

# LESSONS LEARNED FROM THE CREDIT APPLICATION DESK

PRESENTED BY: BRITTANY ACONE, CBA/CICP

SEABOARD INTERNATIONAL FOREST PRODUCTS

# WHY THE CREDIT APPLICATION DESK MATTERS

- FIRST POINT OF FINANCIAL RISK
- SETS TONE FOR THE ENTIRE CUSTOMER RELATIONSHIP
- DIRECT IMPACT OF CASH FLOW, DSO, AND BAD DEBT
- WHERE JUDGMENT MEETS POLICY

EXPECTATION VS REALITY

# WHAT I THOUGHT CREDIT MANAGEMENT WOULD BE

- APPLICATIONS WOULD BE MOSTLY COMPLETE
- CREDIT DECISIONS WOULD BE CLEAR AND DATA DRIVEN
- POLICIES WOULD PROVIDE THE ANSWER
- RISK WOULD BE OBVIOUS

# WHAT CREDIT MANAGEMENT ACTUALLY IS

- INCOMPLETE AND RUSHED APPLICATIONS
- LIMITED OR CONFLICTING INFORMATION
- CONSTANT PRESSURE FROM SALES AND CUSTOMERS
- GRAY AREAS THAT POLICY DOESN'T FULLY COVER
- CONTINUOUS JUDGMENT CALLS

# WHAT INCOMPLETE APPLICATIONS REALLY MEAN

- DISORGANIZATION OR LACK OF INTERNAL CONTROLS
- LIMITED FINANCIAL AWARENESS
- CASH FLOW STRESS
- FUTURE COMMUNICATION OR PAYMENT ISSUES

CORE LESSONS  
FROM THE DESK

# LESSON # 1: THE APPLICATION IS A BEHAVIORAL INDICATOR

- HOW CUSTOMERS APPLY REFLECT HOW THEY OPERATE
- RESPONSIVENESS SIGNALS FUTURE COMMUNICATION
- ACCURACY INDICATES INTERNAL CONTROLS
- TRANSPARENCY BUILDS TRUST EARLY
- BEHAVIOR OFTEN PREDICTS PAYMENT PERFORMANCE

# LESSON # 2: CREDIT IS A CUSTOMER EXPERIENCE FUNCTION

- CUSTOMERS DON'T DIFFERENTIATE DEPARTMENTS
- CREDIT IS OFTEN THE "FIRST NO" THEY HEAR
- TONE MATTERS AS MUCH AS TERMS
- FIRST IMPRESSIONS START AT THE CREDIT APPLICATION DESK

# WHAT IMPROVES CUSTOMER COMPLIANCE

- CLEAR REQUIREMENTS EXPLAINED UPFRONT
- CONSISTENCY ACROSS CUSTOMERS AND DECISIONS
- TIMELY, TRANSPARENT COMMUNICATION
- SETTING EXPECTATIONS EARLY – NOT AFTER APPROVAL
- FOLLOWING THROUGH ON STATED TERMS

# LESSON # 3: SALES PRESSURE IS CONSTANT

- URGENCY IS ALWAYS PRESENT
- REVENUE GOALS DRIVE TIMELINES
- “THIS IS A BIG OPPORTUNITY”
- “THE MARGIN ON THIS IS HUGE!!”
- PRESSURE TO APPROVE QUICKLY
- CREDIT RARELY GETS PERFECT INFORMATION

# HOW TO BALANCE RISK & REVENUE

- RISK AND REVENUE ARE NOT OPPOSITES
- USE STRUCTURED FLEXIBILITY, NOT EXCEPTIONS
- APPROVE PROGRESSIVELY, NOT ALL AT ONCE
- SET CLEAR CONDITIONS AND REVIEW POINTS
- PROTECT CASH FLOW WHILE ENABLING GROWTH

# LESSON # 4: FRAUD HAS EVOLVED

- FRAUD LOOKS MORE PROFESSIONAL THAN IT USED TO
- STRONG PRESENTATION DOESN'T EQUAL LOW RISK
- SPEED AND URGENCY ARE OFTEN PARTS OF THE TACTIC
- FRAUD OFTEN BLENDS INTO "NORMAL" APPLICATIONS
- SLOWING DOWN IS SOMETIMES THE RIGHT CONTROL

# RED FLAGS I TRUST NOW

- INCONSISTENT OR CONFLICTING INFORMATION
- PRESSURE TO RUSH APPROVAL
- LACK OF KNOWLEDGE ABOUT THEIR OWN BUSINESS
- RECENTLY CREATED EMAIL DOMAINS OR ENTITIES
- RESISTANCE TO BASIC VERIFICATION

# LESSON # 5: DOCUMENTATION IS RISK MANAGEMENT

- PROTECTS THE COMPANY, NOT JUST CREDIT
- CAPTURE THE **WHY**, NOT JUST THE DECISION
- CRITICAL FOR EXCEPTIONS AND ESCALATIONS
- SUPPORTS AUDITS, DISPUTES, AND TURNOVER
- PREVENTS REPEATED MISTAKES

# WHAT TO DOCUMENT

- KEY APPLICATION DETAILS AND SOURCES
- REASONING BEHIND THE DECISION
- POLICY APPLIED – OR EXCEPTION GRANTED
- CONDITIONS, LIMITS, AND REVIEW TIMELINES
- CUSTOMER AND INTERNAL COMMUNICATION

# LESSON # 6: POLICIES ARE FRAMEWORK, NOT CRUTCHES

- POLICIES GUIDE DECISIONS, THEY DON'T REPLACE JUDGMENT
- NOT EVERY SCENARIO FITS NEATLY INTO POLICY
- EXPERIENCE FILLS THE GRAY AREAS
- STRONG CREDIT TEAMS KNOW WHEN TO ESCALATE
- CONSISTENCY MATTERS MORE THAN RIGIDITY

# WHEN POLICY VS JUDGMENT COLLIDE

- NOT EVERY SITUATION FITS NEATLY INTO POLICY
- BUSINESS REALITIES CHANGE FASTER THAN POLICIES
- JUDGMENT BRIDGES GAPS POLICY CAN'T COVER
- ESCALATION IS A TOOL, NOT A FAILURE
- CONSISTENCY AND INTENT MATTER MOST

# RELATIONSHIPS & IMPACT

- CREDIT DECISIONS DON'T HAPPEN IN ISOLATION
- EVERY DECISION AFFECTS MULTIPLE TEAMS
- STRONG RELATIONSHIPS AMPLIFY GOOD DECISIONS
- WEAK RELATIONSHIPS MAGNIFY RISK

# LESSON # 7: INTERNAL RELATIONSHIPS MATTER

- ALIGNMENT REDUCES FRICTION AND ESCALATIONS
- SALES PARTNERSHIP IMPROVES QUALITY OF APPLICATIONS
- AR COLLABORATION STRENGTHS FOLLOW-THROUGH
- FINANCE ALIGNMENT SUPPORTS CONSISTENCY
- TRUST SPEEDS UP DECISION-MAKING

# EXTERNAL RELATIONSHIPS MATTER TOO

- CUSTOMERS REMEMBER HOW CREDIT TREATS THEM
- TRUST IS BUILT LONG BEFORE THE FIRST PAYMENT ISSUE
- FAIRNESS AND CONSISTENCY MATTER MORE THAN OUTCOMES
- DECLINES HANDLED WELL PROTECT FUTURE OPPORTUNITY
- CREDIT SETS THE TONE FOR THE RELATIONSHIP

# THE RIPPLE EFFECT OF CREDIT DECISIONS

- CASH FLOW AND DSO
- COLLECTIONS WORKLOAD
- SALES RELATIONSHIPS AND TRUST
- CUSTOMER BEHAVIOR AND EXPECTATIONS
- OVERALL RISK PROFILE OF THE PORTFOLIO

# REFLECTION & ADVICE

- GROWTH COMES FROM EXPERIENCE, NOT JUST POLICY
- PATTERNS MATTER MORE THAN SINGLE DATA POINTS
- CONFIDENCE BUILDS OVER TIME
- THE DESK TEACHES JUDGMENT, NOT JUST PROCESS
- CREDIT MANAGEMENT IS LEARNED BY DOING

# BIGGEST WINS FROM THE CREDIT DESK

- STRONGER UPFRONT DECISIONS
- REDUCED DOWNSTREAM ISSUES
- IMPROVED CUSTOMER COMPLIANCE
- BETTER PARTNERSHIPS WITH SALES AND AR
- INCREASED CONFIDENCE IN CREDIT DECISIONS

# WHAT I'D TELL A NEW CREDIT ANALYST

- SLOW DOWN—SPEED CREATES RISK
- ASK QUESTIONS EARLY AND OFTEN
- PATTERNS MATTER MORE THAN SINGLE DATA POINTS
- DOCUMENT YOUR THINKING, NOT JUST THE OUTCOME
- TRUST YOUR JUDGMENT AS IT DEVELOPS

# FINAL TAKEAWAY AND LESSONS LEARNED

- CREDIT DECISIONS SHAPE THE ENTIRE CUSTOMER LIFECYCLE
- STRONG UPFRONT WORK PREVENTS DOWNSTREAM RISK
- JUDGMENT GROWS WITH EXPERIENCE
- CREDIT ENABLES SMART, SUSTAINABLE GROWTH

# DISCUSSION / Q&A

- EXPERIENCES FROM YOUR CREDIT DESK
- CHALLENGES BALANCING RISK AND REVENUE
- LESSONS LEARNED IN YOUR ROLES