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**Leadership Insider: Savvy Credit Strategies & Gallon  
Growth with Trade Credit Insurance**

# **Leadership's Role in Supporting the Credit Department**



# **Ann Pitts**

Banker migrated to the Petroleum Industry

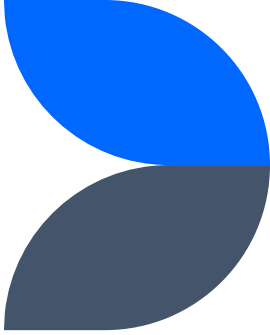
Consults on Petroleum Credit Departments,  
sharpening processes, building policy, coaching  
staff

Industry speaker and Study Group Facilitator



# Cash Controlled by Customers:

**\$5,904,589**



## ABC Petroleum Accounts Receivable Aging Recap

Date	Total A/R	Current	1 – 9	10 – 29	30 – 59	Over 60
4/29/23	\$53,678,073	\$47,773,484	2,683,904	1,073,561	1,610,342	536,781
% Current		89%	5%	2%	3%	1%

What % of Past Due Invoices  
are directly related to a  
**failure** of your own  
internal systems?

67%

Source: Credit Research Foundation

# Topics

1. Build your Credit Department A-Team
2. Specific Credit Department Duties that keep the Business Moving
3. What your Team needs to Manage and Mitigate Credit Risk in a High Growth Business



# The A-Team

What do they get RIGHT?







# Setting the Department Up for Success

**Implement Solid Policy**  
(Credit Policy)  
**Defined Systems & Effective Processes**



# Credit Policy

Company-wide gameplan to define processes and procedures used to manage growth and credit risk



# What to Include in the Policy?

Purpose – Company Goals – Department Setup –  
Credit Committee Goals – Credit Application Process –  
Credit Request Approval Process – Credit Limits Credit  
Terms – Security – Customer Account Review – Past  
Due Collection Procedures – Credit Holds – Charge Off  
Accounts – Invoice/Account Adjustments Finance  
Charges/Adjustments – Credit Bureau Reporting  
Customer Communications – Employee Credit –  
Equipment Rental, Release & Delivery



# What to Include in the Policy?

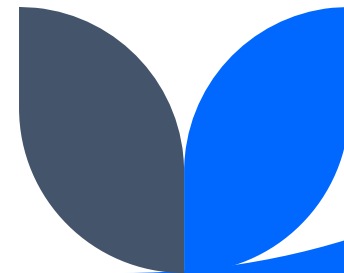
Detailed credit system flow

Chain of command

Authority levels

Duty prioritization

Collection effort timing

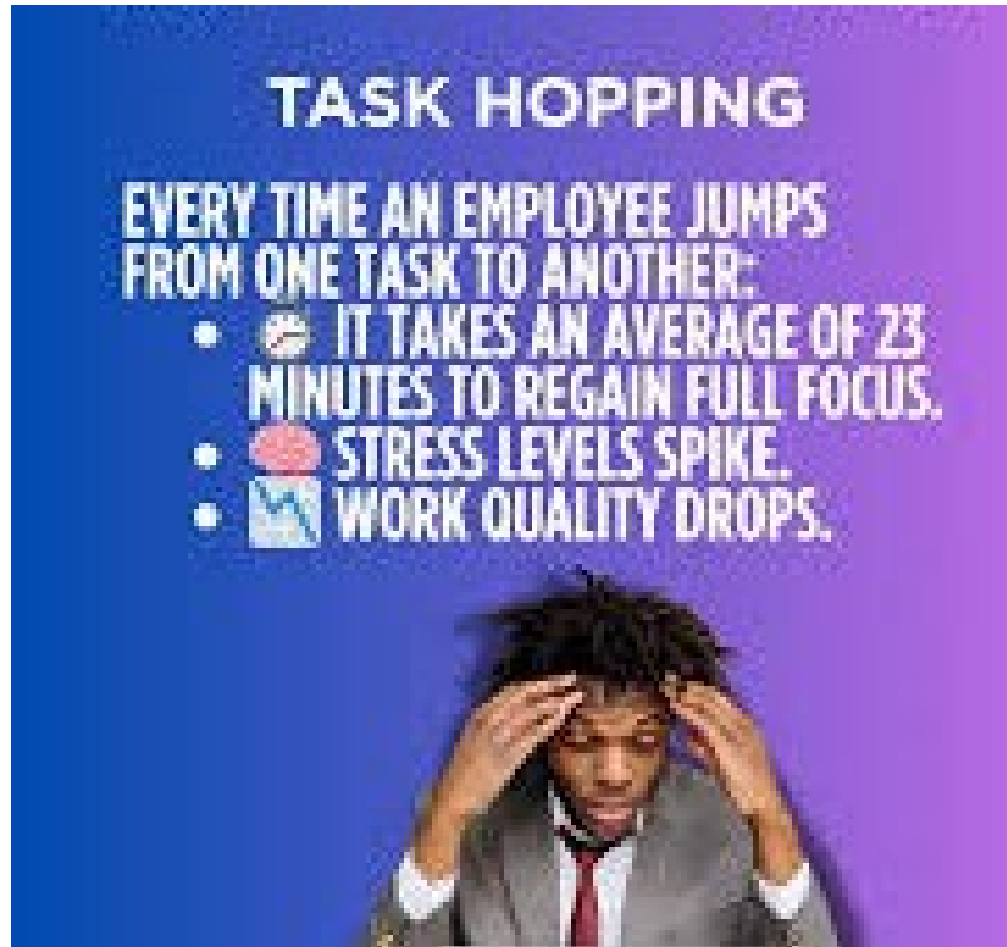


Fuel 15 – 30 day terms		
Days Past Due	Action Required	Staff
5	Dunning Letter	Automated
10	Call	Credit
15	Letter/Email #2	Credit
25	Call/Email	Credit
30	Consult w/Salesperson	Credit or Sales
45	Demand Letter/Avoid Legal Action	
60	Letter Possible 3 <sup>rd</sup> Party Action	Credit
COD		
Days Past Due	Action Required	Staff
10	Dunning Letter	Automated
15	Call	Credit
20	Letter/Email #2	Credit
25	Call	Credit or Sales
30	Letter Demand/Avoid Legal Action	Credit
45	Letter Possible 3 <sup>rd</sup> Party Action	Credit

# What Next?



# Showing up to Handle Whatever Anybody Wants From You?



# Specific Credit Dpt Duties that Keep the Business Moving



<u>Quadrant I</u> <i>urgent and important</i> <b>DO</b>	<u>Quadrant II</u> <i>not urgent but important</i> <b>PLAN</b>
<u>Quadrant III</u> <i>urgent but not important</i> <b>DELEGATE</b>	<u>Quadrant IV</u> <i>not urgent and not important</i> <b>ELIMINATE</b>



# Quadrant I **Urgent and Important**

Credit Holds – research and release or communicate continued hold reason

Collections – what promises were broken? What customers need that phone call? What salesperson needs to be informed

Responses to Critical Communications – what needs to be responded to first thing



# Quadrant II **Not Urgent but Important**

Preparing KPIs for management meeting next Tuesday

Performing 3 credit reviews on customers giving concern

Responses to Critical Communications – what needs to be responded to before the end of the day



# **Quadrant III** **Urgent but Not Important**

Admin tasks – can they be delegated to another department that is more directly involved in helping with the issue? Frequently billing or customer service

Recommendation – he who creates the problem fixed the problem



# Quadrant IV **Not Urgent Not Important**

This is happening in your Credit Department!

Tasks that have nothing to do with the credit function

Ex: balancing receipts from company sponsored kid's soccer game last week

Why is this taking time from the Credit Department core tasks?



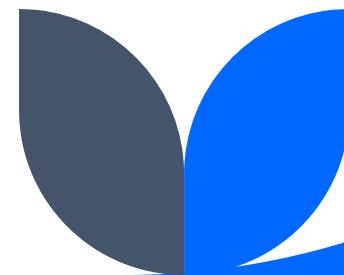


**“Because  
we've always  
done it that  
way”**



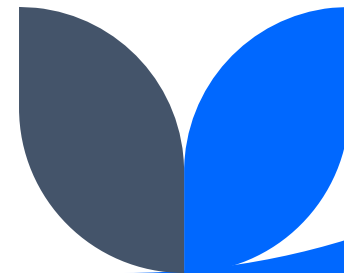
# What Starts the 1<sup>st</sup> Golden Hour of the Day?

The organized, task-oriented credit person has a consistent start to the day with Urgent and Important at the top of the list



# 3 – 2 – 1 Time Management Exercise

1. What 3 job duties do you find are the highest and best use of your time?
2. What 2 job duties do you really love doing?
3. What is the 1 thing you should take off your plate? (don't worry about the “who” or “how”)





# What's Not Working Well?

- New application turn around time?
- Communication between sales and credit staff?
- Billing/invoicing errors resulting in slow pay?
- Who corrects those errors?
- Credit holds happening on overdrive – or not at all
- Slow, sporadic collection efforts?



# What Your Team Needs to Mitigate and Manage Credit Risk



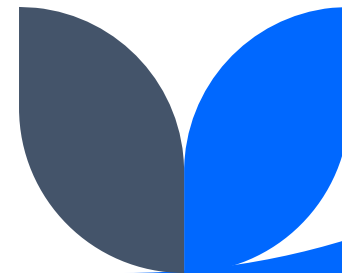
# What Does Leadership Need to Provide?

- Approve and roll out a detailed Credit Policy
- Clear discussion about some of these “in the weeds” duties
- Facilitate discussion between credit & sales on app turnaround & follow up, EFT discussion and other customer oriented tasks



# What Does Leadership Need to Provide?

- Set authority levels for credit approvals, hold releases and collection steps
- Step back from swooping in and micromanaging
- Weekly brief meeting with specific agenda



# Weekly Credit Mtg Agenda

1. Review AR aging totals and “Top 5 Watch List” by collector
2. New Applications - # processed, # approved, # declined, # pending (why?)
3. Discuss pending or problematic credit decisions
4. Share credit reviews on customers, as needed



# Credit Department Resources

- Credit Insurance for risk mitigation and growth
- Bectran or Nuvo for onboarding efficiency
- BillTrust for managing receivables
- Proper use of backoffice software tools
- Continued outside education





# Questions?

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