

CREDIT MANAGEMENT BEST PRACTICE 2013

Training Interventions in Credit Management



Gerard Barron, Credit Dynamics



Introduction

- Gerard (Gerry) Barron
- 35 Years managing solicitors practices
- ICM Advisory Council, Fellow ICM
- ICM handbook author, ICM tutor and exam moderator
- Founding board member ACP
- Management Graduate MBA DMS
- Independent Credit Consultant
- Owner Debt Guru and Credit Dynamics

Interventions - meaning

- “Credit Management is a series of interlinked tasks, that develop into processes measuring and managing risk along a continuum of activities designed to ensure that an enterprise gets paid on time for profitable deliverables, adding internal value, whilst stimulating and maintaining the relationship between your organisation and its customers for mutual current and future benefit”.
- Order to cash = tasks
- Tasks – learned processes
- Learning tasks requires effort and intervention

Training v Education

Education – “activities aimed at developing the knowledge, moral values and understanding in all walks of life...its purpose is to provide conditions.. to make people to make a contribution to the society in which they live”

Training

Training... "a planned process to modify attitude, knowledge or skills, through a learning experience to achieve effective performance in an activity or range of activities. Its purpose in the work situation is to develop the abilities of the individual and to satisfy the current and future needs of the organisation"

The learning organisation

- Recognise the benefit of staff development- look at what makes you what you are today?
- How did we learn our way (experience) to where we are?
- Don't be afraid to surround yourself with very skilled people – then manage them!!
- Embrace and encourage the learning ambitions of your staff.

Tasks become processes

- Tasks are learned – lifelong learning is the norm
- Tasks that can be automated are automated where allowable
- Tasks that are linked become processes, processes become “management”
- Process improvement is managerial responsibility leading to efficiencies
- Efficiencies lead to progression and at *worst* stability

Lifelong learning

- People learn from experiences, but they must have an understanding of the structure of what they are doing, and why they are doing it?
- These “benefits of knowledge” give validity and life to the tasks
- “Excellent” businesses and managers realise that investment in people is essential

Learning culture

- Culture is.....
- Values
- Attitudes
- Beliefs

Developing a learning culture at Veolia

- Developed a series of beliefs – a credo based on the *JohnsonandJohnson credo*
- These beliefs shaped the policies and procedures, that formed the components of the Credit Dept strategy
- The strategy included a commitment to investing in the people at all levels
- The tactic was to put in place a series of training initiatives

Credo – 2nd belief

- “We believe in, and value our credit control staff, who should be treated with fairness, integrity and maturity. We will support them at whatever level in having a fulfilling career”

Credo 2 – subset of intentions

- We are committed to train, develop and enhance the skills of our credit control staff.
- We will encourage their strengths.
- We will ensure that working for Veolia is rewarding and enjoyable.
- We will share our vision so that they have pride in the achievements of their efforts.
- We respect the skills and experience of our staff and value the contribution that every individual makes to the credit team.

Structured training programme

- ICM core training modules formed the skeletal training programme
- Selection from 28 core modules at basic level, divided in to General, Trade, Consumer and Export credit disciplines
- Selected core RELEVANT skill based modules – delivered as base level for all staff members - baseline

Simultaneous programmes

- Task oriented – skills based training
- 30 days challenges including
- Credit Application processing
- Credit Risk Management
- Telephone collections
- Cash collection
- Debt Recovery
- Customer service and cash collection
- Business Communication

“The 30 day challenge”

- On site 5/6 hours training – all
- 30 day challenge issued – in one month
 - 1 assignment – demonstrate you understand the theory
 - 2 assignment – measure yourself to series of standard requirements (NOS) – identify your strengths and weaknesses
 - 3 assignment – identify business processes – measure process and analyse
 - 4 using knowledge – suggest ways of business process improvement, and personal development
 - 5 Submit assignment (after ind tutorial) to ICM

Benefits of ICM Involvement

- Baseline course carries 10 or 11 credits at level 2/3 diploma
- All simultaneous courses carry a credit of 3 or 6 credits towards diploma
- All staff can achieve “Certificate” in credit management” – 19 points
- Others can progress to “Diploma” in Credit management
- Others can progress to MICM Grad

I've done it all before!!!!

- Some staff feel that the commitment is not genuine and or sustainable – doubters
- Some staff are genuinely afraid of failure or “exams” - need reassurance and support
- Some staff are thought to be too old in the tooth for schooling – old timers
- Some staff feel they know it all – arrogant
- FACT – once started everybody becomes enthusiastic and committed

CPD

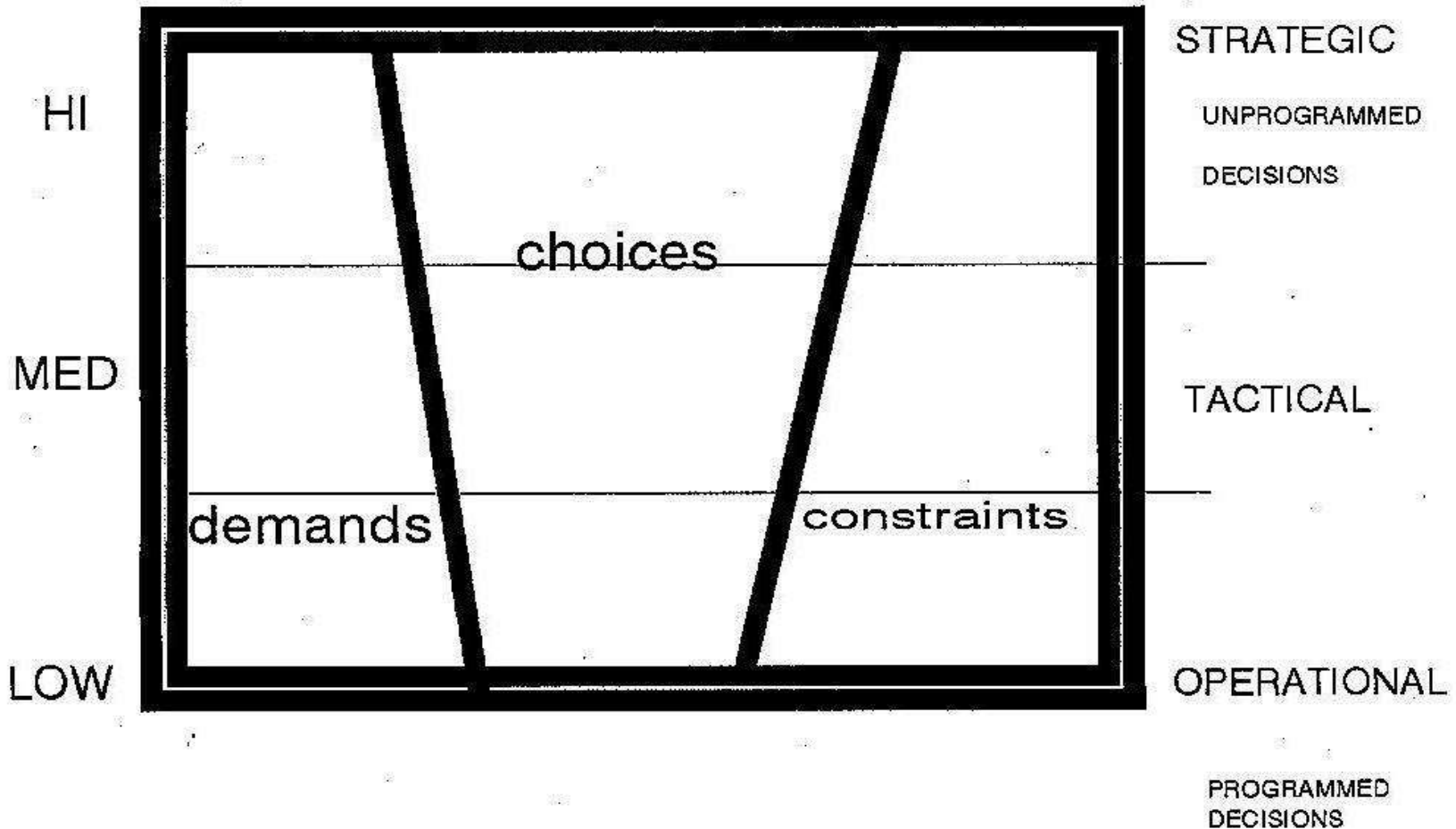
- All courses at whatever level carry CPD points
- All CPD points are certificated by the ICM – individually
- All effort and contribution by the individual and the employer is recognized and recorded

Multi leveled – multi skilled

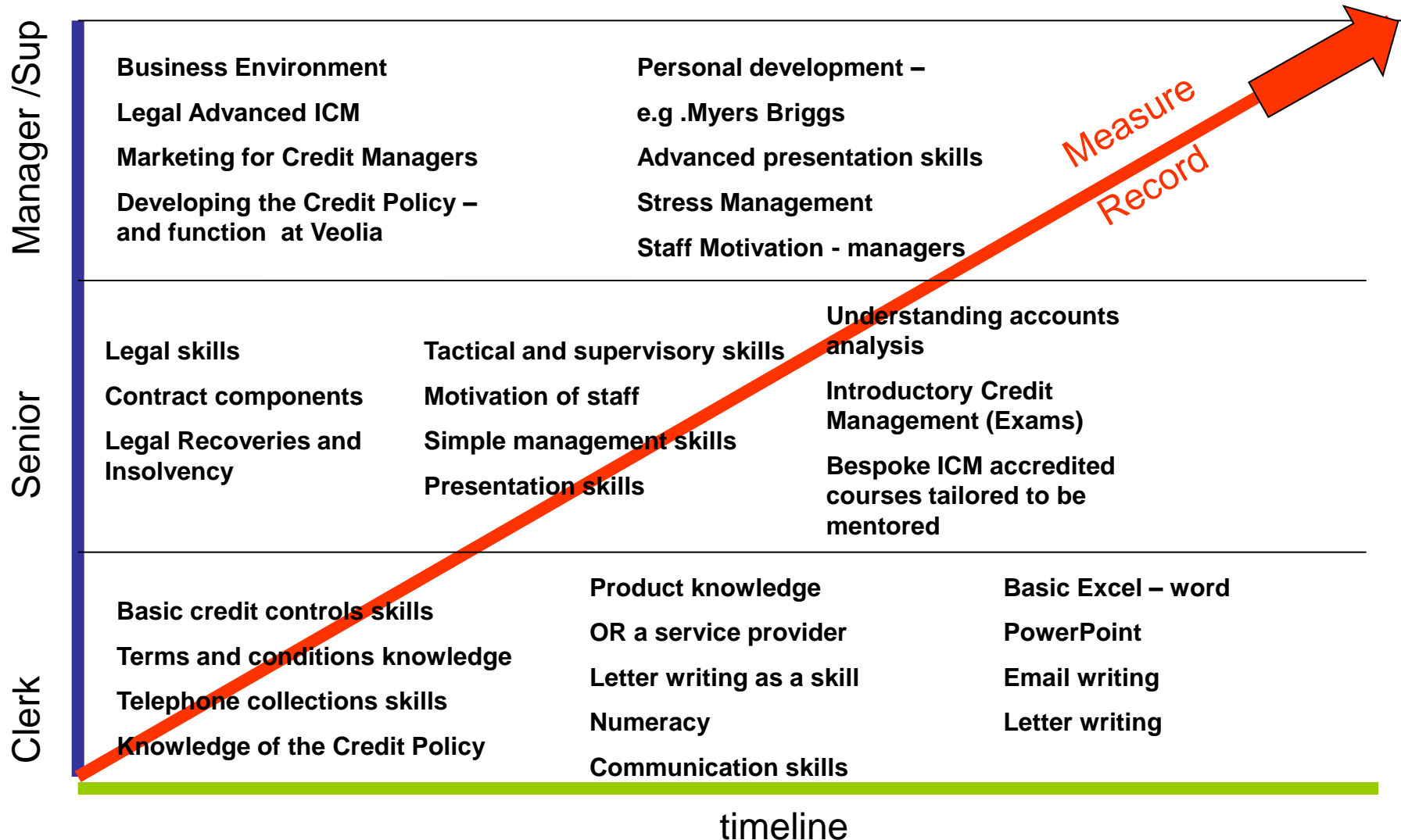
- Strategic managers have unprogrammed decision making, less operational demands and constraints whilst having greater choices (and responsibility)
- Tactical management – have more programmed decision making., more operational (process management) demands and constraints and less choices
- Operational managers have less choices, and more demands and constraints (task management)

Different levels – different needs

MANAGER HIERARCHY



Credit skills ladder



Additional courses

- Example
- **Statutory demands without a lawyer**
- Demystify legal jargon and process
- Immediate higher level skills
- Saves time
- Saves multi £000 (e.g. 75% reduction in lawyers collection bills - per annum - forever)

Wrap up

- Excellent organizations commit at many levels to program of improvements
- Credit management is a task based, people centric discipline
- Tasks are learned, and passed on – lifelong learning
- Management responsibility is to intervene and stimulate their staff “train hard – work easy”

Benefits

- Do more with less
- Staff retention
- Recruitment – differentiation from the pack- makes for more attractive employer
- Innovation becomes the norm
- Work becomes more rewarding at all levels
- Organization benefits demonstrable

Questions

- Thank you for the invitation
- www.creditdynamics.co.uk
- Gerard Barron 07764 228617

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