additional mortgage payments to lower loan volume.

Do your due diligence: When opening a new account, rate shop within a two-week window to minimize the number of inquiries in your credit file.

Take care with credit cards: Try to refrain from closing unused credit card accounts—particularly if the account is multiple years old. Also, do not make inquiries for new credit or open any new accounts.

Be credit report-conscious: Review your credit reports for errors and if there are errors contact the bureaus and creditors.

This article draws information from: "What VantageScores Are, How They Work", by Kelly Dilworth, June 25, 2012, from CreditCards.com**,** http://www.creditcards.com/credit-card-news/what-vantage_scores-are-how-they-work-1270.php#ixzz1yocUzmMY; plus information from VantageScore and my class on scores. Article submitted by Kathryn Greiner, Director of Credit Education, University of Michigan Credit Union, kathryng@umcu.org (734) 662-8200 ext. 2741

Kelly Dilworth is a consumer finance reporter based in Austin, Texas. She began her career in personal finance journalism at CreditCards.com in 2010, after working in nonfiction book publishing for several years. As a journalist, Dilworth specializes in consumer credit and debt issues and has written about everything from consumer credit report errors to the Federal Reserve's monetary policy decisions.

Effective Communications With Older Customers

by Linda Smith

Instant communication is "the name of the game" in today's business world but it may not be the preferred route to take when working with older clients and customers.

Boomers and the generations before them came of age in times when business decisions were made via face-to-face meetings, long and frequent phone conversations and "snail mail". While some of them have embraced our electronic communications world, many are uncomfortable doing business via social media, texting, quick cell phone calls and even e-mail.

It pays—both in sales and collections—to adjust your approach when dealing with older customers. You don't need to abandon your standard methods of doing business. Just tweak them to make it easier for these customers to relate to you and work with you. In the end, you will be rewarded with loyal customers and will save yourself time, money and headaches.

The Initial Contact

Old-fashioned manners are crucial when talking with a current or potential older-aged customer either face-to-face or over the telephone. I make it a point to clearly state my name and my business' name and then follow with small talk for a moment or two before getting down to business. I find this creates immediate repartee.

It is also a good idea to address the customer formally until given permission to use his or her first name in conversation. And don't forget to use "please" and "thank you" in a conversation.

Make sure the older person hears you by speaking up. People will not tell you that they are hard of hearing. Be concise in your speech. Do not assume that the customer will pick up nuances of voice. If you are interested in having the person as a customer, stating "I would like to do business with you because…" will get your point across clearly.

Before closing this initial conversation, I always ask the potential customer how he or she prefers to be contacted. Their response gives me valuable information about their needs. For example, if e-mail and online statements are not an option, this is a red flag that this person may have "old-fashioned manners".

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Building a Relationship with a New Customer

I find that many older customers need to have a "face to face" appointment to make an emotional bond with my company. I'm always willing to set up a time for them to come to my office. I'm also willing, if they prefer, to meet with them at their office.

Either way, I send the new customer forms that need to be filled out in advance of an appointment. If they are coming to me, I also include a map and directions to my office, along with parking information. In this way, I immediately make a second contact and often get more complete information for my files.

Signing a Contract

When the time comes to sign a contract, make an appointment with the customer to go over the details face-to-face. Offer to send an advance copy to review but make it clear that you want to meet prior to signing to be certain there are no misunderstandings.

You can eliminate some misunderstandings by avoiding the use of business slang and acronyms in your contract. This can be confusing to people who do not have a good understanding of common business or legal language.

Another way to avoid misunderstandings is to read the contract out loud during your face-to-face meeting. Some people, especially those for whom English is a second language, find it easier to understand the verbal rather than the written word. However, stop reading frequently and ask if the client has any questions to make sure that the information is being understood.

After reviewing the contract, clearly state your needs and the response you expect from the client. Then ask for input. "Will this plan work for you?"

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is a good phrase to find out if your point got through to the customer.

Make it easy for your client to pay on time

I find that clearly written invoices using larger type and simple text make the bills get paid faster.

If you make a point of using an easy to read format with a clear statement of the due date, payee name and remit to address, your bills will float to the top of the pile. A technique that has worked well for me is putting the important bill information in bold type and adding a contact name with a telephone number on all of my correspondence.

Your invoice should also clearly state interest or penalties for late payment. These actions are not threats but, instead, a part of your plan if they need to be used later.

If payments are consistently late, set up a face-to-face meeting with the older customer. Once the business conversation begins, be clear in the explanation of your needs. It is a good idea to restate your plan of action before ending the conversation.

In addition, write out a simple plan of action during the appointment and give the paper to the customer to look over later. By noting specifics on due dates and amounts due, you can help yourself with collections now and in the future.

I try to stay in contact monthly or quarterly with my clients by simply signing my name on invoices sent. A "Post-it"™ with a personal note goes a long way toward getting my invoices to the top of the payables pile. It also gives me a third point of contact.

Seniors love a personal touch

Build good will. Go where they go—festivals, funerals, etc. If they see you, they are more likely to pay you!

Pay-in-person promotions are another good way to have face-to-face contact that helps your company get paid first. It takes a little more time to do business this way, but frequently these loyal customers are worth the effort.

Always keep in mind that older customers are very loyal and tend to make referrals to others if they feel well treated and respected.

Linda Smith has been a rental , leasing and collections agent for 25 years. Linda also works with a bookkeeping and income tax practice specializing in elderly clients needs. Married to a very patient man for 28 years, Linda has two elementary school-age daughters. She is a Girl Scout leader, PTO treasurer and Mom. As a Michigan farm girl with a business background, Linda finds she has an unusual angle on dealing with today's business clients.

You Too Can Make a Fortune Online And Transform Your Life

By Jane Stovall

We've all read titles like this over the years and have either been put off by them, or wanted to know more. The truth is the topic of making money online is not "pie in the sky". It's true! People from across the globe are making money every day, and it has changed their lives in one way or another. So yes, you too can make money online part time or full time. It's really up to you.

When it comes to making money online, most people start by sharing what they already know, or by performing what they can do. I wasn't born with an amazing talent or athleticism, but I do love to help people market their businesses. Sharing your message in a way that is authentic and meaningful is how you can make money online. So no matter how unimportant, silly, or complex a topic (often called a niche) there is always someone out there who wants to know more about it.

A Little History about the Growth of the Internet

The internet has come a long way since I first got online in 1987. The service I used back then was called U.S Videotel (USV), an online portal of various services ranging from phone, movie and news directories, to encyclopedias, gaming portals and message boards. Anyone who had USV equipment and a phone line could get online. Because the bulk of USV's customers lived in the state of Texas, it appeared that no one else in the country was online. Unlike today, there were no blogs, eCommerce stores, auction sites, or "make money while you sleep" ads. As a matter of fact, we didn't even know what websites or email were. Though I shared my love for my new found toy, most people just didn't "get it".

Today, however, 77 percent of the U.S population is online. And they are searching for information, chatting with others, and buying products like crazy. According to ComScore, an industry news source for search engine

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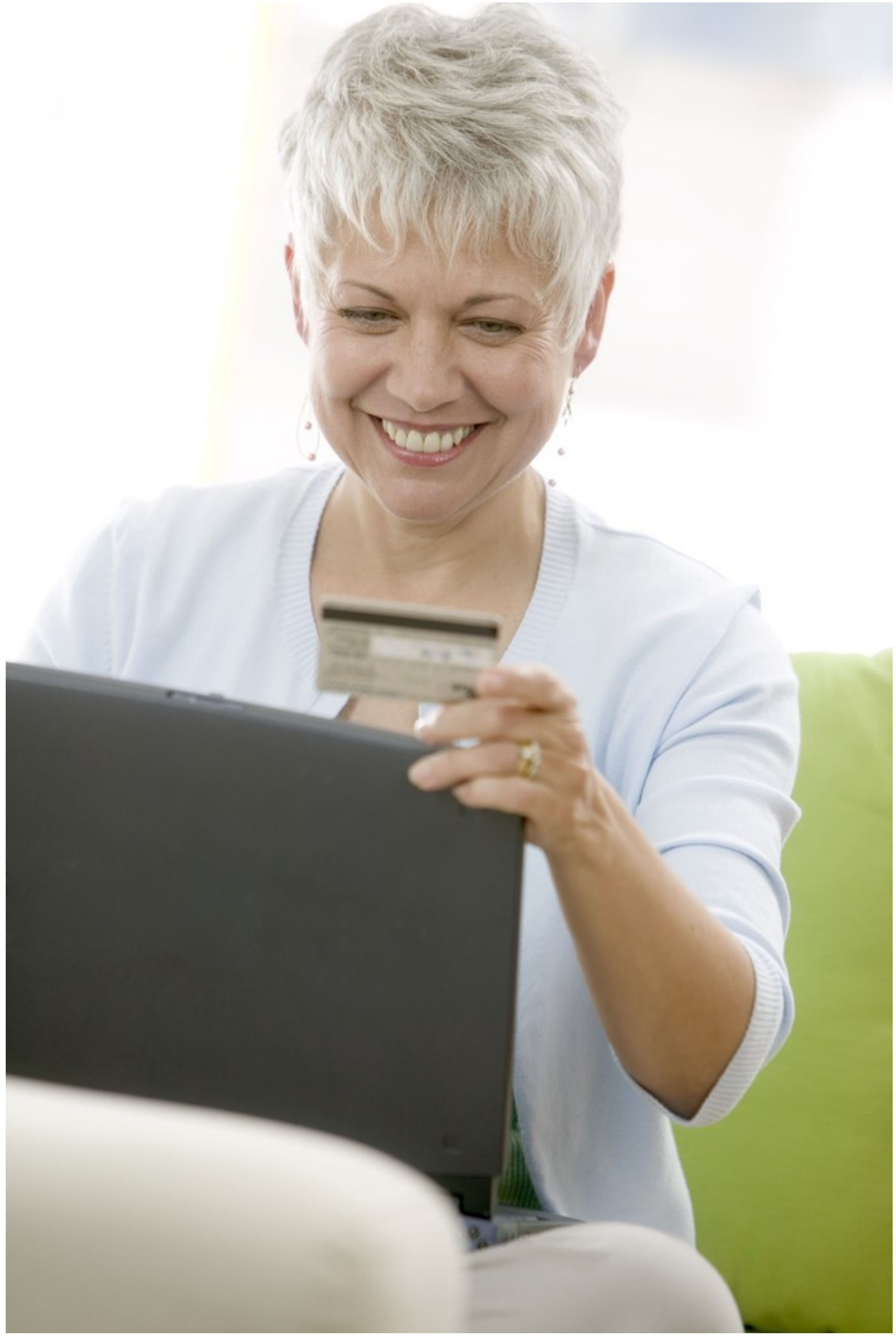
activity, "U.S spending reached a record $15 billion in 2011, with a record breaking $1.25 billion in sales on Cyber Monday alone". With the introduction of smart devices such as cell phones, and tablets, these numbers are only expected to increase exponentially in the coming years.

While I would love to go into detail about all the areas and techniques that one can use to market themselves online, it's impossible to explain them all here. However, my goal in writing this article is to provide you with a glimpse into some of the exact techniques ordinary people of all ages and back-grounds use to make money online. In some cases, these same techniques have been used to build entire fortunes!

To begin, you should know that the top selling types of products online are Information based. Information usually fit in one of these seven categories:

- "How To…"
- Relationships & Dating
- Money & Financial
- Business & Money Making
- Health/Fitness/Diet
- Self-Improvement/Training
- Entertainment/Travel/Lifestyle

"How To" is the #1 information category that people research most.



So How Do People Make Money?

Simple—by creating products from information they know, selling it over the internet, and delivering it digitally at point of sale.

As we all know, there are other ways of making money online other than selling information products. However, I want to focus on three techniques that you can do right now to develop your own product, provide ideas on how to transform them into different product categories, and show how to sell them over and over and over again.

Information products come in many forms. The more popular product types are eBooks, websites, membership sites, courses, and mp3 audio recordings, to name a few.

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While one can make a decent living selling "one off" programs, meaning there's only one payment made when purchasing a product, the "secret sauce" to earning higher incomes occur when the same information from one product type evolves into, or is combined with, related products.

Product Types in Motion!

I. eBooks

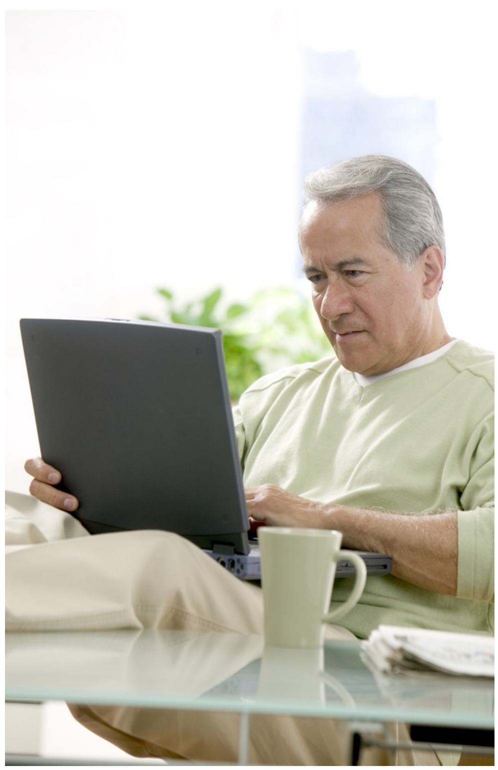
An eBook is an electronic version of a traditional book that can be read by using a personal computer or by using an eReader such as the Nook® or Kindle®. Just about anyone with quality content can create a book and get it published or marketed across the search engines or by housing it at one of the largest book selling sites in the world: Amazon.

Consumers in general want convenience, and they want their products now! eBooks satisfy both of those needs.

Though your book should solve a problem, a need, or talk about something interesting, the end goal is to have the reader wanting to learn more from you. Below are a few examples of how self-published authors are making money through eBooks.

Penny Halgren loves to quilt and, when she faced being laid off from the IT Department in San Diego County, she looked to the internet as a possible source of income. She started by creating an eBook which taught people how to quilt. Though her book was created prior to the invention of eReaders, she sold her book as a downloadable pdf for $17. To market her product, she put together a simple website, ran ads through Google, and earned $12,800 in six weeks. Today, Penny has nine books both in traditional paperbacks and in eBook form priced at $59 and $39 respectively. She chooses not to sell on Amazon due to their pricing structure for eBooks, which is only $.99–$14.99, plus administrative fees. She later developed these eBooks into other products at How-To-Quilt.com. (More about that later.)

Nathan Morris is a car enthusiast. When he was just 16 years old, he had a fascination with cars, namely the Honda Accord. His interests were more about performance and speed and how to get more out of his own '92 Honda Accord. He joined forum discussions, read trade magazines, and, over the years, decided to compile everything he knew into a CD of Notes that he sold on eBay for $20 each.



Initially, he made about $800 a month. However, after he learned more internet marketing techniques, he sub-niched his CD and created five eBooks that taught other enthusiasts how to take an engine from a Honda Civic and drop it into the body of a Honda Accord to increase the car's performance, speed, and acceleration. Because of the pricing of his eBooks, $39.95 each, he also sells them as a downloadable pdf through his website at H22Swap.com. Nathan has consistently earned six figures for the past eight years with his eBooks.

Unbelievable I know. Just ask his mom, who for the longest time thought he was selling drugs!

Amanda Hocking is already a millionaire author at the ripe old age of 26.Though she was rejected by a number of traditional publishers, she decided to become a self-published author and give Amazon a try.

Though Amanda's not selling information, the topic she writes about is Vampire Romance, for which she earns $2 million a year through her Kindle® sales. What's her strategy? She has 26 titles on Amazon, and sells her books from $.99 to $2.99. And due to Amazon guidelines, she gets to keep 70 percent of the profit—terms most traditional publishers can't compete with.

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Just so you know, the minimum word count for an eBook sold on a Kindle® is 1,400, which amounts to about 3-1/2 pages typed. Though it's rare to have a one hit wonder where the author rakes in millions of dollars with one title, the true secret to earning the big bucks from eBooks is to have embedded links throughout the book that take the reader to the author's website and blog where they find related products to buy. Whether these products are owned by the author, or the author is acting as an affiliate (one who sells a merchant's product and gets paid a commission on each sale), the point is to create alternative streams of income to increase earnings.

Another way to land on the path to millions with eBooks is to create a number of titles and price them correctly on Amazon, Barnes & Noble, or any other eBook site, as Amanda Hocking did.

II. Membership Sites:

When it comes to learning, some people like reading, while others like the convenience that audio provides. However, a great deal of people like watching video.

Membership sites provide the flexibility to house all three format types to accommodate each preference.

Membership sites come in two flavors: lifetime memberships and continuity programs. The lifetime membership requires a member to pay once and, for the lifetime of the site, they will have access to its content.

The other type of membership site is a continuity program. This type of program requires a monthly payment in order for the member to continue receiving updated information or access to possible tools built into the site for their use.

Membership sites can be on any niche topic, and membership fees are priced by you.

Andrew Koblick at Guitar5day.com created a lifetime membership site where students pay a one-time fee of $77 for guitar lessons.

Fernando Cruz also created a lifetime membership site where students pay a one-time fee of $137 where they're taught Salsa Dancing at Salsa-Rhythms.com. While these guys are not the big time internet marketers making seven-figures a year, they do earn a handsome income part-time in the high five-figures.

Could an extra $40,000 to $75,000 a year make a difference in your life?

Jermaine Griggs is simply amazing. He has transformed and expanded his products many, many times. Let's take a look.

At 16 years of age, Jermaine wanted to teach people how to play the piano by ear. So he wrote a few books and sold them door to door. Though that was an old school technique, he did manage to pull in $300 a month.

However, after learning about the different ways to make money on the internet, he quickly built a website at HearandPlay.com, and sold lessons through his site. Today, Jermaine has expanded his Hear&Play empire to include eBooks and in-home study courses.

He also has transformed the site to a membership site which contains videos, sheet music and many piano lessons from Blues, Jazz and Gospel, to Latin and Urban styles and now includes guitar lessons.

He has a loyal following of more than 270,000 students from 113 countries who are either monthly subscribers to his continuity program for $14.95 a month, or followers of his newsletter, through which he promotes other products to them. This is a true example of taking the information of one product and sub-niching it down into other products.

Penny Halgren: As mentioned above, Halgren expanded her eBooks into several sub-niches of quilting and now has close to 50 courses, priced from $17.50-$150, all sold from her Blog (yet another strategy–see Blogs below). She delivers her products as an audio mp3 recording, a DVD, and also has a membership site to meet her audience's needs.

After learning everything she knows about internet marketing to sell her own

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products, she now has an internet marketing course that teaches professional quilters how to bring their quilting business to the internet. She charges $497 up front, plus a monthly membership fee of $97. Lastly, Penny expanded her internet marketing course yet again to a live weekend seminar where she charges $997 a seat. And in case you didn't realize, Halgren is one of the successful mega marketers you hear about who's making a fortune online!

III. Blogs:

Blogs or websites are a necessary tool for any marketer online. It provides its owner with a bridge to interact with his or her audience; is an integral part in providing additional information; and can serve as a hub to sell products.

While there are countless permutations of blogging to make money, we'll cover three types: Direct Product Sales, Advertising Space Sales, and Site Flipping.

Traditionally, blogs were made up of daily ramblings or articles from its owner. Blogs have a number of different styles to present their content. For example, they can be informational, instructional, inspirational, provide reviews, interviews or links, and more. The bottom line is, your blog can be about whatever topic you like, and can be any style that suits your personality.

Direct Product Sales:

Rhema Marvanne is a special little nine-year-old with a beautiful voice. At the age of six, she began her singing career on YouTube. She wanted to sing "Amazing Grace" as a tribute to her mom who died of ovarian cancer in 2008. Her dad originally posted her video for friends and family, but it instantly became a YouTube sensation with 23 million views. Since then, she has created countless videos on YouTube, has appeared on a number of TV programs, performed at sporting events, and made an appearance in the 2011 movie Machine Gun Preacher. She recently recorded her third album and currently sells it, and all other works, from her website: RhemaMarvanne.com.

Advertising Space Sales:

Matt Drudge is the creator and editor of the Drudge Report, a news aggregation source which leans toward conservative issues and views. Matt got his start by providing insider gossip he was privy to working as a manager at CBS Studios. He created a newsletter and distributed his gossip via email to his friends and family. However, in 1998, Drudge gained popularity when he broke the story that later became the Monica Lewinsky scandal.

What's interesting about the Drudge Report is that this site consists mainly of links from other news sources. There are little to no unique articles by

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him or by the people who help him run the site. Instead, it consists of links to articles from other sites. It's reported that Matt makes about $33 million a year selling ad space on his site.

Sites can also be flipped just like real estate. It occurs when you take a new or existing site, add content, gain traffic, and flip it for a higher price.

Site Flipping

Arianna Huffington is an editor, writer, columnist and politician. She is the co-founder of the Huffington Post, a news website.

The Huffington Post began as a liberal/left commentary outlet, and as a direct response to Matt Drudge's Drudge Report. Not only does the Huffington Post cover political news, but everything from entertainment gossip to health tips and local news. It employs 200 staff members, has a team of columnists and has access to other news source providers.

Unlike the Drudge Report, the articles on the Huffington Post are of original content. As it relates to site flipping, the Huffington Post is the highest flip I've seen, where AOL purchased it for $315 million dollars.

Ordinary People Are Making Money Online Everyday!

As you can see, people from all over the world are taking control of their financial lives and making money online by building small, and sometimes large online businesses that continue to spew cash no matter what they're doing or where they live.

Why not you?

I've shared examples of average people who are making money online by synthesizing their life experiences or passions, and creating products and programs for sale to the public. They have articles, books, audio courses, membership sites, podcast sites or in-home study courses, all of which are extremely easy and cheap to create.

These people are no different than you or me, nor were they experts when they began. That's the beauty of the internet and that's why people are flocking in droves to get their share of this pie.

You may not be sure of the niche you want to go into, or if it's the "right one". The point is to get into action on something you love. The money is out here for anyone willing to learn and put the effort in, and that includes you! Whether your goal is to bring in supplemental income or build an online empire, the opportunity is out here and has never been more attainable by anyone than ever before.

For more information on how you can get started making money out of your passions or life experiences, visit BabyBoomersWealthClub.com. The opportunity is out here. It's just waiting for you to take action!

Jaye Stovall is an Internet marketing consultant, speaker, and instructor. Since 2008, Ms. Stovall has facilitated the growth of small businesses in Chicago, Cleveland and Columbus, OH, by developing and implementing strategic online marketing plans that build a strong presence; engage customers and prospects; and increase sales. She is the co-founder of SJM Digital, where she and her team provide SEO, and Social Media Marketing services to local businesses.

She is a contributor to BabyBoomersWealthClub.com, an online portal designed to show individuals how others create additional income by producing products and programs from their hobbies, passions and interests.

Ms. Stovall enjoys educating audiences on SEO, Social Media, and Mobile Marketing, and loves to demystify the industry, and technical jargon, while illustrating "what's possible" with the internet.

Ms.Stovall lives in Chicago with her husband, Maikol, and holds a finance degree from the University of Houston.

Consumer Reporting in the Employment Context: Special Considerations For CRAs and Employers

By Mike Coffey

According to a pair of recent Society of Human Resource Management (SHRM) surveys, 87% of employers conduct some sort of criminal background checks on prospective employees,** while over half (53%) indicated that they do not review credit reports on job candidates.**

These numbers are reflective of employers' thoughtful use of candidates' background information in making hiring decisions and their aversion to discrimination claims by those who are adversely impacted by the use of such information.

It is important to understand why employers run background checks. According to the SHRM surveys, employers' are most concerned about ensuring a safe working environment, reducing the threat of theft or loss due to dishonesty or other criminal activity, and limiting their own liability for negligently hiring the wrong person for a particular position.

My more than twenty years in human resource management suggest another even deeper concern for employers: identifying job candidates who will be responsible, competent, and productive employees. While this wasn't an option available to survey respondents, discussions with employers about the perils of selecting new employees quickly turn to the cost of recruiting, interviewing, onboarding, and training new staff only to determine a few days, weeks, or months later that the employee is leaving the company voluntarily or involuntarily.

Some employers are also required by state or federal regulations to conduct specific background checks on individuals entering certain

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positions. These employers include FDIC-insured banks, Department of Transportation-covered trucking firms, healthcare institutions, energy and vital infrastructure companies, and a wide variety of government contractors.

It is also important to remember that companies needing to hire competent and safe employees are not seeking to throw arbitrary obstacles into the hiring process—employers want to fill open positions as badly as job seekers want to be hired. The vast majority of employers are doing their best to fairly evaluate the available background information on candidates and make reasonable judgments as to how their past performance may predict their future performance.

The woefully ill-named federal Fair Credit Reporting Act (FCRA) covers much more than the use of credit reports in financial transactions. Anytime information about an individual is procured from a non-governmental third party for use in making lending, insurance underwriting, or employment decisions, the FCRA applies to that transaction. These third parties are "consumer reporting agencies" (CRAs) in the parlance of the FCRA and the reports they deliver are "consumer reports."
This means that consumer reports extend far beyond the traditional credit report. Databases of criminal records assembled by private data brokers as well as information retrieved by small mom-and-pop researchers from the live records of county courts would constitute consumer reports if the information were to be used for any of the stated FCRA permissible purposes, including employment. Likewise, seemingly benign information, such as references from former employers or verification of education claims, would be considered consumer reports when collected by firms on behalf of the employer.

An employer who conducts its own court research or verifies employment and education claims in-house is not subject to the FCRA, as its reports do not constitute consumer reports. This exception would include in-person or online searches of state or county criminal records.

The expediency of outsourcing such research to a third-party (whether an HR consultant, a background screening firm, or an internet-based data provider) comes with the slight additional burden of FCRA compliance.

However, the use of third parties to conduct employment-related background investigations benefits employers in several ways:

- Often, an investigation is viewed by all parties as more impartial and as having a greater degree of fairness when conducted by a third party who presumably has no direct interest in the outcome of the investigation.
- CRAs specializing in employment-related back-ground investigations are typically more experienced in researching and abstracting criminal records than are an organization's own

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- human resources or management staff.
- Unlike credit reports, much of the information included in employment background checks does not rely in online databases. Using a CRA to manage the time-intensive processes involved in preparing a background check ensures that management or professional staff's normal time commitments do not compete for priority.
- Finally, and perhaps most importantly, the FCRA provides CRAs, those who furnish them information, and those to whom they make their report, immunity from legal actions in the nature of defamation, invasion of privacy, or negligence in connection with the investigation.* This is an immunity not available to an investigation conducted by the employer's own staff.

Finally, there is a special type of consumer report referred to in the Act as an "investigative consumer report," defined as:

> *a consumer report or portion thereof in which information on a consumer's character, general reputation, personal characteristics, or mode of living is obtained through personal interviews with neighbors, friends, or associates of the consumer… or with others with whom he is acquainted or who may have knowledge concerning any such items of information.**

A good test to determine if a consumer report also qualifies as an investigative consumer report is to ask whether any of the furnishers of information for the report did anything beyond verification of information provided by the applicant or employee. In other words, if any part of the report came from an interview or was volunteered by the source of the information, that report is considered an investigative consumer report.* This distinction becomes important as we discuss the obligations of both the employers and

investigators under the Act. Taken in total, these definitions include most employment-related investigations conducted by third parties for a fee regardless of whether or not a credit report is delivered.

The FCRA includes a number of requirements for CRAs and employers, some of which are unique to employment-related consumer reports. This article will focus on the most notable requirements affecting employment-related consumer reports.

The FCRA mandates that CRAs provide:

- The *Prescribed Notice of Furnisher Responsibilities* to those "who regularly and in the ordinary course of business furnish information to the agency," and
- T*he Prescribed Notice of User Responsibilities* and the *Prescribed Summary of Consumer Rights* to any person to whom a consumer report is provided.*

These documents were previously provided by the Federal Trade Commission, however, they are now the responsibility of the recently created Consumer Finance Protection Board. The CFPB recently issued new versions of these documents, which are available on their website.**

Before providing a consumer report for employment purposes (i.e., a background check or other investigation), the consumer reporting agency (i.e., the investigator) must receive certification from the employer that the employer:

1. Has complied with the requirements for disclosure to the consumer that a consumer report may be requested (i.e., applicant or employee), and
2. Will comply with the FCRAs requirements before taking any adverse action against the individual based, in whole or part, on the report.

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Credit Education Resources FOUNDATION

Serving CPI members through:

Scholarships for continuing education

Grants to support local association consumer credit education programs

Funds to publish *The Credit Professional* magazine

Recognition of CPI members, via the Helen B. Sawyers HERO Award, for outstanding dedication and achievement to CPI, the credit industry, and consumer education

AND

Serving consumers through:

Sponsorship of credit education programs for consumers

Creation and distribution of *Take Charge of Your Life*, a credit education program created by CPI members for consumers

Financial support of the National Center for Missing & Exploited Children, including NetSmartz®, an Internet safety program.

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3. Will not use the information in violation of any applicable federal or state equal employment opportunity law or regulation.*

Prior to requesting a consumer report for use in the employment-context, an employer must:
1. Disclose to the consumer, in a separate document that consists only of the disclosure, that such a report may be requested for employment purposes;* and
2. Obtain the consumer's written authorization to obtain the consumer report.*

If the report will contain any elements which may be classified as an investigative consumer report, it must be clearly and accurately disclosed to the consumer not later than three days after requesting the report that a report including information "as to the consumer's character, general reputation, personal characteristics and mode of living, whichever are applicable, may be made."*

This disclosure must also include a statement informing the consumer of his right to request the nature and scope of the investigative consumer report and to receive a copy of the Prescribed Summary of Consumer Rights.*

While the disclosure that an investigative consumer report has been ordered may be made up to three days after the report was requested, the more general disclosure requirements for all employment-related consumer reports must still be obtained *prior to* requesting the report.*

The FTC has indicated that all three of these requirements may be met in a single document without violating the requirement that the consumer report disclosure statement be in a separate document.*
The following verbiage was suggested by one FTC staff attorney as a means to meet both disclosure requirements:

> *A consumer report may be obtained on you for employment purposes. It may be an "investigative consumer report" that includes information as to your character, general reputation, personal characteristics and mode of living. You have a right to request disclosure of the nature and scope of the report, which involves personal interviews with sources such as your neighbors, friends, or associates.**

Many CRAs' disclosure forms then provide a place for the consumer to sign and date the document.

FTC staff members have opined that the disclosure document may also include space for the consumer to provide identifying information such as "date of birth, Social Security number, driver's license number, and current and former addresses".*

Although it seems administratively simple to include both disclosures and the consumer's authorization on the same form, they do not have to be combined. In fact, the only document that must be a separate form according to the FCRA is the general disclosure that a consumer report may be requested in connection with employment. The disclosure regarding the procurement of an investigative consumer

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report and the consumer's authorization to the employer may be included in the employment application or some other employment-related documentation.*

It should be noted that inclusion of additional information or authorizations on the consumer report disclosure form is not permissible. Many employers have faced lawsuits because their disclosure documents included releases of liability, "at-will" employment statements, and other non-FCRA-related information.

Special Focus on Accuracy—Use of Public Record Information

When any public record information is used in a report, including criminal or civil case dispositions, arrest records, or Department of Motor Vehicle records, and that information is likely to have an adverse effect on the consumer in an employment context, the FCRA requires the CRA to ensure that the information reported "matches the status of the item at the time the report is requested."* This eliminates reporting the results of popular Internet-based or other databases that are updated periodically.*

The undesirable alternative to this requirement is for the CRA to notify the consumer that the negative public record information is being reported, along with the name and address of the employer to whom the report is being provided, commonly called "contemporaneous notification."*

Additionally, if the public record information is included in an investigative consumer report, the agency must have "verified the accuracy of the information during the 30-day period ending on the date on which the report is furnished."*

Several major CRAs have recently settled federal and state lawsuits surrounding their delivery of databased public record information to employers without first verifying its accuracy. Additionally, ConcernedCRAs.com, a group of over 160 CRAs, has formed to bring attention to this important consumer protection issue.

The FCRA also places age limits on information that can be provided in consumer reports. In general, the following cannot be included in a consumer report:*

- Bankruptcies more than 10 years old,*
- Civil suits and civil judgments more than seven years old,
- Arrest records more than seven years old,
- Tax liens paid more than seven years prior to the report date,
- Accounts placed for collection or charged off more than seven years prior to the report date,
- Any other negative information, with the exception of criminal convictions, more than seven years old.

Note that there is no longer a limitation on the age of criminal convictions that can be reported.*

The one employment-related exception to these limitations is granted when the consumer's annual salary equals, or may be reasonably expected to equal, $75,000 or more.*

Additionally, no negative information collected in connection with a previous investigative consumer report may be included in a subsequent consumer report unless:

1. The information has been re-verified during preparation of the current consumer report, or
2. The adverse information was received within the three month period before the date the subsequent consumer report is furnished.*

Before an employer takes any negative action against an individual (e.g., decision not to

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hire, decision to demote or not promote the employee, or to terminate the employee) based in whole or part on a consumer report, the employer must first provide the individual:

1. A copy of the report; and
2. The Prescribed Statement of Consumer Rights.

In practice, though not expressly required by the FCRA, most employers also provide the individual with a cover letter explaining that the employer may take adverse action based in whole or part upon the report and providing them the name and address of the consumer reporting agency (the investigator's firm) in the event that the individual wants to dispute any of the information.

The FCRA does not prescribe an amount of time after providing the pre-adverse action notifications to the individual that an employer must wait before taking the adverse action. However, FTC staff has opined that the intent of the law was to "allow consumers to discuss reports with employers or otherwise respond before adverse action is taken" and that the time between this notification and the taking of adverse action should be timed accordingly. However, if the consumer does dispute the information with the consumer reporting agency, there is no requirement that the employer wait until the consumer reporting agency completes any reinvestigation of the disputed information before taking adverse action.

When the consumer is a current employee, the employer may find it expeditious to meet with the consumer to provide the pre-adverse action disclosure to the consumer. In the same meeting, the employer may allow opportunity for the consumer to review the information and offer any rebuttal to the report. Then, if adverse action is still to be taken, the employer can then inform the consumer and provide the post-adverse action

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disclosure detailed below. This might all occur within a single meeting.

When the consumer is not a current employee, as might occur when a pre-employment background report has been requested, the pre-adverse action disclosure is usually mailed to the consumer. In this event, our firm recommends that employers not take the adverse action for at least five business days after the disclosure is mailed, providing the consumer with sufficient opportunity to receive the information and contact the employer if they wish to discuss any of the information in the report. So that the employer has documentation that the pre-adverse action notification was provided to the consumer, our agency recommends that this notice be sent certified mail as well as regular first-class mail. The former is for tracking purposes and the latter is to avoid claims by consumers that their receipt of the information was delayed because they were unable to retrieve the certified mail piece at the post office.

Once the employer has taken adverse action against the consumer, the employer must provide the consumer with a post-adverse action notice that includes:

1. Notice of the adverse action;
2. The name, address and telephone number of the consumer reporting agency that furnished the report to the employer along with a statement that the consumer reporting agency did not make the decision to take the adverse action and is unable to provide the consumer with the specific reasons why the adverse action was taken;
3. Notice of the consumer's right to obtain a free copy of the consumer report from the consumer reporting agency and to dispute the accuracy or completeness of the information in the report.

Unlike the pre-adverse action notification, the employer may choose to deliver the post-adverse action notice orally, electronically or in writing. However, our agency recommends that this notification be delivered in writing with a copy to the employer's files so that there can be no future uncertainty as to what information was provided to the consumer.

FTC staff has stated that the employer may contract with the consumer reporting agency "to fulfill the user's ministerial obligations under the FCRA." Our agency typically provides this service to our clients to ensure that the FCRA-required pre- and post-action notices are provided appropriately.

While the Fair Credit Reporting Act's requirements on employers and CRAs may seem excessive, compliance is the only reasonable alternative available.
The liability risk is great for employers who fail to adequately research the

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backgrounds of potential employees. State and federal courts have repeatedly ruled that employers have a responsibility to obtain information that is reasonably available about potential employees backgrounds prior to introducing them into the workplace and exposing other employees, customers, and the public to unknown risks. Employers who have conducted and appropriately acted upon such due-diligence background investigations have seen their own liability mitigated when their employees have caused harm.

Likewise, claims of harassment or other workplace disorder cannot be ignored. To do so greatly increases the likelihood of lawsuits and employer liability for hostile or dangerous workplaces. Many supervisors and human resources professionals lack the time or skill to adequately investigate such complaints and professional investigators or legal counsel are the ideal source for such investigations.

Finally, increasing numbers of plaintiff's attorneys are becoming familiar with the requirements of the FCRA. To ignore those requirements during a third-party investigation exposes the employer and the investigator to federal civil suits by both employee plaintiffs and the Federal Trade Commission.

Mike Coffey is a Senior Professional in Human Resources and president of Imperative Information Group, a human resources consulting firm and provider of employment background investigations and other forms of business due diligence. He is also a private investigator licensed by the State of Texas. He is a past director of the National Association of Professional Background Screeners (NAPBS), a founding member of Concerned CRAs, and a current director for the Texas Association of Licensed Investigators (TALI). He is the 2013 president of the Fort Worth Human Resource Management Association.

Footnotes marked by single asterisk:

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Section 610(e) [15 USC § 1681h]
Section 603(e) [15 USC § 1681a]
See the July 9, 1998 letter from FTC staff attorney Thomas Kane to Carolann Hinkle
Section 607(d) [15 USC § 1681e]; The prescribed notices are included in Appendix B to this paper

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Section 604(b)(1)(A) [15 USC § 1681b] for all consumer reports and Sections 606(a)(2) [15 USC § 1681d] 606(d)(2) [15 USC § 1681d] for additional requirements relating to investigative consumer reports
Section 604(b)(2)(A)(i) [15 USC § 1681b)
Section 604(b)(2)(A)(ii) [15 USC § 1681b)
Section 606(a)(1)(A) [15 USC § 1681d)
Section 606(a)(1)(B) [15 USC § 1681d); See also the June 12, 1998 letter from FTC staff attorney William Haynes to Richard Hauxwell on this matter.
This is evident from a literal reading of the FCRA but was also supported in the previously mentioned Issac-Brisch letter.
See the previously mentioned Brinkerhoff-Willner letter and the October 21, 1997, letter from FTC Investigator Cynthia Lamb to Richard Steer
See the previously mentioned Brinkehoff-Willner letter
See the previously noted Haynes-Hauxwell letter

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See the previously mentioned Issac-Brisch letter, which discusses an employer's options in this regard
Section 613(a)(2) [15 USC § 1681k]
See FTC attorney Helen Foster's May 5, 1999 letter to John Allan, III on this subject.
Section 613(a)(1) [15 USC § 1681k]
Section 606(d)(3) [15 USC § 1681d]
Section 605(a) [15 USC § 1681c]
Also note that Section 615(d) USC § 1681m] requires that reports that contain bankruptcy information provide the chapter of Title 11, United States Code, under which the bankruptcy was filed and, if the bankruptcy was withdrawn by the consumer prior to final judgment, the report must indicate "that such case or filing was withdrawn upon receipt of documentation certifying such withdrawal."
Most employers and investigators make the decision to limit criminal research for employment background checks to the previous seven to ten years. This is an economic and practical decision. Many jurisdictions, however, have the technical capacity to research further back.
Section 605(b)(3) [15 USC § 1681c]
Setion 614 [15 USC § 1681k] and 606(d) [15 USC § 1681d] already apply a much higher standard for the timeliness and accuracy or public record information than that set forth in the secon option above and would seem to satisfy this requirement with respect to public record information.

Footnotes marked by double asterisk:

Page 29
http://www.shrm.org/Resarch/SurveyFindings/Articles/Pages/CriminalBackground Check.aspx
http://www.shrm.org/Resarch/SurveyFindings/Articles/Pages/CreditBackground Check.aspx

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http://www.cfpb.gov

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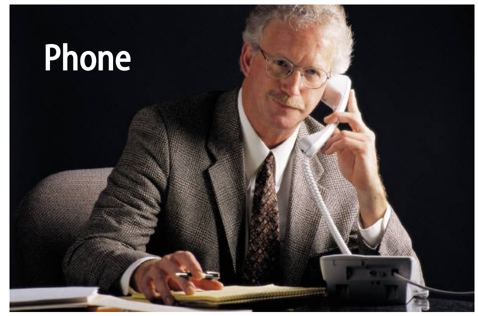

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Walk-A-Thon Materials	CPI Handbook
CPI Handbook	Forms and related materials
Credit Education Month information	Award information
Pre– and Post-Conference Capsules	Historical data

The Foundation and YOU !!

By Nona Ellzey, MPCE

The Credit Education Resources Foundation, commonly referred to as "The Foundation", is a separate corporation that maintains a partnership with Credit Professionals International (CPI) and is a significant benefit to CPI members and all those they serve through their work and volunteer efforts.

The Foundation, born at an August meeting in St Louis in 1987, was chartered in 1989. Because it is a 501c(3) corporation, donations to the Foundation are tax deductible.

The Foundation's officers and directors—all of whom must be regular or at-large members of CPI—are appointed by the CPI president, who also serves, without a vote, as an ad-hoc member of the Foundation's board of directors.

The mission of The Foundation is to provide credit education to the general public by utilizing and enhancing the combined talents, education and expertise of CPI members.

Accomplishing the Mission

The Foundation enhances the education and expertise of CPI members by sponsoring the CPI certification program and by funding the publication of two issues of *The Credit Professional* magazine each year. (note: the second magazine issue replaces *The Education Manual*, which The Foundation also sponsored.)

In addition, The Foundation has produced a consumer credit education program, "Take Charge of Your Life," which CPI members can present in their communities. This program is also available on a CD for distribution to local schools and libraries.

Through a grant program, The Foundation also provides funding for credit education programs developed, sponsored and executed by CPI local and state associations, as well as CPI districts.

Certification Benefits You

The CPI certification program, which The Foundation supports, is open to anyone who works in the credit industry, whether or not they belong to CPI. However, CPI members have a "leg up" because they have more opportunities to engage in activities that earn them points toward certification. In addition, they have access to fellow members who can serve as mentors.

Professional certification is a means of verifying, through a

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third party, your undergraduate and graduate education, work experience, continuing education efforts, published works, speaking engagements, and involvement in professional organizations.

CPI members are offered many opportunities each year to attend or lead continuing education programs at local, district and International levels. They can also gain and polish their leadership skills by serving on committees or holding offices at any of these levels. In addition, they can have their written work published in this magazine, *The Credit Professional*, or in *The Credit Connection* newsletter.

There are four levels of certification: Professional Credit Associate (PCA); Professional Credit Specialist (PCS); Professional Credit Executive (PCE); and Master Professional Credit Executive (MPCE). Many CPI members apply for certification at a lower level and then upgrade when they qualify for a higher level. All certified CPI members must recertify every five years. Non-members are required to recertify annually.

Certification is valuable because it showcases your expertise; helps you advance your career; recognizes your accomplishments; encourages you to set career development goals; and stimulates you to take an active role in your profession.

Raising Funds

The staple of The Foundation's fundraising efforts is its annual Walk-a-Thon (WAT). Other funding sources include personal donations and memorials, as well as raffles at the International Conference.

The Foundation returns 35 percent of proceeds raised in CPI local fundraisers to the local associations for their credit education programs. It also shares 25 percent of the International WAT proceeds with the National Center for Missing and Exploited Children. (NCMEC).

In addition to its primary work of finding missing children, NEMEC sponsors the NetSmartz® program, which alerts parents, teachers and others of the dangers children face while using the Internet. NCMEC also provides teens, tweens and kids with Internet safety advice on its website www.netsmartz.org.

In the early years, the local WAT was so much fun. I remember how excited my granddaughter (now 27) was to raise money for a good cause by walking in the park with me. I still get that same feeling of excitement every year at the International WAT. Today, some locals have adopted other fun ways, such as card parties, to raise funds.

The district basket raffle held every year at the International Conference is always a lot of fun. Each district assembles a basket showcasing their district and there is a great deal of competition as attendees "vote" for their favorite basket by purchasing raffle tickets.

And the annual "Dollars in the Air" raffle at the International Conference generates a lot of excitement and laughter. At the end of the Career Club Luncheon, two volunteers (this year it was Charmaine Lucas of Indianapolis CPI and Past International President Linda Bridgeford, CCCE/MPCE, of West Central Illinois CPI) race around the room snatching dollar bills that members wave in the air. They shout out a number as they grab a bill and the donor writes it down. I don't know how Charmaine and Linda can keep track of which number is next but they do. The prize is usually a handmade quilt donated by Betty Perkins of Stone Mountain, GA. Betty is a good friend of Joyce Dove, CCCE/MPCE, of Atlanta CPI. Over the years, Betty has helped raise a lot of money for credit education.

The Foundation is truly the rock that supports CPI. But neither would exist if it were not for you, the member. Through your dues dollars and your donation of your time, talents and money, YOU ARE CPI and YOU ARE THE FOUNDATION.

Nona Ellzey is the President of the Credit Education Resource Foundation. She previously served as CPI President in 2001-02 and Foundation President for four years. She received the Credit Professional of the Year Award in 1997,the Hall of Fame Award in 2004 and the Helen B. Sawyers Award in 2007. She retired from Deposit Guaranty National Bank after serving 30 years. She can be reached at nonacpi@bellsouth.net