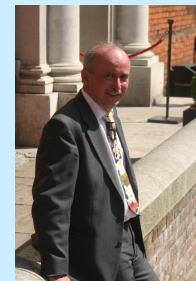


## From Glen Bullivant:

In recent years there has been much discussion about the challenges facing the credit manager in the 21<sup>st</sup> century. Against a background of the global economy, offshore shared service centres, call centres, multi-national mergers and acquisitions, downsizing, money laundering, international terrorism, and the unending changes in legislation throughout Europe, the credit manager has had to continue the prime role of promoting profitable sales with the minimum of bad debt. Whatever those challenges are perceived to be, and the list I have included above is challenging enough, the protection of the investment in accounts receivable remains constant. To some extent, how that is done has been changing, but throughout, the aims and objectives remains as true today as they did 10, 20 or 30 years ago.



The summer of 2007 has shown that those challenges keep popping up in many different ways, internationally, nationally and locally. The consequences of what has been called the “credit crunch” continue to reverberate around the world. What began as a problem with the sub prime mortgage market in the USA has led to roller coaster stock markets, and difficulties in the banking sector. Inter bank interest rates have gone up, some smaller banks in the US and Europe have encountered trouble and the pressure is on for them to cut their losses by reigning back on lending and support for the business sector further down the line. This puts the trade credit manager back in the front line when it comes to supporting customers through difficult times. Nothing new there, then!

In the UK, recent figures suggest that 6,000 people are seeking help every day as they struggle with personal debt, with mortgage debt topping the pile. For a consumer driven economy, this has to be of concern and again points to the need for the credit manager to be able to make supportive judgements - balancing the need to control arrears, at the same time as promoting loyal and new business. Nothing new there, then!

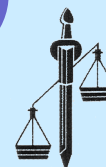
Putting global stock markets and total economies aside, however, the summer of 2007 has also shown that the credit manager can be faced at any time with challenges “out of the blue”. Those in Southern Europe have faced heat and raging forest fires. What this has done to local communities in terms of personal and business loss has still to be calculated, and the rebuilding of lives and commerce will take many months and years. Mother Nature will have to cope as best she can, and no doubt she will - green shoots will rise from the charred landscape in the fullness of time and from the landscape perspective, the devastation will become just a memory. For communities and business to recover will no doubt take much longer. The credit manager will once more be in the situation of balancing the need to protect receivables with the paramount need to keep customers in business and solvent.

In Northern Europe, it has rained. And rained. And rained. OK, I hear you say, in England at least it always rains in the summer. So it does, but not as much as the summer of 2007. In one region alone, Yorkshire and Humberside, the floods touched the lives and livelihoods of 250,000 people, damaged or nearly destroyed 7,000 businesses of all sizes and the cost has been put at £1.5 billion. Many people will not be back in their own homes for at least two years. The credit manager, down at the grass roots of trade and commerce, has enough to cope with there, notwithstanding the US “credit crunch”, global stock market roller coasters.

No one in our FECMA community will have come through the summer of 2007 unscathed. Credit managers from Ireland to Greece, Sweden to Malta are all faced with the same challenge - keep the cash flowing, keep the profitable sales going and keep the fragile and wounded customer base alive and ticking. The Best of British to us all!

### FECMA members:

Austria	<a href="http://www.credit-manager.at">www.credit-manager.at</a>	Ireland	<a href="http://www.iicm.ie">www.iicm.ie</a>
Belgium	<a href="http://www.ivkm.be">www.ivkm.be</a>	Italy	<a href="http://www.acmi.it">www.acmi.it</a>
Denmark	<a href="http://www.dkforum.dk">www.dkforum.dk</a>	Malta	<a href="http://www.macm.org.mt">www.macm.org.mt</a>
Finland	<a href="http://www.luottomiehet.fi">www.luottomiehet.fi</a>	Netherlands	<a href="http://www.vvcm.nl">www.vvcm.nl</a>
France	<a href="http://www.afdcc.com">www.afdcc.com</a>	Sweden	<a href="http://www.kreditforeningen.se">www.kreditforeningen.se</a>
Germany	<a href="http://www.credit-manager.de">www.credit-manager.de</a>	United Kingdom	<a href="http://www.icm.org.uk">www.icm.org.uk</a>



## ITALIANS: BEST PERFORMER PAYERS IN 2006



By Federica Silvestri,  
president of ACMI Italian Credit Managers Association

I see your eyes and I read your minds: you cannot believe it and you're thinking I get mad or I'm lying! Well, I'm not saying Italians were the best payers in 2006, I'm just saying that, accordingly to D&B annual analysis on European payments habits, (published in Italy at the end of June 2007) Italians together with French people are those that most improved their performances reducing their payment delays by more that 1% compared to previous year while the European average saw a reduction by only 0.3 days.

Actually the Italian improvement is even greater if we look at 2004 since we reduced delay by 4.5 days in 2 years while France in the same period reduced by 2.1 day.

Further more Italy is not anymore the worst performing country in Europe, and I know most of you are still incredulous, actually Belgium and Spain are today the worst performers in Europe with an average delay respectively by 18.9 and 16.4 days increased by more than 4 days versus 2005.

Going more in details, see also to the attached table, Italians delay payment, after the contractual due date, by an average of 13.3 days, the European average is 12.3 days, and only Germany, France and the Netherlands pay faster than the average, that means that even English people are slow payers with 12.4 days average delay.

All that of course on the basis of D&B study that can be read in their site and that is based upon the data they acquired throughout their DunTrade program.

### AVERAGE DELAYS IN PAYMENTS

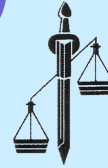
	BELGIUM	FRANCE	GERMANY	ITALY	NETHERLANDS	SPAIN	U.K.	EUROPE
<b>2004</b>	15.3	13.9	9.4	17.8	13.7	12.3	12.2	13.3
<b>2005</b>	14.2	13.0	8.9	14.4	12.5	12.6	13.0	12.6
<b>2006</b>	18.9	11.8	8.3	13.3	12.0	16.4	12.4	12.3

The important thing highlighted by this analysis is that the positive economic environment, all Europe is experimenting, with increase in GDP and decrease of both inflation rate and unemployment rate, has an immediate positive reflection over the payment habits.

I believe anyway that Credit Managers should be even more cautious because the expected trend is that companies, driven by the growing economy, will push their revenue and, if risks are not managed correctly, in the short period there may be financial tensions resulting in new delays.

The other important thing I'm used to repeat to all people I get in touch with is that all of us, and each credit manager can play its part in improving the overall payment habit of its own country throughout the sensitization of the company he/she is working for in paying suppliers at the due date and without delays.

Being proud of Italian result in 2006 I want to be fair with you, that are still looking in that way, and I have to inform that the analysis above does not include the public sector customers that unfortunately represent a very important part of Italian customers for a lot of multinational companies and that sector actually increased the average delay in payment by over 20 days in 2006 over 2005.



By Valérie Collot, Credit Manager - SAGEM DEFENSE SECURITE -  
AFDCC Vice President for International Activities

## Terms of payment at 30 days: a French law dedicated to transportation

In France a new debate raised from the publication of a law regarding terms of payment within the transportation area and limiting them to 30 days. This cut appears to be a key factor in carrying out improvement of the treasury together with other branches which may require the implementation of similar measures for their activity. Is it necessary to lay down new laws regarding terms of payment in all the areas? This is a new issue which has to be dealt with and settled.

The Transportation General Management recently published a survey assessing the first effects of this law governing the terms of payment; it appears that after 12 months, the deadline has been brought back to an average level of 45 days in 2006, vs 75 days in 2004. Moreover it is interesting to note that only 4 % of the transportation companies are paid now at more than 60 days by their customers, in comparison with the 47 % in 2005.

15 days have been reached on an average on the time of payment for the companies of this area. Profits in their treasury came very fast involving thus unfavourable side effects. Actually which is the best way to manage competition coming from abroad when every possible negotiation is completely stuck by the national regulation?

Just remind for example that Italy and Portugal are not subjugated to such laws. As to Germany, they set the terms of payment at 60 days only.

Moreover, additional basic issues still remain and the possibilities of action on the operation margin is limited due to costs structure

- weight of the salaries, social and tax costs in comparison with other European actors
- trend of the gas-oil price and associated European taxes discrepancies
- significant increase in toll prices in 2006

For the AFDCC, terms of payment are a key topic. Their impact on the financial health of the companies, on the optimization of the Requirements in Working Capital, on their weight on the relations of subcontracting companies is undeniable. However the French Association of the Credit Managers considers that freedom in the trade negotiations has to remain as such while trying to achieve a decrease in the terms of payment. The characteristics of each area have to be taken into account as well and the companies have to be referred to before enforcing a law which may constrain them.

So as to stress on this fact, an optional text was written in 2006 in order to assist the companies on the question of the terms of payment. Recently, a branch agreement was signed in the automotive area. This agreement aims at reducing the conditions of payment in two times, 60 days by 2009.

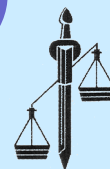
All the actors were questioned and committed themselves to work together to achieve this goal. Let us wait for the enforcement of this agreement to draw any conclusion; could be a French solution!...

### Guidelines for the FECMA Newsletter

Articles of about 500 words, if possible with graphics or pictures.

### Deadline for the winter 2007/2008 edition

15th December 2007. Contribution expected from Sweden, Germany and Belgium to write an article for this edition. Other countries may feel free to contribute as well.



## International Credit Management Seminar

11<sup>th</sup> /12<sup>th</sup> MAY 2007: HELSINKI

Hei! (as they say in Helsinki) - here are the votes from the UK jury: Great city, friendly people, and strange music! That was the backdrop to our May FECMA Council meeting in May.



Courtesy of Luottmichet Kreditmannen r.y., we were invited to attend the seminar ahead of our meeting, which was in fact chaired by Philip King, Director General of the ICM. Our esteemed DG is no stranger to chairing seminars and conferences, and coped admirably with the diversity of language and presentation. Being asked to chair such an international gathering speaks volumes for the presence and standing of ICM in Europe.

Focusing on Russia and the Baltic States, experts were gathered from Denmark, Finland, Estonia and Ireland to give an insight into the robust economies in the far reaches of the Northern most states of Europe, and I for one returned with a greater appreciation of Russian and Baltic credit issues.

In the UK we tend to see Russia, for example being represented by oligarchs such as Roman Abramovich, but it's not that easy granting credit in Russia! Sven Tellefsen of Atradius, (Denmark), highlighted the fact that the percentage of Russian companies entering insolvency is on average over three times greater than in other European communities. Add to that "arbitrary government actions" (think Yukos here), and we can appreciate the problems the average credit professional has in Russia. It will come as no surprise that high on the list of recommendations for good credit risk management in Russia was to request audited figures and "close co operation between The Sales teams and Credit Management".

Lars Save of Bisnode presented a comprehensive review of Bisnodes services and companies throughout Europe. This included many well-known names in credit information, but also includes Direct Marketing, Service and venture development and Market information.

Minna Helppi of Andritz Oy (Finland), covered the funding and credit risk aspects of large projects including Paper Mills, power stations etc. Extending beyond the Balkan regions Minna gave case histories of projects in Brazil and China.

Ele Lipik of Lindorff (Estonia) then gave us a presentation, comparing the economies of Estonia, Latvia, Lithuania and Russia. The three states that emerged from the breakdown of the Soviet Union, have of course now established their own identity, and this is reflected in some interesting comparisons. Whilst the Gross Domestic Product of Russia is some €645 billion, the other 3 total less than 45 billion, but average monthly salaries in the "smaller" countries are €450 whilst Russia struggles at €250. Inflation in Russia is also three times that in the smaller states at 13% (all figures based on end 2005 data).

Declan Flood (Ireland) inspired the delegates with his vision of the Credit Department as a profit centre (note: definitely NOT a cost centre!) Again working with Sales teams came high on Declan's list, as did the need for Credit to eliminate its "negative" image. All the presenters had clearly researched exhaustively and my thanks and congratulations to everyone involved in putting on this event.

FECMA Council met the following day, reviewing progress on Government lobbying at national level, and discussing the progress in member countries' credit organisations. It was good to be able to report that FECMA had put a "pan European" submission in to Brussels on the proposed legislation regarding "*Improving the Efficiency of the Enforcement of Judgments in the European Union: The Attachment of Bank Accounts*". Indeed, members of FECMA have agreed to make individual national submissions available to all FECMA members, and so increase the European approach to European issues which involve credit managers. There was news from our Dutch colleagues that they had been approached by a Chinese credit forum seeking to establish links with FECMA, so maybe Beijing will be on our itinerary soon!