

7 TIPS

for effective credit management and avoid business risks

1



ESTABLISH A DIRECT CONTACT WITH THE COMPANY BEYOND THE SALESPERSON

Sales management and credit management are two separate functions.

2



INVESTIGATE THE COMPANY

- Get as much information about the company as possible, especially a **credit report**. Check for **credit references**.
- Obtain an independent **credit report** and compare it with data already collected internally.
- Look at the **latest financials** and check for evidence that the company is trading profitably.
- Analyze **credit advice** to determine the probability of default.

3



JOIN THE TRADE ASSOCIATION OR PROFESSIONAL FEDERATION IN YOUR BUSINESS SECTOR

- To stay updated on trends among your customers, partners, prospects and suppliers.
- Keep a regular watch.

4



INSURE YOUR BUSINESS TRANSACTIONS

- Protect your business with credit insurance: to outsource the evaluation and monitoring of your portfolio, guarantee payment and provide **collection services**.

5



IF NOT, ESTABLISH AND COMMUNICATE CLEAR RULES

- Do not grant credit overruns, except in special cases that you have identified.
- Remember, your lack of forcefulness on these points could come back to haunt you.

6



BE PRECISE ON THE SHIPPING CONDITIONS, AND RETAIN PROOF THAT THE GOODS WERE RECEIVED

- You need to ensure the customer has no excuses to later withhold payment.

7



MONITOR CREDIT WITH DEDICATED TOOLS

- Automate credit management processes, such as credit checks, invoicing, and payment reminders.
- You can subscribe to monitoring services that alert you when your client's situation deteriorates.

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