Balance sheet and Accounts Receivables Management: A Call for Strategic Foresight and Dynamic Tools

By: Suneel Chirunomula
Managing Director
C2FO

Balance sheets don’t simply add up; they reflect an intricate balancing effort. Numerous ratios and key performance metrics must be individually managed. As quarter ends approach, managing the balance sheet combines proactive foresight with reactive moves that require all tools in your toolbox.

High Expectations

Treasury, FP&A and Controller professionals have ever-increasing expectations placed on them to manage balance sheets for both the short-term and the long-term. Increased complexity in global trade, an intense competitive environment, aggressive activist shareholders, and volatile markets set a “new normal” for tight management of the balance sheet in any year. Add to this the political whiplash that happens when a tweet rocks markets, and the credit team now operates in an environment of volatility on an almost-daily basis.

From this macro perspective, expectations are high. The credit team must have the foresight to synthesize trends, market movements and competitive actions, and plan accordingly - always balancing multiple causes and effects.

That said, the company’s needs raise the stakes even further. New product launches, increases in raw material prices, promotional inventory, raising (or falling) interest rates and cost of debt, and manufacturing snafus can have an impact on the entire supply chain. All of this has an impact on the balance sheet that requires fast reaction to maintain control.

And it doesn’t stop there: From an Accounts Receivables (A/R) perspective, global payment terms and customer receipts delays are lengthening, according to Atradius’ Payment Practices Barometer. These changes have led to an increase in the average payment duration by 13 days for U.S. businesses.
That’s a lot to keep steady.

**The Need for Flexibility and Control**

Given these external and internal forces, customer receipts remain a variable that is at times very challenging to accurately forecast and control. This is often because customers are under the same pressures your company faces, thus creating a global economic environment of longer payment terms that become the cost of doing business.

This “cost” shows up on the balance sheet as increasing DSO and aging A/R values, causing businesses to wait longer for sales to convert to cash. Fortunately, there are tools to put the cash conversion cycle back in control.

**Story of a Quarter End**

The credit team is required to effectively manage the balance sheet on an ongoing basis, and KPIs are measured daily, monthly, quarterly and annually. In a public company, however, there’s a “heartbeat” from quarter to quarter that requires consistent flexibility and control.

Consider Erik, a Controller of a global manufacturer based in Chicago. His role is tied to many facets of the company and he needs to make sure their financial performance is managed as smoothly as possible. This means managing shareholder obligations, maintaining a conservative debt-to-asset ratio and improving their cash conversion cycle metric. As a global company, the impact of recent tariffs – with potential for more in other regions – continues to put him in a defensive position in cash management and forecasting.

**Start of Quarter**

Erik creates a forecast that includes A/R that will be realized as cash at quarter end. He has multiple tools at his disposal, including asset-based lending, factoring, supply chain finance and dynamic discounting.

**Day 28: Tariff Threat**

Recent U.S.-based political actions increase the threat of a new tariff on his company’s raw materials. Erik needs to increase inventory ahead of the cost increase to protect profitability. The tradeoff is a reduction in working capital and free cash flow balances are reduced. At this point, all tools remain available, but timing is tight.

**Day 65: Shareholder Dividend**

The company announces a shareholder dividend that is above Erik’s forecast. Asset-based lending and supply chain finance are unlikely tools to cover the additional cash needs to hit projections by quarter end.

**Day 86: Customer Receipts Risk**

Key advance customers have requested terms extensions to manage their own cash flow. Risk is increased that A/R will not be converted to cash by quarter-end as planned. Tools are limited to address the needs. Erik’s key metrics are in jeopardy.
While this example is a microcosm of any large, complex organization, Erik’s story is all-too-common: impacts to working capital and cash metrics seem inevitable as the calendar rolls toward end-of-period financial reporting.

**Working Capital Certainty in an Uncertain Climate**

Flexible and convenient solutions for monetizing customer receivables should be a part of any finance professional’s toolkit. A toolkit enables the credit team to proactively manage the financial impacts of the evolving complexity of external economic factors.

Whether the objective is to support a range of strategic cash needs driven off events like M&A, dividend hikes, share repurchases, or even debt repayments, the subsequent impacts of cash output can be offset through negotiated arrangements or on-demand acceleration of customer receivables.

If time allows, using tools with favorable rates such as asset-based lending, invoice discounting, and supply chain finance may be the optimal approach. While the dollar costs may be low, the tradeoffs are significant effort, time, and the potential for unfavorable impacts on debt ratios or covenants. Indeed, debt covenants may restrict these tools from the credit team altogether.

Factoring provides a greater degree of flexibility and it can be a useful tool to accelerate A/R without incurring debt. While the net working capital may be less than forecast, factoring may provide enough cash to cover obligations, such as Erik’s need to offset the increased inventory due to the tariff threat. The tradeoff here is a “one size fits all” discount across multiple receivables, potentially leaving profit on the table; plus the time involved in underwriting the receipts to arrive at – and negotiate – the right discount.

Dynamic discounting is a simple, technology-driven solution that provides the ability to offer discounts on invoices in exchange for early payments from customers, and access receivables finance for the rest. It requires no underwriting process or contracts, and no third-party financial intermediary. Because it’s a debt-free tool in an on-demand solution, it provides greater flexibility and control to convert outstanding receivables to cash on hand.

**Simplicity, Complexity and Balance**

Just as a professional craftsman knows which tools to use for which job, the credit team must choose the right tool for the task at hand. This requires a deep understanding of each tool’s uses and tradeoffs, plus the team’s desire for flexibility and control when and where it’s needed.

For Erik, choosing one tool, say factoring, allows him to master the underwriting and negotiating process and ultimately streamline the overall factoring process. The payoff is greater simplicity and speed in that process.

Conversely, using a broad array of tools – especially in combination – may be best to address the complexity of global operations and a wide array of metrics. This requires a high degree of coordination and advanced modeling to finesse the relationships between tools and metrics.

In practice, Erik will likely look for a balance: He will choose tools that balance dollars with discounts; control with flexibility; terms with speed; and foresight with action. Simply put, he will choose the right tool for the job. And while an academic could model a slightly better way, Erik needs to get the job done now.

**Early in Quarter (or Annual)**

As macro trends such as interest rates, inflation and sales forecasts tend to move slowly, Erik may deploy asset-based lending to secure the most favorable rates. In this juncture, he has the luxury of time to model and negotiate the terms that best meet his needs. That said, other tools such as factoring and dynamic discounting remain available if needed.

**Mid-Quarter**

The tariff threat on Day 28 required Erik to increase inventory purchasing ahead of cost increases. Erik may choose to cover this cash need through supply chain finance (i.e., reverse factoring) that allows him to choose invoices he will allow to be paid earlier by the factor. Because it is Erik’s company’s liability that is engaged, he receives a more favorable discount than if the supplier had given it on their own.

**Late Quarter**

As time gets tighter, Erik may move to dynamic discounting as it provides flexibility and control at the same time as
speed. While dynamic discounting is not limited to late-quarter needs – indeed, the same benefits are available at any time – it’s ability to navigate exposure ratios and covenants, and help achieve critical key performance indicators and metrics, makes it especially appealing.

From Markets to Microns

“Doing more with less” has been the mantra in business for years, and credit teams are no different. Managing balance sheets involves an understanding of global markets, macro-economic and macro-industry trends all the way down to the smallest units of manufacture. A hyper-competitive environment and cross-functional internal demands mean credit teams must understand and deploy a host of tools to effectively manage ever-increasing metrics tied to their company’s performance. And with greater shareholder transparency and scrutiny, higher expectations are part of the game: credit teams must deliver to survive.

About the Author:
Suneel Chirunomula is Managing Director of C2FO, a provider of working capital solutions, serving a broad array of global clients. You can contact Suneel at suneel.chirunomula@c2fo.com.
Since 1972, AG Adjustments (AGA) has been committed to ensuring our clients - from small businesses to Fortune 500 companies - the highest possible rate of return on outstanding receivables. For over 45 years we’ve had experience delivering excellent results to our customers. Work With Experienced Agents. Get Instant Portfolio Updates - Anytime, Anywhere. Benefit From the Latest Industry Information and Methods.

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Over the past decade, low interest rates and a string of pro-lender bankruptcy decisions on make-whole provisions—a type of contractual prepayment penalty that offers yield protection to a lender in the event of debtor’s early repayment—have resulted in the increasing prevalence of make-wholes in commercial loan documents and bond indentures, particularly in the distressed lending arena. A debtor’s make-whole obligations are typically substantial and often threaten to overwhelm the claims pool in a Chapter 11 case and significantly dilute potential distributions to general unsecured creditors. With lenders (both secured and unsecured) in recent cases seeking to recover hundreds of millions of dollars in make-whole amounts, these provisions have quickly garnered multi-faceted, high-stakes challenges by creditors’ committees and other constituencies in Chapter 11 cases. The Fifth Circuit’s January 2019 decision in Ultra Petroleum,1 which strongly suggests that make-whole provisions constitute unmatured interest, is a positive development for trade creditors that may benefit from the disallowance of such claims under the Bankruptcy Code.

What is a Make-Whole Provision? A make-whole provision is a type of contractual prepayment penalty that offers yield protection to a lender in the event a borrower repays a loan prior to its scheduled maturity date by ensuring a guaranteed return at the time they agree to provide the financing. Under one school of thought, such provisions are viewed as a fee charged in exchange for a borrower’s option to prepay its debt. Others view the premium as compensation to a lender in exchange for the loss of future interest that would have accrued but for the prepayment. While some make-whole provisions are based on “yield maintenance” formulas that estimate the damages to lenders resulting from prepayment, others are fixed at a percentage of the amount of the prepayment.2

Courts will generally enforce make-whole provisions where: (i) at the time of contracting, it appears that actual damages will be difficult to determine and (ii) the liquidated damages amount is not ‘plainly disproportionate’ to the possible loss.3

Postpetition Interest and Fees. An overview of the Bankruptcy Code’s treatment of postpetition interest and fees is helpful in framing the Ultra Petroleum decision. Generally speaking, section 502(b)(2) of the Bankruptcy Code provides that creditors are not entitled to recover postpetition interest—that is, interest on a prepetition debt that accrues after the date the debtor’s bankruptcy petition is filed. One exception to this general rule is that oversecured creditors are entitled to recover postpetition interest and reasonable postpetition fees, costs, and charges including attorneys’ and other professional fees, make-whole amounts, late fees, and court costs, but only to the extent the value of its collateral exceeds the value of its claim against the debtor.4 A second exception to the general rule is in the rare event of a solvent debtor—in which case, case law5 has been interpreted to stand for the proposition that undersecured and unsecured creditors can receive postpetition interest at the “legal rate.”

Courts are Split on the Make-Whole Analysis. The primary arguments against a lender’s recovery of make-whole amounts in bankruptcy are: (i) the make-whole claim is unenforceable as a penalty (as opposed to a reasonable and enforceable liquidated damages provision) under applicable non-bankruptcy law; (ii) the make-whole claim is unmatured interest and

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1 In re Ultra Petroleum Corp., 913 F.3d 533 (5th Cir. 2019).
5 Courts have interpreted the relevant legislative history as establishing that a creditor denied post-petition interest is “impaired, entitling [that creditor] to vote for or against the plan of reorganization.” See In re Ultra Petroleum Corp., 913 F.3d 533 (5th Cir. 2019).
Therefore disallowed under section 502(b)(2) of the Bankruptcy Code; and (iii) with respect to secured claims, the make-whole provision is not reasonable under section 506(b) of the Bankruptcy Code.

Prior to Ultra Petroleum, the circuit courts that addressed a lender’s ability to recover make-whole amounts from a debtor had focused on the provision’s enforceability under applicable non-bankruptcy law, creating a split between the Second and Third Circuits on whether the automatic acceleration of debt caused by a bankruptcy filing triggers payment of a make-whole. Significantly, however, neither court had directly addressed whether a make-whole provision could be disallowed pursuant to the Bankruptcy Code.

Most cases to consider this precise issue have concluded that claims based on make-whole provisions are not claims for unmatured interest. The majority decisions that reach this conclusion generally reason that “[p]repayment amounts, although often computed as being interest that would have been received through the life of the loan, do not constitute unmatured interest because they fully mature pursuant to the provisions of the contract.”

A small minority of bankruptcy courts, on the other hand, have held that make-whole claims are unmatured interest because they generally seek to compensate a lender for future interest payments due to early repayment of debt. Significantly, in Ultra Petroleum, the Fifth Circuit sided with this minority, finding that section 502(b)(2) disallows any claim that is the economic equivalent of unmatured interest. The court reasoned that Fifth Circuit precedent advocates a form over substance analysis of “unmatured interest” by looking to economic realities as opposed to trivial formalities, and found that the purpose of a make-whole provision is to compensate a lender for lost interest. The Fifth Circuit explicitly noted that the acceleration clause in the note agreement was an unenforceable ipso facto clause, in that it tied acceleration to the debtor’s decision to file a bankruptcy petition. Thus, the Ultra Petroleum ruling legitimizes arguments for the per se disallowance of make-whole claims under the Bankruptcy Code, and will have considerable impact on the allowability of a lender’s make-whole claim in courts within the Fifth Circuit.

Postpetition Fees. In addition to its make-whole analysis, the Ultra Petroleum Court addressed the unsecured lender’s entitlement to postpetition interest. The parties in Ultra Petroleum had agreed that the creditors were entitled to postpetition interest under the solvent debtor exception, but had not agreed on the applicable rate of interest. Moreover, in the context of the solvent debtor exception, courts are split over the meaning of the “legal rate”, with some courts applying the federal judgment rate fixed by statute, and others applying the contract rate.

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10 In re Ridgewood Apartments of DeKalb Cnty., Ltd., 174 B.R. 712, 720 (Bankr. S.D. Ohio 1994) (“Absent actual prepayment by the Debtor, [the lender’s] claim for a prepayment penalty could be no more than a contingent liability. Further, because the contingent claim is for interest which is not yet due at the time the bankruptcy was filed (because prepayment had not occurred), it would not be allowed to an undersecured creditor [under 11 U.S.C. § 502(b) (2).”)

11 In re Ultra Petroleum Corp., 913 F.3d 533, 547 (5th Cir. 2019).

12 Under facts that the Fifth Circuit described as anomalous, oil prices rose during the bankruptcy proceedings. “Crude oil approached $80 per barrel, and the Petroleum companies became solvent again. So, the debtors proposed a rare creature in bankruptcy—a reorganization plan that (they said) would compensate the creditors in full.” Id. at 538.

(even the default rate, depending on the balance of the equities in a particular case).\textsuperscript{14}

Although the Fifth Circuit did not decide the issue, it made clear that in the event the bankruptcy court determines that the solvent debtor exception survived (which it intimated was unlikely), there were two options for interpreting the “legal rate” thereunder: (i) the court may award postpetition interest under the general post-judgment interest statute, 28 U.S.C. § 1961, which allows interest “on any money judgment in a civil case recovered in a district court” and sets a rate by reference to certain Treasury yields; and (ii) the court may award postpetition interest at an appropriate rate if it determines to do so under its equitable power.

Notably, several recent decisions provide reminders that the language of a contractual fee provision in a loan document can function to restrict a secured creditor’s ability to recover postpetition fees, regardless of its oversecured status.\textsuperscript{15} In \textit{Emerald Grande},\textsuperscript{16} for example, the debtor obtained financing through secured loans documented by construction loan agreements, promissory notes, and related security instruments. The lender filed a proof of claim asserting a secured claim for the balances due on its construction loans. Toward the end of the case, the secured lender, who had been actively involved in the bankruptcy case, filed an amended claim asserting over $150,000 in accrued attorney’s fees and expenses pursuant to the relevant loan documents, which provided for the recovery of attorneys’ fees incurred in connection with the enforcement of the loan documents or collection thereunder in the event of the Debtor’s nonpayment.\textsuperscript{17}

The court disallowed the secured creditor’s legal fees and expenses incurred in connection with its challenging an administrative expense claim, monitoring a third party bankruptcy case, seeking the dismissal or conversion of the debtor’s case, and performing certain clerical work because the underlying loan documents limited the secured creditors’ recovery of attorney fees to those incurred in connection with the enforcement of the secured claim.\textsuperscript{18}

\textbf{Conclusion.} As illustrated by the decisions above, courts have broad discretion to award postpetition interest, fees, and other similar payments to creditors. Identifying a lender’s claims for make-whole amounts, postpetition interest, and other fees, and understanding their propriety in the relevant circumstances can significantly impact a general unsecured creditor’s strategy and success in connection with a customer’s Chapter 11 filing. To this end, credit professionals should carefully review and identify the key terms in their customers’ loan documents (both secured and unsecured) and try to maintain a general knowledge of the law to stay informed regarding available leverage points and the incentives of the parties involved.

The Fifth Circuit’s January 2019 decision in \textit{Ultra Petroleum} has refueled the arguments available in opposition to lenders’ make-whole claims and, along with several other cases placing limits on the collectability of lenders’ postpetition interest and attorneys’ fees, may provide renewed hope for general unsecured creditors who, in many cases, have come to bear the cost of ensuring lenders are made whole. The decision also makes it significantly more likely that a debtor with substantial make-whole obligations will seek to file its petition within the Fifth Circuit.

A creditor’s ability to evaluate its position and strategize accordingly will help to inform pre-bankruptcy credit decisions, foster a practical understanding of when active participation in a Chapter 11 case is most cost effective, and will help in efforts to increase the potential distribution to general unsecured creditors.

\textsuperscript{18} \textit{Id.} at *5.

\textbf{About the Author:}

\textbf{Nicole Fulfree} is an Associate in Lowenstein Sandler LLP’s Bankruptcy, Financial Reorganization & Creditors’ Rights department. Her practice focuses on the representation of debtors, creditors’ committees, trustees, individual creditors, and investors in a variety of complex bankruptcy matters.

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We’ve all heard it said a million times - if it sounds too good to be true, it probably is. But does that age-old maxim apply to a bankrupt customer offering to pay you 100% of your unsecured claim through a “prepackaged” bankruptcy or under a critical vendor program? The answer can be complicated.

This article explores what it means to be “unimpaired” and paid in full in prepackaged bankruptcies and under critical vendor programs and outlines some of the potential pitfalls that can be faced by unsecured creditors under these scenarios.

In a prepackaged bankruptcy, a debtor’s goal is to avoid all obstacles to a speedy exit from Chapter 11. To achieve this goal, a debtor will often promise to pay unsecured creditors 100% of their prepetition claims in the ordinary course of business. The debtor is then able to represent to the bankruptcy court that unsecured creditors’ rights are “unimpaired.” This designation deprives unsecured creditors of the right to vote on the plan because, according to the debtor, their claims pass through the bankruptcy fully intact. Given the speed of prepackaged bankruptcies, a debtor typically does not file schedules setting forth the nature, extent, and the amount of creditors’ prepetition claims. Also, there is no bar date for creditors to file proofs of claim or process to reconcile claims when the amount of a claim is in dispute.

Another way debtors “unimpair” creditors’ claims in many jurisdictions is to deem certain vendors and service providers “critical” to the debtor’s business. This designation allows debtors to obtain court authorization to pay critical vendors’ general unsecured claims during the course of the bankruptcy case. This is an attractive proposition for eligible unsecured creditors, particularly in those cases where such creditors are slated to receive little or no recovery. Critical vendor programs typically condition full payment of claims upon entry into an agreement with the debtor. The agreement generally establishes the allowed amount of the creditors’ prepetition claim, often in a reduced amount, in exchange for the promise of payment either in a lump sum or through a series of installments over time. Payment is conditioned on abiding by the agreed terms, which may be more favorable to the debtor than the prepetition terms may present an increased risk of nonpayment for the creditor due to the inherent uncertainties of Chapter 11.

Whether a creditor is to be paid in full under a prepackaged plan or a critical vendor program, the debtor and its general unsecured creditors may not be aligned on the amount or the timing of payment before the plan is confirmed. In practice, claims initially designated for payment in full often remain unpaid, disputed, and subject to further negotiation and possible litigation even after the plan has been confirmed. At the same time, the plan usually requires creditors to give broad releases to the debtor and third parties, eliminates rights of setoff and recoupment, and waives creditors’ rights to have disputes resolved by the bankruptcy court. All too often, these important rights are waived before creditors receive payment of their claims.

Adding to the potential pitfalls for unsecured creditors, a creditors’ committee may not be appointed because unsecured creditors mistakenly assume that they will be paid in full on a timely basis and that their rights will otherwise be unaffected by the bankruptcy. Without a creditors’ committee, the opportunity for creditors to effectively evaluate and, if necessary, challenge prejudicial prepackaged plan provisions and negotiate mutually beneficial critical vendor agreements are limited. Perhaps more importantly, the absence of a creditors’ committee deprives unsecured creditors of a meaningful opportunity to fully evaluate whether the debtor has the financial wherewithal to make the promised
payments and to honor trade terms on a go-forward basis after plan confirmation. Failure to properly test the assumptions underlying the debtor’s financial projections and business plan may leave unsecured creditors in a worse off position once the plan has been confirmed.

Prepackaged Bankruptcies
In a prepacked bankruptcy, the debtor typically offers a full recovery to unsecured creditors, restructures its balance sheet, and expeditiously exits bankruptcy. The term prepackaged bankruptcy generally describes a bankruptcy case where the plan is negotiated and voted upon by certain key players, typically the debtor’s lenders, prior to the bankruptcy filing. At the time of the filing, each of the different classes of the debtor’s creditors under the plan have either consented to the treatment of their claims under the plan or have had their claims deemed unimpaired. This strategy allows the debtor to file the plan and accompanying disclosure statement on or around the petition date and exit bankruptcy in a matter of weeks as opposed to months or even years.

Having secured the consent of its lenders to the plan prior to the bankruptcy filing, the success of this expedited timeline often turns on the debtor’s ability to have the bankruptcy court agree that certain classes of the debtor’s creditors are unimpaired. Impairment is a term defined by the Bankruptcy Code that describes a creditor’s treatment under a bankruptcy plan. Specifically, each creditor has legal, equitable, or contractual rights that are subject to modification under the plan. If a creditor’s rights are modified, the creditor’s claim is impaired, and the creditor is entitled to vote in favor of or against the plan. Depending on the number of dissenting creditors in a given class of impaired claims, there may be sufficient “no” votes to deny confirmation of the plan. Creditors whose rights are not modified by the plan are unimpaired, are not entitled to vote, and may never receive a copy or even notice of the plan.

In sum, if each class of the debtor’s creditors under a prepackaged plan have consented to, or are unimpaired under, the plan, the debtor is spared the lengthy and expensive process of soliciting and tabulating votes that could ultimately result in substantial delay or even denial of plan confirmation.

Is Your Claim Impaired?
While payment in full sounds promising, general unsecured creditors often find themselves left to negotiate or even litigate the amount and timing of payment of their claims both during the plan process and after the plan is confirmed. In a typical prepackaged bankruptcy, the debtor will represent that claims of general unsecured creditors are unimpaired because they will be paid in full on the later of (i) the effective date of the plan, or (ii) the date payment is due to be made to the creditor in the “ordinary course of business.”

As a practical matter, on the plan’s effective date, the debtor and its creditors may not be in agreement on the amount or timing of payment of the creditors’ claims. A creditor may believe it is entitled to more than the debtor anticipates paying. This situation arises because the debtor does not file schedules of its liabilities or otherwise disclose the amounts owed to unsecured creditors and creditors do not file proofs of claim. As such, there is little or no visibility into the amount the debtor or the creditor believe is the correct amount due and owing before the plan goes effective. The parties may also have a different understanding of the timeline for payment based on their respective interpretations of what is meant by the phrase payment in the ordinary course of business. The ambiguity surrounding the timing and amount of payment is compounded by the fact that these purportedly unimpaired creditors may not receive a copy or even notice of the prepackaged plan.

In addition to the uncertainty surrounding the amount and timing of payment, prepackaged plans commonly modify unsecured creditors’ rights, arguably impairing them in even more troubling ways as follows:

- Eliminate or limit setoff and recoupment rights;
- Grant broad releases of past, present, and future claims against the debtor and third parties; and
- Exclude certain claims from payment in full.

Setoff and Recoupment: When reconciling claims with the debtor, it is important for creditors to retain rights of setoff and recoupment. Prepackaged plans often waive these rights or require creditors to obtain relief from the court or to comply with onerous procedures prior to exercising such rights. At the same time, the plan fully preserves the debtor’s rights of setoff and recoupment.
Releases: Creditors may be forced to release all past, present, and future claims against the debtor and other parties. If a dispute arises after the effective date, creditors may realize their rights to pursue their remedies against the debtors, guarantors, or other third parties have been waived or compromised under the plan.

Exclusion From Payment: Whether an unsecured creditor’s claim is truly entitled to payment in full turns on whether the claim is designated an “allowed” claim under the plan. The definition of allowed can vary dramatically from case to case and involve confusing and contradictory use of the words “allowed” and “disputed.” This gives the debtor broad discretion to determine which claims are allowed and truly paid in full and, at a minimum, leverage in negotiating the actual amount to be paid. 1

What is meant by payment in full in the ordinary course of business, together with the waiver of rights and other provisions under a prepackaged plan, can be used against unsecured creditors to effectively impair a creditor’s rights despite the classification of the creditor’s claim as unimpaired.

Without active involvement and vigilance by unsecured creditors, important rights can be lost before claims are paid. Faced with limited resources and expedited timetables, individual unsecured creditors often are ill prepared to properly preserve and protect their rights. A creditors’ committee is best suited to identify and address these issues on behalf of all unsecured creditors. A creditors’ committee can insist on provisions that provide clarity and transparency as to the timing and amount of payment and, if necessary, dispute resolution procedures. A creditors’ committee can also advocate for the debtor to file schedules or make other disclosures detailing the amount of unsecured claims so that creditors may resolve discrepancies before the plan is confirmed. If the committee determines that plan provisions are unduly prejudicial to unsecured creditors or the debtor is unable to meet its financial obligations under the plan, the creditors’ committee can file an objection with the bankruptcy court.

Critical Vendor Programs
In addition to classifying unsecured claims as unimpaired, debtors can effectively unimpair the claims of certain vendors and service providers by promising them payment in full under a critical vendor program. Critical vendor programs present creditors with the proverbial carrot and the stick. The debtor wants or needs a creditor’s goods or services, and to induce a creditor to continue doing business, the debtor will condition full payment of the creditor’s prepetition claims upon terms embodied in an agreement. Faced with the prospect of little or no recovery and the loss of future business, the creditor wants to be paid for the work or goods it provided prepetition and values the prospect of a go-forward customer.

While the form of agreement is negotiable and varies from case to case, to receive payment, a creditor is usually required to prove its prepetition claim and to agree to reduce its claim. Payment of the reduced claim can be in a lump sum, multiple installments, or in the ordinary course of business. Creditors must agree to continue to provide goods or services to the debtor on terms, which may be more onerous than the prebankruptcy terms and may present an increased risk of nonpayment due to the uncertainties of Chapter 11. The agreement will often prohibit creditors from filing liens, limit or restrict remedies, and may require the creditor to vote in favor of a plan it has not even seen. The agreement may also leave the creditor exposed to liability for payments received by the creditor in the 90 days prior to the bankruptcy filing and limit the creditor’s right to terminate the agreement in the event of nonpayment.

Once again, individual creditors must be vigilant and, if appointed, a creditors’ committee will be able to negotiate a form of agreement that benefits the entire creditor body. With the benefit of a creditors’ committee’s input, unsecured creditors’ carrot and stick conundrum becomes far more manageable as the risk of nonpayment and bankruptcy-related liabilities for critical vendors and servicers can be mitigated.

Conclusion
Regardless of the debtor’s assurance that payment in full equates to unimipairment of unsecured creditors’ valuable rights and claims, creditors should carefully scrutinize prepackaged plans and critical vendor agreements and stay informed throughout the process to protect their interests. Unfortunately, a debtor’s promise to pay unsecured creditors’ claims in full is not as simple and straightforward as it sounds. Prepackaged plans and critical vendor agreements routinely

1 For example, the definition of allowed often deems a claim “disputed” if a creditor files a proof of claim. Once a claim is identified by the debtor as “disputed,” the plan allows the debtor to refuse to pay the claim.
modify creditors’ rights and introduce a risk of nonpayment that did not exist prior to the bankruptcy filing. A creditors’ committee can play a key role in providing creditors with guidance and insight into the debtor’s willingness and ability to satisfy unsecured claims and meet its go-forward financial obligations once the plan has been confirmed.

About the Authors:

Eric R. Wilson, Esq. chairs Kelley Drye & Warren LLP’s Bankruptcy and Restructuring group. His practice is focused on protecting and enforcing creditors’ rights in some of the country’s largest bankruptcy cases. Eric has successfully resolved matters involving billions of dollars in out-of-court restructurings and Chapter 11 reorganizations. His practice spans a wide variety of industries, including energy, financial services, gaming, manufacturing, pharmaceuticals, retail, and technology.

Maeghan J. McLoughlin, Esq. is a senior associate in the firm’s bankruptcy and restructuring group. Maeghan is experienced in all stages of the bankruptcy process, having represented creditors’ committees, trade creditors, indenture trustees, landlords, debtors, purchasers, Chapter 11 trustees, and secured lenders. Maeghan has substantial experience in the retail, restaurant, financial services, real estate, technology, and energy industries.

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Collectability Scoring – A Unique Approach to Benchmarking

By: Nancy Seiverd, President
CMI Credit Mediators, Inc.
Former Board Member, Commercial Collection Agencies of America

Have you ever thought about from where the concept of benchmarking originated? Like most people, I never really gave it much thought. But interestingly, way back in the days before mass production and high-tech equipment, adjustments to correct the performance of a firearm were carried out on a workbench. Thus, the word “benchmarking” referred to the fine modifications necessary for a firearm to perform with accuracy. Over time, the term “benchmarking” evolved into the idea of businesses refining their operational standards to be in line with those of their leading competitors and/or accepted industry norms.

When it comes to establishing a benchmarking process there is no single methodology, but there are some guidelines that are often accepted which include:

- Selecting a specific item (or goal) to be benchmarked
- Defining or refining the process of how the item will be measured
- Identifying the sources of the data
- Collecting and analyzing the data
- Comparing the data against known standards (whether internally or industry wide)
- Drawing conclusions and making adjustments as necessary

In terms of collections, a major benchmarking goal to be measured is collecting as much as possible, as quickly as possible. Although this goal reads very simply, it’s an extensive assembly line process in which there are many parameters that must be carefully considered.

Periodically, Commercial Collection Agencies of America (CCA of A) publishes data on the potential collectability of a commercial account as follows:

<table>
<thead>
<tr>
<th>Delinquency Period from Invoice Due Date</th>
<th>Collection Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month</td>
<td>88.7%</td>
</tr>
<tr>
<td>3 months</td>
<td>68.9%</td>
</tr>
<tr>
<td>6 months</td>
<td>51.3%</td>
</tr>
<tr>
<td>9 months</td>
<td>37.5%</td>
</tr>
<tr>
<td>12 months</td>
<td>21.4%</td>
</tr>
<tr>
<td>18 months</td>
<td>15.2%</td>
</tr>
<tr>
<td>24 months</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

In a perfect world and in view of the above data, if every time a claim at a 6-month delinquency point were placed with an outside agency, one could presume there is a 51.3% chance of collecting it in full. If it were collected, we could assume that the agency’s performance is in line with the established benchmarking data above. If it weren’t collected, a review would be required to focus on where collection efforts need improvement. In either case, without a firm understanding of the underlying parameters that impacted the result, any comparison against a benchmarking standard would not tell the whole story.

And since we work in a very imperfect commercial collection world, we need to identify the multitude of parameters involved in determining the collection potential of a claim. These parameters fall into a process I refer to as "Collectability Scoring."

Collectability Scoring is the process of determining the collection potential of an account from the time it is placed, through the collection process, until the file is finally closed. The process includes:
• Identifying as many of a claim's collectability parameters as possible
• Assigning a parameter rate to each parameter that will influence the collectability
• Creating a formula that logically represents how the parameter rates are utilized
• Calculating a collectability score
• Applying that collectability score to future claims which have the same or very similar set of parameters

Subsequently, the total average collectability score that results from a significant pool of all the claims with the same parameters will become the internal benchmark figure.

Let me give you a simple example using two claims.

**Claim 1:** Amount - $5,000, Delinquency Period – 12 months, Collector Experience – High

**Claim 2:** Amount - $10,000, Delinquency Period – 6 months, Collector Experience – Mid-level

Let’s start with assigning parameter rates to the claim amount. Based on an agency’s past experience, an approximate parameter rate of 70% might be assigned to all claims with amounts in the range of $5,000. In comparison, a parameter rate of 60% might be assigned to all claims with amounts of approximately $10,000.

Next, let’s factor in the parameter, delinquency period, from the CCA of A data for the two claim amounts and compute a simple collectability score. On the $5,000 claim at the 12-month delinquency point, by multiplying the two parameter rates, we obtain a collectability score of (.7 x .214 = .15) 15.0%. On the $10,000 claim at the 6-month delinquency point, we again multiply the two parameter rates, which yields a collectability score of (.6 x .513 = .308) 30.8%.

Up to this point, in looking at the two claims, we can see that the delinquency period parameter plays a more significant role in the collectability score than the claim amount parameter.

Let’s now factor in the parameter for the skill of the collector, since this will also greatly impact its collectability.

• 10% for an experienced collector
• 5% for a mid-level collector
• 1% for a new collector

On the $5,000 claim at the 12-month delinquency point, being handled by an experienced collector, the formula changes slightly and for three parameter rates the collectability score would be (.7 x .214 + .1 = .25) 25.0%. On the $10,000 claim at the 6-month delinquency point, being handled by a mid-level collector, the collectability score would be (.6 x .513 + .05 = .358) 35.8%.

When you look at the collectability scores for the two claims, they are noticeably different and that's not a bad thing because we went from only evaluating the collectability based on one parameter, delinquency, to three parameters, claim amount, delinquency, and collector experience.

You may be asking, why did we add the parameter rate for collector experience rather than multiply it against the other two parameter rates? The answer is that as we identify each parameter, we have to think about how it logically interacts into the collectability potential. It may be necessary to add, subtract, multiply, divide or perform a more complex mathematical function. In addition, you have to analyze whether the parameter should increase or decrease the collectability score.

There is no rule as to how the formula is created and developed other than to ask yourself, does it make sense and can the formula's logic be applied to future claims? If the formula reasonably stands the test of time then it’s reliable. If not, then changes to the parameter rates and/or the formula need to be made.

Although the above examples only focused on three parameter rates, the more parameters you are able to identify as having a significant impact on the collectability score, the more refined and consistent your score will be. Simply stated, the quality of the output depends on the quality of the input.

Many parameters fall into one of the following areas:

• Claim Information Quality
• Debtor Financial Condition
• Collection System Operational Efficiency
• Creditor Response Level
• Payment Arrangement & Maintenance

Just like the benchmarking refinements mentioned at the beginning for a firearm
to shoot accurately, years are often spent continuously analyzing collection data by comparing forecasted with actual results. In addition, the algorithms created are reworked many times over in order to obtain a range of accuracy that can be applied to future claims.

So where does all this take us? Although using external benchmarking figures is a good first step to understanding how well your organization is performing, it’s pulling apart and carefully analyzing the small details in the process that will truly indicate what’s happening. In doing so, you will discover the areas that need improvement and over the long term, your own benchmarking standards of operational efficiency may eventually become recognized as an integral part of the industry’s published standards.

About the Author:
Nancy Seiverd is President of CMI Credit Mediators, Inc. She recently served on Commercial Collection Agencies of America’s Board of Directors. She can be reached at (800) 456-3328 ext. 207 or nseiverd@cmiweb.com

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Just as the economic expansion is set to become the longest in U.S. history, recession fears have suddenly come to the fore. Driving the angst is slower economic growth, which appears to have recently fallen below the economy’s potential. Real GDP, which grew almost 3% last year, is tracking below 2% in the current quarter.

The slower growth is showing up in the job market. Average monthly job growth, which was close to 225,000 last year, has fallen to 165,000 so far this year. The gains have weakened even more in the past several months and appear to be flirting with the 100,000 necessary to absorb labor force growth and maintain stable unemployment.

Some slowing this year was expected, as last year’s growth was temporarily juiced up by deficit-financed tax cuts, mostly to wealthy individuals and large corporations, that amounted to a substantial nearly 1% of GDP. This fiscal stimulus has since faded and some ill effects of the tax cuts, including softer house price growth due to the scaling back of preferences in the tax code for home ownership, are playing out this year.

**Trade uncertainty**

But the economy feels more fragile than anticipated, and this is likely because of President Trump’s trade war. While the tariffs the president has actually imposed have been modest—25% on $250 billion in Chinese imports to the U.S. and some steel and aluminum imports—his threats are anything but (see Chart 1). Currently in play are 25% on the remaining $300 billion in Chinese imports and about $275 billion in vehicle imports. Trump recently backed off his threat of 25% on about $350 billion in Mexican imports to the U.S. when Mexico agreed to step up its efforts to stem the flow of Central American refugees crossing the U.S. border.

U.S. businesses seem to be spooked by the president’s capricious trade policy. Business sentiment has fallen significantly since the trade war broke out in earnest last fall. Our global business confidence diffusion index is as weak as it has been since the economy began its ascent out of the financial crisis a decade ago (see Chart 2). Businesses’ expectations regarding how well they think they will be doing later this year have been hit especially hard, sliding to where they were just prior to the financial crisis.

Other sentiment surveys tell a similar story. Notably pessimistic is Duke University’s quarterly survey of company CFOs, with about two-thirds of respondents saying a recession is likely by the end of 2020. Morgan Stanley’s business conditions index, designed to capture turning points in the economy, suffered its largest one-month decline on record in May. And the Empire State Manufacturing Survey, compiled by the Federal Reserve Bank of New York, fell to its lowest level in years. Tax cuts also had a temporary beneficial effect on the economy, but this effect has since faded (see Chart 1).

**Chart 1**

<table>
<thead>
<tr>
<th>Trade War Intensifies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar and washing machines ($10B)</td>
</tr>
<tr>
<td>Nov-17</td>
</tr>
</tbody>
</table>

Sources: Census Bureau, USTR, USITC, Moody’s Analytics

**Chart 2**

<table>
<thead>
<tr>
<th>Uncertainty Undermines Business Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business sentiment diffusion index, net % positive</td>
</tr>
<tr>
<td>Oil price peak</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>14</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics
Reserve Bank of New York, suffered a similar record decline in June.

**More inventories, less investment**

Businesses have responded to the trade uncertainty by significantly adding to their stockpiles, nervous they soon may not be able to import what they need, at least not at an affordable price. A consequential share of the economy’s growth in the past several quarters has been big inventory adds. Inventory-to-sales ratios have meaningfully risen.

Businesses have also turned cautious in their investment in equipment and structures, which has gone flat over the past year. They appear reluctant to make significant investment decisions until they have clarity on where the tariffs will land. The 25% tariffs are large enough that if they stay in place for very long, businesses will have little choice but to significantly shift their global supply chains and thus investment.

Fallout on investment is more substantial than the top-line numbers suggest. Stronger energy-related investment has boosted investment spending, as has last year’s tax law, which slashed the top corporate tax rate and allowed businesses to expense their investment. Even the recent pickup in intellectual property spending is largely an accounting change, as the tax law reduced the tax incentives for U.S. businesses to domicile their existing intellectual property overseas.

**Fed to the rescue**

Recession angst is also evident in the bond market. Long-term Treasury yields have fallen a full percentage point since late last year, with 10-year yields back near 2%. A global flight-to-safety to U.S. Treasuries is partly why, as are lower inflation expectations and anticipation of aggressive monetary easing by the Federal Reserve. Investors are strongly betting the Fed will lower the federal funds rate three times by the end of the year, by 25 basis points each time.

The Treasury yield curve, as measured by the difference between 10-year and three-month Treasury yields, is firmly inverted. Historically, three-month yields rising above 10-year yields for several months has presciently signaled a recession about a year later. The curve is not predicting a recession yet—it was briefly inverted in March and for the better part of the past month—but it is close (see Chart 3). There are reasons to suspect that the recession signal in the inverted curve is overstated, such as global quantitative easing weighing down long-term rates, but the signal is growing increasingly strong.

Stock investors appear more sanguine about recession risks. Stock prices have been swinging wildly, but prices have effectively gone nowhere in the past 18 months. This is not an endorsement of a stronger future economy, but if investors were truly worried about recession, stocks would sell off and struggle to recover, at least for a while. A slump in stock prices has historically presaged recession by about six months.

Buoying stock investors is the faith that the Fed will come to the rescue, not only easing interest rates soon, but easing aggressively enough to forestall a downturn. They also ostensibly believe that Trump will take his trade war only so far, since it would not take much more of an escalation before the Fed would run out of room to respond.
“What, Me Worry?”

Only consumers remain seemingly oblivious to the possibility of a recession, at least so far. The Conference Board and University of Michigan surveys of consumer sentiment are off their highs registered during this expansion, but they are still high by historical standards (see Chart 4). With unemployment at a 50-year low and a record number of job openings, recession seems a remote risk to most working Americans. Lower-income households are also cheered by low gasoline prices, middle-income homeowners by strong house price gains, and wealthier households by the lofty stock prices.

Recession will remain at bay as long as consumers stay upbeat and continue spending. However, consumer confidence can evaporate quickly. Historically, a softer job market is all it has taken, with job growth slipping to a point where unemployment increased. Consumers quickly sense the weaker job growth, fewer open positions, and mounting layoffs. It is often not clear what causes consumers to hit the panic button, but when they do, sentiment falls sharply and recession hits a few months later.

Collective psyche

Recession is the result of a collective loss of faith in the future. Everyone runs for the proverbial bunker to be sheltered from the coming economic storm, and by so doing, creates the storm. Investors generally lose faith first, selling stocks, real estate and riskier bonds. Businesses follow, cutting investment and ultimately payrolls. Consumers are generally the last to pack it in, but when they do, it happens quickly.

There are times when the collective psyche is more vulnerable than others, when a thin line separates the optimism that characterizes an expanding economy and the pessimism that pervades a downturn. This generally happens well into an economic expansion, when imbalances have developed—labor markets are overly tight, underwriting is too easy, leverage is high and liquidity weak, asset prices are overvalued and real estate markets overbuilt. The line is crossed when something, almost anything, goes wrong.

This appears to be one of those times. Although the imbalances that undermine economic expansions are not fully evident today, faith in the economy is fragile. Trump’s trade war is creating an increasing amount of angst, as it could go very wrong. Recession risks are uncomfortably high.

About the Author:

Mark M. Zandi is Chief Economist of Moody’s Analytics, where he directs economic research. Moody’s Analytics, a subsidiary of Moody’s Corp., is a provider of economic research, data and analytical tools.

Dr. Zandi conducts regular briefings on the economy for corporate boards, trade associations, and policymakers at all levels. He is often quoted in national and global publications and interviewed by major news media outlets, and is a frequent guest on CNBC, NPR, CNN, Meet the Press, and various other national networks and news programs.
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The U.S., U.S. Possessions and Canada each have their own mechanic’s lien and bond claim statutes, offering security to those that supply labor or materials for the improvement of real property. This also means, at any given time, dozens of various governing entities are evaluating and re-evaluating their current statutes. It’s important to monitor the legal activity to ensure you take the proper steps to secure your company in the event of non-payment.

In terms of new legislation, the first few months of 2019 have been relatively slow; however, a handful of states have enacted changes to statutes that could impact potential mechanic’s lien and bond claim claimants. Although most of these changes aren’t drastic, in the construction industry, a small change can have significant impact. Of particular interest below is Mississippi HB869, legislating payment bonds on privately owned projects. When a payment bond is provided per statute, the bond may preclude the filing of a lien.

Recently Enacted or Soon to be Enacted Legislation:

Arkansas SB344, which becomes effective 7-9-19, clarifies that for real property, a street address is not a correct description under the Mechanic’s or Materialman’s Lien statute.

“Arkansas 18-44-117 Filing of lien. (2)(A) The lien account shall contain a correct description of the property to be charged with the lien, verified by affidavit. (B) For real property, a street address is not a correct description of the property...”

Illinois HB5201, which became effective 1-1-19, addresses the increase in expired mechanic's liens, more specifically, those that have not been released by the lienholder. For residential projects, the recorders' offices in counties with code hearing units may adopt rules establishing a mechanics lien demand and referral process after a public hearing.

“55 ILCS5/3-5010.8 Mechanics lien demand and referral pilot program (c)Establishment of a mechanics lien demand and referral process. After a public hearing, a recorder in a county with a code hearing unit may adopt rules establishing a mechanics lien demand and referral process for residential property. A recorder shall provide public notice 90 days before the public hearing. The notice shall include a statement of the recorder’s intent to create a mechanics lien demand and referral process and shall be published in a newspaper of general circulation in the county and, if feasible, be posted on the recorder’s website and at the recorder’s office or offices.

(d) Notice of Expired Lien. If a recorder determines, after review by legal staff or counsel that a mechanics lien recorded in the grantor’s index or the grantee’s index is an expired lien, the recorder shall serve a Notice of Expired Lien by certified mail to the last known address of the owner. The owner or legal representative of the owner of the residential property shall confirm in writing his or her belief that the lien is not involved in pending litigation and, if there is no pending litigation, as verified and confirmed by county court records, the owner may request that the recorder proceed with a referral or serve a Demand to Commence Suit.

For the purpose of this Section, a recorder shall determine if a lien is an expired lien if the lien is unenforced...”

Mississippi HB869, effective 7-1-19, HB869 created new code (Section 85-7-432 Mississippi Code of 1972) to regulate private project construction bonds. The legislation details the requirements for making a claim against a private works payment bond and lists the parties protected by the payment bond. When a bond is given in accordance with the statute, a lien...
will be available only to the prime contractor. On either a privately or publicly bonded project, the legislation requires the prime contractor to provide a copy of the bond upon written request.

“85-7-432. (1) Any person entering into a formal contract for the construction, alteration, or repair of any private building or other private work, before entering into such contract, may furnish to the owner, bonds with good and sufficient surety in which case the bonds shall conform to the requirements of this chapter as follows....”

“(b) A payment bond shall be payable to the owner but conditioned for the prompt payment of all persons supplying labor or material used in the execution of the work under the contract, for the use of each such person, in an amount not less than the amount of the contract; and...”

“(2) Every person who has furnished labor or material used in the execution of the private work provided for in such contract, in respect of which a payment bond is furnished, and who has not been paid in full for such before the expiration of a period of ninety (90) days after the date on which the last of the labor was performed by him or her or the last of the materials was furnished by him or her and for which such claim is made, provided the same has been approved, where required, by the owner or its architect or engineers, or such approval is being withheld as a result of unreasonable acts of the contractor, shall have the right to sue on such payment bond for the amount, or the balance thereof that is due and payable, but unpaid at the time of institution of such suit and to prosecute said action to final execution and judgment....”

“(3) Any person having direct contractual relationship with a subcontractor, but no contractual relationship express or implied with the contractor furnishing the private work payment bond shall have a right of action upon the said payment bond upon giving written notice to said contractor within ninety (90) days from the date on which such person did or performed the last of the labor or furnished or supplied the last of the material for which such claim is made...”

“(4) The only persons protected by such payment bond, subject to the notice provisions of this section are:

(a) Subcontractors and material suppliers of the contractor;
(b) Sub-subcontractors and material suppliers of those subcontractors named in subsection (4)(a) of this subsection; and
(c) Laborers who have performed work on the project site.”

“85-7-431. Where a contractor gives a payment bond providing payment protection to subcontractors and material suppliers to the full extent provided by the Mississippi Little Miller Act found at Section 31-5-51 or the private project bond provision at Section 85-7-432, the payment bond shall be in substitution for the liens provided for a subcontractor or materialman in this article. The contractor's right to a lien is not affected by the provision of a bond.”

New Jersey S865, concerning public-private partnerships for certain building and highway infrastructure projects, amends and supplements various parts of the statutory law. Effective 2-12-19.

North Dakota SB2254, effective 8-1-19, provides that wind turbines and associated facilities that are part of an electric energy conversion facility designed for or capable of generation by wind energy conversion exceeding one-half megawatt of electricity may not be considered improvements for purposes of chapter 35-27 (Construction Liens).

Wind, Oil & Gas Best Practice: When supplying to construction projects involving wind, oil or gas, always check to see whether there are special requirements!

Virginia HB2409, effective 7-1-19, will require an update to the Virginia Memorandum for Mechanic's Lien form. The requirements include that the address(es) of the owner of the property sought to be charged must be shown, as well as the date from which interest is claimed.

“43-4 Perfection of lien by general contractor; recordation and notice.”

“...The memorandum shall be filed in the clerk's office in the county or city in which the building, structure or railroad, or any part thereof is located. The memorandum shall show the names and addresses of the owner of the property sought to be charged, and of the claimant of the lien, the amount and consideration of his claim, the time or
times when the same is or will be due and payable, and the date from which interest is claimed, verified by the oath of the claimant, or his agent, including a statement declaring his intention to claim the benefit of the lien, and giving a brief description of the property on which he claims a lien...”

Changes in Payment Bond Thresholds & Bonding Requirements

Several states have made changes to payment bond thresholds and/or bonding requirements. Several of these changes have increased the threshold for bond requirements, which could significantly impact those furnishing to public projects.

Arkansas HB1572, effective 7-9-19, requires payment bonds for general contracts on public projects exceeding $35,000. Contracts executed by the Arkansas Department of Transportation remain exempt from the bonding requirement.

“Arkansas 18-44-503(a) A contract in a sum exceeding the amount stated in § 22-9-203 providing for the repair, alteration, or erection of any public building, public structure, or public improvement shall not be entered into by the State of Arkansas or any subdivision of the state, by any county, municipality, school district, or other local taxing unit, or by any agency of the state, a subdivision of the state, a county, a municipality, a school district, or any other local taxing unit, unless the contractor shall furnish to the party letting the contract a bond in a sum equal to the amount of the contract.”

“Arkansas 22-9-203 (a) Except as provided under § 14-58-105, a contract providing for the making of major repairs or alterations, for the erection of buildings or other structures, or for making other permanent improvements shall not be entered into by the state or an agency of the state or by a county, municipality, school district, or other local taxing unit with any contractor in instances in which all estimated costs of the work exceed the sum of thirty-five thousand dollars ($35,000).”

Kentucky SB26, effective 6-26-19, local public agencies will require payment bonds for contracts awarded in excess of $100,000.00. (Previously, bonds were required for contracts in excess of $25,000.00.) On State projects, the threshold remains at $40,000.00.

“KRSA 45A.435 (1) When a construction contract is awarded in an amount in excess of one hundred thousand dollars ($100,000), the following bonds shall be furnished.... (b) A payment bond satisfactory to the local public agency, executed by a surety company authorized to do business in this Commonwealth, or otherwise supplied, satisfactory to the local public agency, for the protection of all persons supplying labor and material to the contractor or his subcontractors for the performance of the work provided for in the contract. The bond shall be in an amount equal to one hundred percent (100%) of the original contract price.”

Wyoming HB0065, effective 2/27/19, for public projects, a bond is required for general contracts exceeding $50,000.00, or, for general contracts of $150,000.00 or less, there may be another form of guarantee. A bond is required for State Construction Department projects exceeding $50,000.00.

“9-2-3004(c)(IV)(C) Before any contract exceeding fifty thousand dollars ($50,000.00) in amount, for the construction, alteration or repair of any public building or public work or improvement of the state is awarded to any person, the person shall furnish to the state a performance and payment bond executed by a surety company authorized to do business in the state of Wyoming or other form of surety satisfactory to the state, in an amount equal to one hundred percent (100%) of the contract price;

16-6-112. Contractor's bond or other guarantee; when required; conditions; amount; approval; filing; enforcement upon default.
(a) Except as provided under W.S. 9-2-3004(c)(iv), any contract entered into with the state, any county, city, town, school district or other political subdivision of the state for the construction, major maintenance or renovation of any public building or other public structure or for any public work or improvement and the contract price exceeds fifty thousand dollars ($50,000.00), shall require any contractor before beginning work under the contract to furnish the state or any political subdivision, as appropriate, a bond or if the contract price is one hundred fifty thousand dollars ($150,000.00) or less, any other form of guarantee approved by the state or
the political subdivision. The bond or other form of guarantee shall be:...”

Payment Bond Best Practice: It is recommended to always request a copy of a payment bond when contracting for the project. Make this a normal part of doing business, just as you would when obtaining project information and reviewing creditworthiness. In the event of furnishing to a public project, and there is no payment bond required / available, take additional credit precautions.

Coming Soon:

Arizona SB1304 updates the requirement as to when an additional preliminary notice must be served. Effective for any projects where furnishings are first commenced to be furnished from and after 12-31-19, an additional notice will be required if the estimated total price for the furnishings exceeds by 30% or more the total price in a prior notice under the same contract. (Prior to projects commenced on or after 12-31-19, an additional notice is required if the estimated total price for the furnishings exceeds by 20% or more the total price in a prior notice under the same contract.)

“33-992.01 G. A person required by this section to give notice to the owner, to an original contractor, to the construction lender, if any, and to the person with whom the claimant has contracted need give only one notice to the owner, to the original contractor, to the construction lender, if any, and to the person with whom the claimant has contracted with respect to all labor, professional services, materials, machinery, fixtures or tools furnished for the building, structure or improvement, unless the actual estimated total price for the labor, professional services, materials, machinery, fixtures or tools furnished or to be furnished exceeds by thirty percent or more the total price in any prior original or subsequent preliminary notice or unless the labor, professional services, materials, machinery, fixtures or tools are furnished under contracts with more than one subcontractor, in which case notice requirements shall be met for all additional labor, professional services, materials, machinery, fixtures or tools.”

Preliminary Notice Best Practice: Always serve a preliminary notice, even if it’s not required. It is better to serve a notice and discover it was not required than to neglect sending a notice and possibly lose your lien rights.

Colorado SB138 specifies that bonding requirements apply to all construction contracts exceeding $150,000.00, awarded to a private entity, for locally owned public real property, whether using public or private money or financing. SB138 is effective 8-2-19. (Under current law, when an entity enters into a contract with a county, municipality, school district, or, in some instances, any other political subdivision of the state to perform work on certain projects, the contractor is required to execute performance bonds and payment bonds.)

“39-26-105 (3) This section applies to all contracts for more than fifty thousand dollars awarded to a private entity for the construction of any public building or the prosecution or completion of any public works or for repairs upon any public building or public works that is situated or located on publicly owned property using any public or private money or private financing.”

“38-26-106 (3) This section applies to:
(a) A contractor who is awarded a contract for more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation, or other public works for any county, city and county, municipality, school district, or other political subdivision of the state;

(b) A contractor who is awarded a contract for more than one hundred fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation, or other public works for this state; and

(c) All contracts for more than one hundred fifty thousand dollars awarded by any county, city and county, municipality, school district, or other political subdivision of the state to a private entity for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation, or other public works that is situated or located on publicly owned property using any public or private money or public or private financing.”
Oklahoma HB2305 becomes effective 11-1-19 and adjusts the timeframes for filing an action against a payment bond. When contracting with a subcontractor, a bond claim must be made within 90 days from last furnishing materials or services. If contracting with the prime contractor, a bond claim is recommended, but is optional.

Under HB2305, suit to enforce a claim under the bond must be made within 1 year from last furnishing materials or services; however, the deadline for suit will be extended to 2 years from last furnishing materials or services if a claim was made against the bond within 1 year from last furnishing materials or services.

“The SECTION 1. AMENDATORY 61 O.S. 2011, Section 2, as amended by Section 2, Chapter 241, O.S.L. 2012 (61 O.S. Supp. 2018, Section 2), is amended to read as follows:
Section 2. A.”
“...Any person to whom there is due any sum for labor, material or repair to machinery or equipment, furnished as stated in Section 1 of this title, the heirs or assignees of such person, may file a claim or bring an action on the bond for the recovery of the indebtedness, provided that no action shall be brought on the bond after one (1) year from the day on which the last of the labor was performed or material or parts furnished for which the claim is made unless a prior claim has been filed within one (1) year from the day on which the labor was performed or material or parts furnished, in which case, no action shall be brought on the bond after two (2) years from the day on which the last of the labor was performed or material or parts furnished for which the claim is made.”

Ontario – Construction Act – The first set of updates to the Ontario Construction Act became effective for projects where, on or after July 1, 2018, the general contract was entered into, the procurement process was commenced by the owner, and the lease (if any) was first entered into.

The following Regulations of the Construction Act have since been updated (May 23, 2019):
- Adjudications Under Part II.I of the Act
- Table to the Regulations (Forms)
- General

On October 1, 2019, the provisions for Prompt Payment (See Part I.1 of the Act) and Construction Dispute Interim Adjudication (See Part II.1 of the Act) will become effective if a contract was entered into, or a procurement process commenced, in respect to an improvement, on or after October 1, 2019.

Utah HB395, effective 1-1-2020, amends and enacts provisions related to notices filed with the State Construction Registry. An owner of a private project will have the option of filing a Notice of Intent to Finance on the registry. Each subcontractor that has filed a preliminary notice pertaining to the property may file with the registry a final lien waiver.

“38-1a-604. Notice of final lien waiver.
(1) After a notice of intent to finance is filed under Section 38-1a-603 on a project property, each subcontractor that has filed a preliminary notice pertaining to the project property may file with the registry a final lien waiver.
(2) The final lien waiver described in Subsection (1) may be filed on the registry even if no notice of intent to finance was filed on the registry.”

About the Author:
Nancy Kennerly, Executive Director, has assisted credit professionals throughout the US and Canada, for 33 years, to secure their receivables through the mechanic’s lien and bond claim process.

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Impacts and Influences of RPA, ML and AI - Credit Research Foundation Survey Results 2019

By: Matt Skudera
Vice President of Education and Research
Credit Research Foundation

During the second quarter (2019) CRF conducted a survey on the impacts and influences of Robotics Process Automation (RPA), Machine Learning (ML) and Artificial Intelligence (AI). The survey was designed to create insight into how credit professionals have adopted the concepts, implemented their functionality and what early results have been realized as indicated by those who have operationalized them.

The survey results highlighted the newness of the technology, results achieved from their implementation and how they aligned with expectations. The most significant takeaway may be the success rate of implementation, with approximately 80% of respondents meeting or exceeding cost savings on headcount. It is also interesting to note that the majority reported this success was achieved in less than one year.

The following is a selection of survey responses:

- In excess of 40% of respondents indicate the internal use of Robotic Process Automation (RPA). An additional 5% are in the process of installing the RPA.
- RPA significantly outpaces the use of AI with those respondents actively engaged in AI. AI appears to be the next step in continuous improvement.
- As would be expected, RPA appears to thrive best when embedded with transactional processes. The areas ripest for this type of activity are those that allow for system-to-system interfaces. These include cash application, information retrieval, credit application processing and invoicing.
- Overall, the delivery of RPA has resulted in cost savings, process improvements, standardization and headcount management. It is also interesting to note the comments related to time management and the lack of time savings in the process.
- It's all about human capital with cost savings, controls and effective process improvements as RPA, ML and AI allows for a shift from transactional processing to process ownership.
- Imbedded in the fintech movement is a focus on the development and hiring of skillsets that match the future of the business environment. Future employees will be required to have a technology and business background to support the leadership requirements of cross-discipline process ownership.

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<tr>
<th>Question 1</th>
<th>Graphical Presentation</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Are you currently using Robotic Process Automation in your organization?</td>
<td><img src="chart.jpg" alt="Bar Chart" /></td>
<td>It appears the majority are using embedded products within existing tools given that only 40% of respondents indicated they are currently using RPA.</td>
</tr>
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### Question 2
**Are you currently using Artificial Intelligence in your organization?**

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<th>Comments</th>
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<tr>
<td>No</td>
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<tr>
<td>Other (please specify)</td>
<td>![Bar Chart]</td>
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Given that AI is the next step after RPA, it appears AI has not as yet gained traction.

### Question 3
**Where have you implemented Robotic Process Automation (RPA), Machine Learning (ML), or Artificial Intelligence (AI) for any part of the order-to-cash process? (check all that apply)**

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<td>![Bar Chart]</td>
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One can draw their own conclusion about where these 3 technologies have and have not taken hold. For example, ML has its greatest foothold in Exception Handling and Invoice Matching where there tends to be more ambiguity in the process.

### Question 4
**After your first installation of RPA did the journey continue with additional implementations?**

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<td>No</td>
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Feedback on continued implementations is mixed, with most "bots" being new and respondents assessing their impacts. As "bots" mature, CRF expects to see more adoption for rounds 2, 3, etc.
**Question 5**

What are the primary drivers for RPA implementation? (check all that apply):

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<tr>
<th>Graphical Presentation</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Reduced cost</td>
<td>Cost and process/stability enhancements are the main drivers for implementation. It is interesting to note that “bots” are being used instead of off-shoring human capital.</td>
</tr>
<tr>
<td>Reduced error rates</td>
<td></td>
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<tr>
<td>Consistency in process</td>
<td></td>
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<tr>
<td>Financial controls</td>
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<tr>
<td>Reduced cost through FTEs</td>
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<td>Other (please specify)</td>
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**Question 6**

Have expected results been achieved?

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<th>Graphical Presentation</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Yes</td>
<td>While most respondents indicate achievement of expected results, enhanced process, reduced labor costs and have standardized the process, several commented that while error rates were greatly reduced, the anticipated time savings was not achieved.</td>
</tr>
<tr>
<td>No</td>
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**Question 7**

Have you achieved cost savings or other benefits that justify the investment in RPA/AI/ML?

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<tr>
<th>Graphical Presentation</th>
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<tbody>
<tr>
<td>Yes</td>
<td>The majority of respondents indicated a cost savings in less than 1 year, driven by FTE counts.</td>
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<tr>
<td>No</td>
<td></td>
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<tr>
<td>Question 8</td>
<td>Graphical Presentation</td>
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<tr>
<td>How long did it take to achieve results?</td>
<td><img src="chart1.png" alt="Bar chart" /></td>
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<th>Question 9</th>
<th>Graphical Presentation</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Does the provider charge additional fees for features designated as RPA/ML/AI?</td>
<td><img src="chart2.png" alt="Pie chart" /></td>
<td>One-third of providers appear to charge an additional fee for these types of products.</td>
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<th>Question 10</th>
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<tr>
<td>Do you believe that the full potential of your current automation technology is being realized/utilized?</td>
<td><img src="chart3.png" alt="Bar chart" /></td>
<td>Overwhelmingly, respondents do not feel they are fully utilizing the products they already have in place.</td>
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### Question 11

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<td>Time/training and $'s appear to be the primary reasons that organizations are not fully utilizing their products. Additionally, there may be a lack of investment as A/R may not be getting the investment $'s it requires and/or requests.</td>
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### Question 12

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<td>Transaction heavy processes, like cash application, are the focus for most individuals considering RPA. Overall, less than 25% appear to be looking at RPA, ML and AI.</td>
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### Question 13

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<td>The downstream impacts are balanced between impact to headcount and increased skills requirements.</td>
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</table>
Question 14

Graphical Presentation

Comments

What impact do you believe RPA/ML/AI will have for AR & Credit jobs in your organization in the next 10 years? (check all that apply)

Human Capital

Question 15

Graphical Presentation

Comments

As Credit and A/R technology moves from Robotics to AI, what are the potential impacts to the skill sets required to support the discipline? (check all that apply)

There appears to be a consensus for understanding the potential of technology and cross-process applications.

Final Thoughts

These results represent the current thought process from the impacts and influences of Robotics Process Automation, Machine Learning and Artificial Intelligence. Respondents from the survey clearly indicate that the use of these fintech tools are advantageous to their credit environment and allow for efficiency, effectiveness and economic advantages.

What may be the most interesting point from this study is what’s not being said: even though the technology is new, it is quickly impacting the “what and how” of the discipline. It is evident that practitioners are embracing the possibilities and implementing RPA/ML/AI in aspects of their business to gain an advantage. While this is a new technology, it has created both change and opportunity for the credit professional.

Additionally, it broadens the career path opportunity for those employees newly entering the space.

Given the growth and potential impacts to the credit discipline, the Foundation will continue to monitor and communicate findings on this subject.

About the Author:

Matt Skudera is Vice President of Research/Education and an Officer of the Foundation. Prior to CRF, Matt spent the past 25 years in positions of increasing responsibility in Credit and Financial Shared Services.
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Plan Ahead!
Future CRF Forum Dates/Locations

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International Business Credit Reports: Revisited

By: Josh Russell
Web Technologist
Business Credit Reports

The world continues to get “smaller” and more companies are expanding to the global market. According to the World Trade Organization, exports of U.S. goods have increased 10.7% over the past three years and 57.6% during the past decade. Regardless of whether you are an exporter or importer, trading goods or services, if you do business with companies overseas, it’s important to take the necessary steps to ensure that your trading partners will live up to their end of the deal.

While international trade provides a great opportunity for businesses to increase revenue and minimize costs, it often comes with significant risk. A trading partner thousands of miles away may find it easier to skip out on payments or fail to deliver as promised. Distance and borders make it much harder for you to collect any debts owed.

International business credit reports help take the risk out of doing business internationally by verifying the legitimacy and financial stability of your potential partners. While they have been around for many years, international business credit reports have gained a reputation for being expensive and often unreliable. Many credit managers believed they were more hassle than they’re worth.

However, technological advancements in recent years have helped to improve the quality, cost, and speed of international business credit reports considerably, making them worth revisiting. With the number of international credit information providers growing, choosing the right provider can save you thousands in report costs each year and could save you millions in credit losses too.

The (Not So) Good Old Days

A decade ago, if you wanted to get credit information on businesses outside of the United States or Canada, you had to pay hundreds of dollars for a report which often took weeks to receive. Frequently, after spending the money and eagerly waiting, you would receive a report with little to no useful information. Sometimes, instead of a report, you would get a notice stating that the company could not be found. By this time, your money had already been spent, and you were out of luck.

Rather than spend the time and money on a report that might not provide any useful or valuable information, many companies looking to buy or sell to businesses overseas would issue a letter of credit. Letters of credit utilize a bank to underwrite the credit risk and pay out funds or release goods once certain requirements are met. Using letters of credit is a longstanding risk mitigation practice in international trade, but they can be expensive and slow down the deal.

For smaller international deals, where a letter of credit is cost-prohibitive or too time-consuming, many companies choose to roll the dice and hope that the other party lives up to their end of the agreement. This practice of paying or shipping on faith that the other party is trustworthy inevitably ends up in losses, so the savings up front results in a higher cost in the end.

The Good News

The days of expensive, slow, and unreliable international business credit reports are gone. International credit reports are more cost-effective, delivered faster, and contain more fresh information from which you can make your credit decisions than they ever have before. Reports from dozens of countries can now be pulled instantly online, just as U.S. reports are. Even freshly investigated developed reports are now returned within a few business days, instead of weeks, for a fraction of what they used to cost.

Better

Globalization has increased the demand for international business information. To meet the increased demand, more providers have entered the space. The increased competition has elevated the quality and quantity of the data available in many countries, including those in the developing world. Databases of information on companies now exist in almost every nation, and many of these databases even contain trade payment behavior and financial data.

New technology has enabled better collection, storage and delivery of international business credit data. Long-time information providers and new entrants to the market have made technological investments that have enabled fast delivery of fresh business information in...
consistent report formats across all countries. This is important, as having a consistent report format makes it easier for you to use in your credit processes.

This data consistency has also laid the foundation for analytics to be added, and now international credit scores are available. Consistent report formatting and scores have made it easier to compare businesses in different countries across your portfolio. These fresh and consistent international business credit reports are now a better tool for evaluating international partners before a sale or purchase deal is reached and for periodic customer or vendor management.

Cost Effective
Now that there are more databases of international business information, sourcing that data is easier and more affordable. More countries have also computerized their public filing information, making it more accessible for credit information providers to obtain. Compared to the old method of data collection, where an investigator was needed to chase down the business with a physical visit and interview of the business owner, databased information is significantly cheaper to utilize.

Once data on a company is stored, the cost of generating a report from that data is minimal. The cost of procuring information and creating a report manually is replaced by a small share of the cost of the systems used to build and deliver the reports. It’s simple economies of scale. Instead of paying for data collection on every report you order, today you’re sharing the cost of data collection with everyone else who is looking for information on businesses in that region. This modernization has brought the price of international business credit reports down from hundreds of dollars to less than $100, and even as low as $15, depending on country.

Faster
While bringing costs down, investments in international business credit collection technologies have also sped up the delivery of international business credit reports. In many cases, reports are available instantly online. Reports can now be ordered and delivered instantly online on businesses in nearly one-third of all countries, including most of the developed world. In total, instant online reports can be ordered on over 200 million companies worldwide and growing.

For those countries and businesses that do not have a databased credit file, in-depth developed reports are an option. Developed reports are compiled manually upon order to provide the freshest information possible. Typically, these reports include any public records available, payment details, corporate structure, activity status, and a recommended credit limit or guideline. These reports, which used to take weeks to receive, are now delivered within just a few days. This delivery speed is only possible thanks to the increased accessibility to local sources of business information, which is the main foundation of a report. Once gathered, this information can then be stored for future use. To furnish a fresh and valuable credit report, only minor updates and additions to the stored information is needed.

One Size Does Not Fit All
Using a credit report alone is not always the right risk management solution for international deals. Depending on the value of the deal, and the country or region in which your trading partner is located, it may still make sense to use a secure method of payment. Since cash up front only provides full security to the exporter and zero security to the importer, the preferred method usually involves purchasing a letter of credit from an international trade bank.

Letters of credit can be expensive and can slow down a deal, but there are times when they are the best solution. There is no prescription for when a company should use a letter of credit, but generally high value and high-risk transactions are the ones that involve a letter of credit. Some factors that weigh into this decision are:

- How large is the deal?
- How established is the relationship with the company?
- How politically and economically stable is the area where the company is located?
- How much risk is your company willing to accept?
- What terms are competitors offering?

However, by ordering a credit report on the prospective partner as a preliminary check, you might discover the company is one you prefer to not do business with, saving you the cost and hassle of getting a letter of credit.

Making the Right Choice
When choosing an international business credit report provider, look for a company that has access to multiple data sources, the broadest
overall country coverage, and/or a standardized format across the countries they offer. Some providers only offer online reports, while others only offer developed reports. Some offer both online and developed reports, but have prices, contracts, or commitments that might keep them from being cost-effective. Having access to a variety of international credit report products enables you to select the best report for each situation.

It is also important to understand the options available from each provider, including the geographic coverage they provide, the delivery speed of each report, the content and format of their reports, and of course, their pricing. Whether you are shopping manufacturing vendors in different countries or deciding whether to make a big sale to a prospective new customer, having more options puts you in control, giving you access to the coverage you need at pricing that suits your budget.

Prices & Terms Will Vary

Prices for international business credit reports themselves can vary depending on how the data is sourced, how the report is generated, and the country where the company is located. In general, online reports are cheaper than developed reports, but there are cases where one provider’s developed reports are priced lower than another provider’s online reports. European reports also tend to be priced lower than most other regions because the markets are more mature and there are more information sources. However, several other countries are quickly catching up, particularly key trading countries in Latin America and Asia, which helps to bring prices in those countries down.

Pricing can vary widely from provider to provider as well. Some providers still charge over $600 for a single international business credit report while others charge less than $100 for a report on the same company. It pays to shop around to compare price and available information. While it might make sense to use multiple providers for different use cases and different countries or regions, you should also consider working with a single company that has access to multiple providers. Having a single source for all your international reports makes it simpler for you; you may even find more favorable pricing at one of these multiple-source providers than going direct or to a single-source provider.

It is also vital to ensure the provider will work for your budget and usage. Most providers require a contract or a monthly commitment before providing access to reports. Some providers will offer a one-off report, but usually at a much higher price than would come with a contract or commitment to make it cost prohibitive. To incentivize greater order volumes, providers generally will offer lower prices for greater order volume commitments. Unless you expect to order a heavy volume of international credit reports, you’re better off choosing a partner that does not require contracts or commitments and has affordable pricing.

Selecting Your Provider

After you’ve finished your initial research on international credit report providers and you understand the pricing, terms, coverage, content and delivery options they offer, it’s time to get some specifics and verify their claims. Information can be sourced from government records, vendors or the company itself, so ask where the data is sourced in your regions of interest. Ask whether reports from the countries of interest are available in real-time or must be freshly researched. Ask how fresh the databased information is and whether references can be included in their reports. You should also get an idea of report delivery times for your target regions.

To get an idea of what to expect, ask to see some example reports. Better yet, order some test reports on known companies, like existing customers or vendors. You will want to see sufficient depth of information and consistency in both format and data. If you’re able to test a couple of companies, you’ll have an indication of the report quality and service you can expect from that provider going forward.

It’s Not Worth the Risk

Don’t take on the risk of working with an international company without performing any credit research up front, and certainly don’t overspend. Today’s new options for international business credit information give you the tools required to make confident decisions to grow your business – quickly and economically!

About the Author:

Josh Russell is a Web Technologist at BCR. His areas of responsibility include improving BCR’s web presence through SEO (search engine optimization) and expanding their marketing efforts. He maintains BCR’s public website.
Billtrust announced on April 16, 2019 that they acquired Second Phase, a software solution provider in B2B eCommerce for wholesale distribution companies, enabling them to further streamline and digitize the order-to-cash experience.

Billtrust announced on June 10, 2019 that it was named the winner of a Gold Stevie® Award for its Business Payments Network (BPN) in the Business Technology – Payments Solution category of The 17th Annual American Business Awards®.

The Commercial Collection Agencies of America announced on April 12, 2019 that a portion of their proceeds from the recently held semi-annual meeting in New Orleans has been given to the American Diabetes Association.

Ms. Annette Waggoner, Executive Director of the Commercial Collection Agencies of America, was recently recognized by Receivables Advisor as one of the Top Women Leaders in Accounts Receivable. The award highlighted successful thought leaders, identified by A/R leadership across the industry segment as “collections professionals to know”.

Dun & Bradstreet announced on June 14, 2019 that it will acquire Lattice Engines, an AI-powered customer data platform (CDP), enhancing their position as a leading provider of integrated data and analytics solutions for B2B sales and marketing teams.

Equifax Inc. announced on April 24, 2019 that it acquired PayNet, a company that provides commercial credit risk underwriting and management solutions for commercial finance and leasing companies in the U.S. and Canada.

FIS announced on April 9, 2019 that it has been named the “Best Place to Work” for LGBTQ equality by the Human Rights Campaign Foundation for the second year in a row.

On May 6, 2019 the Nacha Board of Directors appointed Jane E. Larimer as the next President and CEO effective July 1, 2019. Jane currently serves as Nacha’s Chief Operating Officer.

NCS has been awarded a Top Workplaces 2019 honor by Cleveland based newspaper - The Plain Dealer - based solely on feedback gathered through a third-party survey administer. The anonymous survey measures several aspects of workplace culture, including alignment, execution, and connection, just to name a few.
This group of attorney firms, in addition to their intellectual contributions, has stepped forward to offer financial support to the Foundation, for which CRF and its members are very grateful.
The Credit Research Foundation is very fortunate to receive support from our Platinum Partners. Their contributions and collaborative efforts help the Foundation maintain activities at the level at which our members have become accustomed.

While these firms and the services they provide are very familiar to our members, you can learn more about them by clicking HERE.