

For Immediate Release

NACM Provides Business Credit History For Risk Managers

Columbia, Maryland: February 7, 2006—All customers are not created equal. Those who pay their bills promptly deserve better credit terms than laggards. But how can you tell them apart, until you know them? “Sometimes we just see the name of a new customer as an advertisement on the side of a truck, and that is all we know about them” explains Gayle Meredith, Credit Manager at K&I Lumber in Louisville, Kentucky. Like Meredith, many turn to credit reports provided by the National Association of Credit Management (NACM) when they must make a quick and accurate decision on whether to extend new credit.

When companies need to check on the creditworthiness of potential new customers, speed is often critical. Suppliers may need the information within hours—or yesterday! “At NACM, we can get a credit report right away, either online, or even faster by phone,” Meredith says. Dave Tilford, CCE[®] who is Corporate Credit Manager at Plumbers Supply Company, Inc. in Louisville, Kentucky agrees, “If we need to know in a rush, they get right on it.”

The NACM Credit Report collates a repository of valuable data, collected from both public records and individual members. NACM’s investigators gather corporate information from the Secretary of State, and also examine company websites. Other official databases provide up-to-date material relating to tax liens, UCC filings or bankruptcy.

But those facts and figures only paint one aspect of the picture. In addition, members send in their own information about themselves and their customers. For instance, some may electronically transmit accounts receivable aging data, which gives a quick overview. They also report on payment patterns or particular problems they may have encountered with accounts.

“The reports hit directly to the heart of the matter, which is to offer insight into the financial strength of a business,” says Bob Burgan, VP of Credit at L. Thorn Company in New Albany, Indiana. In the building material industry, which includes lumber, ready mix concrete, roofing, lighting and building supplies companies, he and his colleagues need “a barometer” for current paying habits. Customers who are not paying other vendors may be mismanaging their cash flow and headed for financial instability.

Ernie Pudliner, Credit Manager for Temperature Equipment Corp., a Chicago area distributor of HVAC equipment, pointed out that NACM Chicago-Midwest is able to provide him with credit information not contained in credit reports from other services. “I find their credit reports are always very detailed and provide updated information. I rely on them and their information more than other credit reporting services—they’re important in my credit decision-making.”

“Of course, you have to know what to look for,” Burgan adds; and indeed, managers tend to favor different indicators. Teri Hutchinson, Credit Manager at Master’s Supply, also in Louisville, Kentucky, uses her reports first to “double check on the business owners’ or officers’ names, to make sure they are the same as those of the principals listed on an application.” She explains that the applications she receives often contain little personal information beyond a social security number or a company name, and NACM can help fill in the gaps.

Meredith also compares the reports with applications, noting that information may be misleading. For instance, an application might suggest that a principal has been in business for a decade, but the particular company may be relatively new—“and most businesses fail in the first five years,” she points out.

Jerry Hyman, Credit Manager at ISCO Industries, LLC, in Louisville, Kentucky wants to know about any past or current lawsuits, tax liens and bankruptcies, and how long a company has been in business. "Assuming good participation from local members, NACM offers the best source for local reporting," he says.

As well as gathering information, NACM will check the references on your applications for you. Tilford even confesses that these NACM work-up reports "are actually doing our job for us." When he passes along the references, the NACM Bureau will follow them up. Moreover, if NACM already has sufficient information on file in their database, that might be adequate, as a cheaper alternative to specific searches.

"Because the organization is so reputable and experienced, they smooth the way," says Melissa Ballou, CCE, Credit Manager and Controller at Ferguson Enterprises in Louisville, Kentucky. Ballou bases 80 percent of her final credit decision on the report, depending on the customer. If she were checking the references herself, she adds, it might take as long as three days, while NACM's service saves her from hiring another person.

The reports save both time and money on a daily basis, and potentially save substantial sums by warning credit professionals to avoid overextending credit to poor payers. The Bureau's dedicated researchers provide a much more comprehensive perspective on a customer than most managers could build on their own. Plus, credit managers can take added comfort in knowing that NACM is keeping records and databases on so many organizations in their industry.

Toni Ross, Credit Manager for O.C. Cluss Lumber Company in Uniontown, Pennsylvania, utilizes the credit reporting services of NACM Pennsylvania Association of Credit Management (PACM). Ross noted that in addition to credit reports, she has her NACM local affiliate check out credit references for her company. "They call the references," she said. "It's anonymous for us... it works out quite nicely. We're happy with PACM: it's harder and harder to get good credit references. I wouldn't know what to do without them."

Businesses know that outsourcing can often be the most efficient and economical way to perform certain functions. In this case, says Hutchinson, "it is helpful to have NACM taking care of a lot of the work... looking-up and maintaining information on our customers."

NACM Affiliates provide nationwide credit reporting services to businesses. If you need to research credit information on a local, regional or nationwide business entity, contact your NACM Affiliate for immediate service, lower-than-average costs, and the most reliable information available.

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The National Association of Credit Management (NACM), headquartered in Columbia, Maryland supports more than 25,000 business credit and financial professionals worldwide with premier industry services, tools and information. NACM and its network of Affiliated Associations are the leading resource for credit and financial management information and education, delivering products and services which improve the management of business credit and accounts receivable. NACM's collective voice has influenced legislative results concerning commercial business and trade credit to our nation's policy makers for more than 100 years, and continues to play an active part in legislative issues pertaining to business credit and corporate bankruptcy.

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