

# Managing Credit as a Team for Your Cooperative

Harvest Land Co-op

October 18, 2013



Credit + Sales =  
**OPPORTUNITY!**



# Credit Management Serve as:

- Reactors to issues
- Policy enforcement for company staff relating to credit limits
- Charge capabilities monitors of customers
- COD enforcement
- Collectors of past due accounts and litigation

# Reviewing the Role of Credit in Your Co-op

- Confirm the role credit plays on the sales side
- Determine if that role leads to “more business”



# Evaluate What You Have

- Branch support staff
- Credit manager



# Key Players in Expanding the Role of Credit

- CEO: Clear understanding of the value and time to support is required
- Highest ranking sales managers (Regional Sales Managers)
- Salesmen
- Branch administrative staff

# The Purpose of Credit Being a Part of Sales

- “Ground floor” opportunity for all to “up sell” of goods and services
- Value added relationship
- Confidentiality – offers grower someone to confide in about financials



# The “Right” Time to Implement

- YESTERDAY!
- Consider slow seasons, winter months
- New customer timing on account set-up for larger relationships
- Existing customers resulting from “triggering events” like credit limits





# Role of Credit as it Relates to Sales

- Credit limit status: Hard vs. Soft limits
- Value of soft credit limits to assist managers and salesmen
- The “traps” of soft credit limits vs. hard limits if not monitored/adhered to

# Tools to Mitigate Risk

## Soft Credit Limit

- Credit limit as a guideline
- Allows some manager flexibility
- Rewards good customer behavior
- If not monitored in some fashion COULD result in greater risk for loss

## Hard Credit Limit

- Credit limit as a firm ceiling
- Set to mitigate risk
- Utilized for customers with limited credit history or concerning behavior
- Holds managers and sales staff accountable
- Creates opportunity for dialogue if limit change needed.

# Sales Overview

- Credit Department Positioning
- Sales Meeting Participation
- SAP Participation
  - “Sales Action Plan” Process
  - Targeting
  - Develop Strategy
  - Team Selling on the farm

# Including Sales in the Discussion

- Collection Department or....
- Resource for new sales
- Follow Up and Follow Through



# Credit as a Multi-Use Component

- Start with a proactive team consisting of your Credit Department, Sales staff and customers.
  - Customers currently utilizing financial partner products, internal notes
  - Other potential credit customers as identified
  - Other accounts paying outside 30 day terms with smaller annual sales but potential for increased sales with use of financing products

# Inform Sales team and customers of Benefits

- Joint sales calling efforts
- Attend Answer Plot and Customer Appreciation Days
- Present information about financing options available to manage open accounts, internal crop notes, AgriSpan and John Deere.



# Preparing Your Sales teams

- Attend Sales planning meetings
- Provide tools to introduce credit options and encourage customer/credit team interaction.
- Utilize educational resources from credit program providers to capture early sales by being first in line for available credit.

# You know you succeed when....

The following scenario occurs:

- 9:00 am coffee and donuts in the kitchen
- “I don’t need a credit line, I’ll use my operating line and pay you at harvest for anything outside of this”.
- We illustrate how much we add to the cost of inputs with our 21% financing rate to the portion paid at harvest vs. what utilizing a financing option would cost.
- We soft sell the credit option and get an agreement to set up the credit line, it doesn’t cost you to set it up, only interest if you use it.



# You know you succeed when....

- The calendar says March and our client calls to say I've decided to buy additional \$\$ of product, I've picked up additional ground or I've decided not to buy from XYZ company.
- We are able to provide product, credit limit is established and financing in place to keep A/R current and within soft credit limit.

# Questions?

