

2ND DEBT MANAGEMENT SEMINAR

Presentation by:

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Wednesday, 20th September 2017

Theme



The Role of Trade Credit as an alternative Financing Solutions in the Post Capping Era

ROLES, POLICIES AND REGULATIONS GOVERNING A DEBT MANAGER

Introduction



**BOOST YOUR CASH
FLOW BY
COLLECTING DEBTS
SOONER**

5 Tips for Better Cash Flow

Introduction



- Credit management has established itself worldwide as a **vital management function** with a major contribution to make the economic well being of organizations of all kinds.
- The survival of any business depend on **how quickly** the **revenue** is collected and **retention** of the customer for continuity.

Introduction



- The relationships between management, collectors and customers are a must for effective revenue collection.
- Strength of organization is **money in bank account** today and not tomorrow. “ This where Credit Management Comes in”

Roles of a Credit Manager



- KYC (Know your customer)
- Control of bad debt exposure
- Monitoring of accounts receivables
- Cash flow management through collection
- Setting of credit limits
- Providing for bad debts
- Implementation of the credit policy
- Ensuring the credit terms & limits are observed

Roles of a Credit Manager



- Liaising with external debt collector's and lawyers
- Collection of accounts
- Stopping supplies to non-paying clients
- Proposing write off, for uncollectable debts

Credit Policies



Credit Policies



- A sound credit policy must be formulated to protect the company against possible default.
- The policies should be well thought out, and very clear.
- For the policy to be effective, support by the entire organisation is necessary.

Credit Policies



The credit policy should address the following;

- Company credit mission- whether to give credit & why
- Types of customers- individual/company
- Payment terms and conditions of sales
- Bad debt level
- Risk assessment methods to use

Credit Policies



- Collection methods
- Performance measurement
- Recovery methods
- Staff responsibility in implementation
- Sanctions to use
- Provision for bad debt
- Credit limits

Qualities of a Credit Manager



- **Communication skills;** for the purpose of external and internal communication
- **Analytical skills;** numerical ability to make sense out of numbers
- **Result centered;** achieving of collection targets
- **Confidence;** to handle all types of customers
- **Positive attitude;** positive thinking at all times even when customer is unreasonable

Qualities of a Credit Manager



- **Negotiation Skills**
- **Investigative skills;** to gather information about a customer
- **Courageous;** ability to say yes and no without being influenced
- **Business Acumen;** understand the business cycle
- **Customer Care skills;** to handle customers skillfully without losing them.

Regulations to Guide a Credit Manager



- Conduct him or Herself with integrity
- Conflicts of interest;
- Disclose all terms of credit to the customer
- Confidentiality to customer information
- Avoid use of abusive language
- Avoid threats to customers
- Legal knowledge in relation to credit

Question Time

