



NACM Southwest E-Credit News

April 2009

A Publication for the Credit Professional

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Welcome New Members

We wish to welcome the 51 members from Louisiana to our Association. We look forward to working with you and getting to know you all!

Additionally, we welcome SPECIALIZED PRODUCTS CO., INC., and look forward to a long-standing association.

2009 Board of Directors



Front Row L-R: Dottie Smith (NACM Southwest), Lisa Kelly, CCE (Action Stainless), Abby Odneal, CAE (NACM Southwest), Denise Taylor, CCE (City Pipe), Mary Ann Farmer, CBF (Grocery Supply)

Back Row L-R: Don Smith, CCE (Dallas Semiconductor), Toni Drake, CCE (TRM Financial), Jay Tenney (Trade Risk Group), Allan Rayson (Bank of Texas), Lynnette Warman (Hunton & Williams, LLP), David Watson, CCE (Olmsted-Kirk Paper)



David Watson, CCE

Message From Your Chairman

Ahhhh, spring is finally here. A time for renewal, time for spring-cleaning. And speaking of spring-cleaning, it is time to clean out those old files and get rid of the old accounts we have been unable to collect. But don't throw them away with the rest of the garbage – send them over to the NACM Southwest Collection Division. You know the old adage that you can't get something for nothing – well, all those accounts are worth nothing right now, but placing them for collection with NACM is your best chance to turn nothing into cold, hard cash.

Spring is also a time to rededicate ourselves to be the best we can be. And NACM can help us in many ways. We have many exciting educational opportunities available both locally and on a national level. In addition, our credit reporting and credit group services enable us to make better credit decisions. In this economy, we need as much information about our customers as possible, and a new NACM credit report will help. And attendance at your industry group meeting is more important now than ever. Also, this should be an opportune time for you to recruit your competitors that are not members of your industry group to join. They simply cannot afford not to, and the more members in the group, the better both the quality and the quantity of the information received by all.

And speaking of renewal, I am pleased to report that we have renewed the employment contract of our President, Dottie Smith for another three years through March 31, 2012. Dottie is the leader of the best NACM Affiliate staff in the business. All the success of our association over the last six years is directly attributable to Dottie and her employees. I know you will all join me in congratulating Dottie on a job well done, and we will look to continued success over the next three years.

DAVID WATSON, CCE
Chairman of the Board



L-R: Don Smith, CCE (Dallas Semiconductor); David Watson, CCE (Olmsted-Kirk Paper Co.); Dottie Smith (NACM Southwest)

Collections Perspective

Whether we like it or not...and I don't know a single credit professional who likes it...bankruptcy has become a daily fact of life for trade creditors. Our current economy is pulling down not only the chronic slow-pay accounts, but the A-list customers as well, including those that are divisions or subsidiaries of Wall Street-financed parent corporations. How ironic, that accounts with excellent payment histories and links to the deepest pockets of public and private finance are now our greatest potential risks...!

And again, whether we like it or not, it is clear that credit professionals must now be capable of managing accounts receivable assets locked up in bankruptcy, both as to pre-petition debt and post-petition billings (more on that later...). This is certainly not a traditional collection skill, and many NACM Southwest members report that they don't understand – or even want to understand – bankruptcy issues, procedures and opportunities...if there are any.

All that said, we are hosting a workshop on the practical implications of bankruptcy for credit professionals on April 17 at NACM Southwest offices. We urge those of you who are handling, against your will or otherwise... the accounts of customers in bankruptcy to attend. We are also offering here some do's and don'ts that may help you adjust to this new and unpleasant challenge.

Do establish an internal system for handling bankrupt accounts, including a reliable process for gathering and reviewing case information. Make sure you know what you need to know to exercise your rights as a creditor, and that you understand issues in the case that may impact your debt claim and your post-petition opportunities.

Don't ignore bankruptcy notices – yes, even the endless stream of documents with four-line titles that make no sense – and don't treat every case as a generic lost cause. Recent changes in bankruptcy law provide creditors with some advantages and opportunities, but you must pay attention and recognize when and how to take action.

Do focus on the first twenty days in every Ch. 11 bankruptcy, during which you must assert (or lose) certain rights, and determine the value, if any, to your company of participating in the case post-petition.

Don't reflexively cut off sales to a Ch. 11 Debtor-In-Possession (DIP). Many bankruptcies are precipitated by breakdowns between your customers and their lenders or equity investors. While those issues are resolved in the bankruptcy, the DIP customer may obtain loan funds entirely adequate to finance ordinary-course-of-business purchasing from vendors. Make your own assessment of their post-petition creditworthiness, and don't unnecessarily miss out on profitable sales opportunities.

Do review your customer file for any contracts that may apply to your sales relationship with a customer in Ch. 11. This includes sales agreements, open purchase orders, leases, consignments, and any other commitment you may have made to the customer. You may be obligated to perform under the terms of any contract even after the bankruptcy filing, but you may have other rights in the case.

Don't be intimidated by the bankruptcy process or its terminology. Believe it or not, the Bankruptcy Code and Rules are basically logical, and evolved in large measure to protect the interest of creditors. Call us with any questions about bankruptcy documents you receive, and we will help decipher the legalese.

Do assess and reserve for your potential preference claim exposure, as soon as you receive notice of a bankruptcy filing. Essentially, all payments on billings that you received within ninety days of the filing are presumed to be recoverable, subject to a few technical defenses. Some time before the preference statute of limitations runs out (two years after the bankruptcy filing), you can expect a demand to return those payments. That should not be a nasty surprise to your management.

Don't automatically redline any successor or buyer of your bankrupt customer's assets, for future sales. Asset-only purchases are common, sensible, methods of acquiring bankrupt businesses, and there is virtually no economic rationale for buyers assuming unsecured trade liabilities. Assuming a healthy credit profile, your sales to the new post-bankruptcy customer may be the only "value" you get from the bankruptcy process.

Agreed: most self-respecting credit professionals want nothing to do with bankruptcy. Unfortunately, in our current economy, avoidance of bankruptcy is not an option. Successful credit professionals will breathe deeply...and jump in to learn what they need to know so they can effectively manage their accounts receivable assets in bankruptcy. NACM Southwest is here to guide you through that process.

For more information about NACM Southwest's bankruptcy resources, contact Park Smith at 972 518-0019, or park@nacmsw.com.

NACM Southwest Education

“Get in on it”

REACH FOR SUCCESS WITH AN NACM DESIGNATION

With a CBA, CBF or CCE designation, you will:

- Demonstrate your knowledge of all aspects of credit management
- Draw attention to your ability, leadership and contributions to the credit field
- Show your employer that you have met industry standards of excellence
- Obtain a mark of distinction recognized by your peers

Call Katie Sartin at 972-518-0019 to learn more on how to begin.

Already certified? Encourage a colleague!

Needing to complete a course requirement? NACM-National has these options:

- Online Courses
- Certificate Programs
- Self-Study Courses
- Certificate Sessions at the NACM Credit Congress

Now, more than ever, you need to develop the skills to keep you out in front.

www.nacmsw.com or www.nacm.org

DATES & APPLICATION DEADLINES FOR CBA, CBF & CCE DESIGNATION EXAMS

Test Date 2009

Sunday, June 14, 2009

Credit Congress 2009

(at Credit Congress in Orlando) April 20, 2009

Monday, July 27, 2009

June 1, 2009

Monday, November 10, 2009

September 21, 2009

Application Date

NACM National Scholarship Foundation

NACM Scholarship Foundation, Inc., operated by NACM National, provides educational opportunities to credit professionals. Many people are unable to take advantage of the educational offerings National provides due to corporate or personal budget constraints. The Foundation strives to alleviate this burden for as many worthy credit professionals as possible so that they may continue their education and, in turn, be a stronger force in the business community.

If you are in need of scholarship dollars to attend nationally organized seminars and events, go to www.nacm.org/education/scholarship for information and applications.

NACM Southwest Education Fund

The NACM Southwest Education Fund is designed for ALL NACM Southwest members who contribute to the fund. It provides a great opportunity to help keep the costs affordable for the educational seminars and events that your association offers.

With your contribution, you and your company, as well as your fellow credit professionals, help provide the opportunity for low cost educational events that help elevate the level of the credit profession and professional.

The next time you receive your invoice, please consider the minimal \$10.00 per year education fund contribution. The beneficiary of the fund may be you and your company!

BANKRUPTCY SEMINAR

Friday, April 17, 2009 - 8:30 a.m. Registration - Seminar 9:00-12:00 noon
\$59.00 per person (includes Continental breakfast) - NACM Southwest offices
Presenter: Lynnette Warman, Attorney (Hunton & Williams LLP)
Cameron W. Kinvig, Attorney (Hunton & Williams LLP)

AMARILLO CONSTRUCTION SEMINAR

Tuesday, April 21, 2009
Golden Corral Restaurant
Presenter: Delyn Simonis, Director of Commercial Collections, NACM Southwest

BONDS & LIENS SEMINAR

Friday, April 24, 2009 - 8:30 a.m. Registration - Seminar 9:00-3:00 p.m.
\$89.00 per person (Continental breakfast & lunch buffet) -
Hackberry Creek Country Club
Presenters: Randy Lindley, Attorney (Bell Nunnally & Martin LLP)
Rebecca A. Hicks, Attorney (Bell Nunnally & Martin LLP)
Steve Chiccarelli, Attorney (Breazeale Sachse & Wilson LLP)

HOW LETTERS OF CREDIT WORK... AND WHY THEY SOMETIMES DON'T

Friday, May 8, 2009 - 8:30-12:00 noon
Presenters: Jay Tenney (Trade Risk Group)
Allan Rayson (Bank of Texas)
M.G. Shetty (Bank of Texas)
Park Smith (NACM Southwest)

CREDIT ADMINISTRATION PROGRAM COURSE DATES

CAP III - May 9, 30, June 6, 20, 27, 2009
To register, go to www.nacmsw.com/education or
call Katie Sartin at 972-518-0019.

LOUISIANA BONDS & LIENS SEMINAR

Monday, May 18, 2009 - 9:00 a.m. - 12:00 noon
\$59.00 per person (includes Continental breakfast) - Holiday Inn Bossier City
Presenter: Greg Powelson, Director, Mechanics Lien & Bond Services - NACM National

Tell us what you want to learn! What educational seminars would you like to attend?
Contact Catherine Parr - 972-518-0019 or catherine@nacmsw.com.



Credit Congress 2009 Rosen Shingle Creek Orlando, FL June 14-17, 2009

Orlando ~ the City Beautiful. A striking backdrop for the 113th NACM Credit Congress & Expo.

The National Credit Congress is the ideal forum to:
exchange ideas
share perspectives
just 'talk shop'
... with people who relate to the same challenges.

The National Credit Congress provides:

invaluable educational sessions
productive networking events
practical product and services demonstrations
... a dynamic professional experience.

Register at <http://creditcongress.nacm.org/register.shtml>

We thank our generous conference sponsors: ACM, Experian and IAB.

NACM Southwest's Workout & Insolvency Services



REMEMBER!

**Take the initiative with financially distressed customers – Ask them to meet with creditors to explore win-win options.
Then call us!**

**If you find yourself serving on a Creditors' Committee – Tell them we can provide all the necessary support services.
Then call us!**

Cut your losses, and support NACM Southwest – all at once!

Call Abby Odneal or Park Smith at 972 518-0019

Trade Risk Group Scholarship Contribution Program

In cooperation with NACM Southwest, Trade Risk Group will donate \$500 to the Education Scholarship Fund for each credit insurance policy Trade Risk Group issues as a result of an NACM Southwest member referral. With the increased interest in and use of credit insurance, this is a great way for members to generate education funds which can be used for a member's All South or National Credit Congress registration! For additional information, please contact NACM Southwest at 972-518-0019 or Jay Tenney at 214-496-9905.

Experian's Business Profile Reports

The Business profile report is Experian's most robust and comprehensive business credit report. The Business Profile Report presents a current, objective picture of how a business handles its financial obligations. Business profile Report provides actual trade payment experiences, public record information, company, background and comparative data, placing a company's payment performance in context with its industry. The information is reliable, accurate and unbiased, allowing for an objective view of a company's overall financial health.

For more information, please contact us at NACM Southwest - 971-518-0019.