

Organizing the Credit Department

NACM

1

Learning Objectives

- ↑ Organizational options for credit
- ↑ The importance of ongoing training

2

Organizing the Credit Department

- ↑ The requirements of the business determine the size and type of credit department
- ↑ How a Credit Department is Organized
- ↑ Centralization and Decentralization
- ↑ Types of Credit Organization
- ↑ Management Responsibilities
- ↑ Business Organization

3

Centralization and Decentralization

↑ Centralized Structure

> The credit function is controlled and administered from a principal or central location.

↑ Decentralized Structure

> The credit function may be reporting to a principal location with credit personnel located at remote offices.

4

Types of Credit Organization

* Centralized - Credit Controlled and Administered at a Headquarters Office

* Decentralized - Credit Controlled at Headquarters but Administered from Decentralized Locations

* Decentralized - Credit Controlled and Administered from Decentralized Locations with a Staff Office at Headquarters

5

Benefits of Centralization

↑ Fewer checks per customer

↑ Reduction in number of lockboxes

↑ Speed up receipt of payments

6

Benefits of Decentralization

- ↑ Enhances relationship with customers
- ↑ Faster response time

7

Management Responsibilities

- ↑ Planning
- ↑ Organizing
- ↑ Staffing
- ↑ Leadership
- ↑ Control

8

Business Organization

- ↑ Establish a Credit Policy
- ↑ Develop Credit Application
- ↑ Keep Credit Records
- ↑ Produce Accurate Invoices
- ↑ Deal with Past Due and Delinquent Accounts
- ↑ Measure Effectiveness Performance

9

Building a Credit Department Team

- ↑ Importance of Job Description
- ↑ Selection of Personnel
- ↑ Appraisal of Personnel
- ↑ Training
- ↑ Employee Enhancement

10

Importance of Job Description

Components of a Job Description:

- Position objective
- Duties and responsibilities
- Authority
- Relationships

11

Selection of Personnel

Personnel Characteristics and Qualifications:

- Manage data
- Handle new situations
- Act with tact, diplomacy, emotional stability
- Analyze complex problems

12

Selection of Personnel (Continued)

- Personnel Characteristics and Qualifications
- Make informed decisions
- Direct the work of employees effectively
- Handle customer and internal relations diplomatically and decisively
- Acquire and maintain required job knowledge

13

Appraisal of Personnel

↑ Job descriptions, coupled with annual performance evaluations, can give employees a work environment that clarifies what is expected on the job and a review of how these expectations are met.

14

Training

Considerations in a Sound Training Program

A good program should provide a good concept of the company's place in the industry, its management philosophy and the department's relationship to the whole.

15

Employee Enhancement

- ↑ Continuing Education
 - > NACM – National Education Department
 - > Graduate School of Credit and Financial Management
- ↑ Training Options for the Small Credit Department

16

Thank You

- ↑ This ends the module
