

# Certified Courses



# Credit Policies Management

## INTRODUCTION

- Offering credit terms to clients is now an essential requirement of doing business. It is, after all, an “investment”• which should generate further profitable sales. For most businesses, the Accounts Receivable ledger can represent the single largest investment that any company may make, and like other investments, it comes with a certain amount of risk. These risks need to be managed and mitigated, and a key part of this is achieved through the use of effective credit policies management.
- This highly interactive training course on Credit Policies Management will assist the participants in keeping up-to-date with current receivable management principles and international guidelines, while at the same time stressing the importance of and providing valuable advice on the most critical areas of credit risk management.

Participants attending the Credit Policies Management training course will develop the following competencies:

- Understanding the underlying principles of effective receivables management
- Identifying the key risk elements of their receivables ledger
- Formulation of collection strategies appropriate to an organisations’ debtor profile
- Leveraging internal partnerships to improve the credit risk management process
- How to prepare effective credit management policies
- Utilise Microsoft Excel to analyse debtor performance, calculate DSO’s and prepare aged debtor reports
- Applying tools and techniques to effectively monitor AR performances

## PROGRAMME OBJECTIVES

Credit Policies Management training course aims to help participants to achieve the following objectives:

- Develop effective credit policies that meet company’s objectives
- Use billing best practices techniques
- Develop internal partnerships which will benefit the collection and risk management process
- Evaluate the accounts receivable process and implement best practices
- Apply tools & techniques to effectively monitor Accounts Receivable performances
- Prepare a comprehensive Credit Policy for their organization

## WHO SHOULD ATTEND?

The Credit Management Policies training course is suitable for a wide range of professionals employed in Accounts Receivable, but it will be particularly beneficial to:

- Accounts Receivable Team Leaders & Senior Supervisors;
- Credit Team
- Billing Team
- Accountants
- Financial Controllers
- Finance Professionals who wish to improve their understanding of this area

## TRAINING METHODOLOGY

- This Credit Management Policies training course will provide the theoretical background and techniques that underpin the organisation and management of accounts payable and its related functions. It will provide a real world practical context by incorporating worked examples and case studies that delegates will see how theory applies in practice and can discuss the various issues raised.

## PROGRAMME SUMMARY

- This unique training course on Credit Policies Management covers critical areas of granting, managing and recovering credit in today's competitive and demanding market environment. Participants will acquire and develop essential skills that will improve their technical competence in Accounts Receivable Management while at the same time defining the essential processes that need to be in place in their organisation to ensure that risk and exposure to bad debt is minimised, but without detriment to the sales and marketing effort.

## PROGRAM OUTLINE

### Establishing Credit Policies

- What is the purpose of credit?
- Outline of a credit policy:
  - Mission
  - Department objectives
  - Roles and responsibilities
  - Procedures
  - Measuring results
- Building a Credit Policy from the first principles

## Credit Risk Assessment: Establishing the Criteria and Authority Levels

- Credit risk assessment: establishing the criteria and authority levels
- Establishing credit worthiness: intent and ability to pay
- Analysing financial statements to determine company health
- Other sources of credit information
- Establishing Credit Limits
- Offsetting credit risk: guarantees, bonds and insurance options
- Key data required for the Customer Master File
- Credit worthiness as a basis for debtor classification

## Billing Process Best Practices

- Getting it right first time: Billing process defined
- Authorisation levels, audit and control checks
- Billing frequency and reconciliations
- Accounting for VAT
- Using technology to leverage the billing process
- Benefits of an integrated Billing / Accounts Receivable solution
- Third-Party solutions, including Electronic Data Interchange (EDI)

## Managing the Collection Process

- Defining effective collection strategies based upon debtor value, risk and behaviour
- Reviewing strategy effectiveness and establishing triggers for review
- Automating the collection process: Leveraging workflow management tools
- Engaging with “internal customers”• to manage debtor performance
- Aged analysis the debtor ledger using Microsoft Excel®
- Defining strategies to manage – and resolve – customer disputes
- Authorisation of escalation measures: litigation or insolvency

## Monitoring Credit Performance

- Reviewing debtor performance
- Tracking credit worthiness and updating risk ratings
- Analysing debtor risk by category using Microsoft Excel®
- Collectability
- Process effectiveness
- Debt “at risk”•
- Provisions for “Bad”• and “Uncollectable”• debt
- Action Plan: Review existing Credit Policies or Create a Fresh Set of Policies

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