Caine & Weiner 85th
Excellence in Global Receivable Solutions
Est. 1930
1930 - 2015 Anniversary

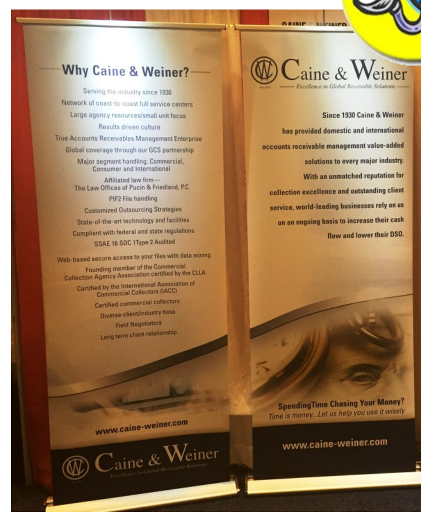
THE BIZ

Credit & Collection News from Caine & Weiner

Q-3 2017 Volume 20 Issue 3 www.caine-weiner.com

Caine & Weiner Plugged In to Conference Circuit

Caine & Weiner values the relationships we have with our clients, and is always eager for the chance for face-to-face networking at local, regional and international conferences. Here are some of the fall conferences in which Caine & Weiner is participating:



NACM Connect Midwest and Gateway (National Association of Credit Management)
Caine & Weiner is an exclusive alliance partner of the NACM Connect Family of Companies — affiliates of the National Association of Credit Management, and is proud to have a presence at their regional conferences.

TRMG (Transportation Revenue Mgmt. Group)
The Transportation Revenue Management Group Conference is hosted by NACM Gulf States. TRMG members are in the freight transportation industry. Caine & Weiner is proud of the strong relationships it is building with this association.

ICE (International Credit Exchange)
The International Credit Exchange, headquartered in the UK, is the world's largest collection agency network, operating in over 100 countries.

WTCKY (World Trade Center Kentucky)
WTCKY's Trade Summit provides a learning and networking forum for business leaders, trade practitioners and public leaders. Caine & Weiner is proud to be a new Affinity Partner and Exhibitor with WTCKY.

CLLA (Commercial Law League of America)
The CLLA, America's oldest creditors' rights organization, is a respected organization of attorneys and other experts in credit and finance actively engaged in the field of commercial law, bankruptcy and insolvency.

NACM CONNECT National Association of Credit Management Driving results

NACM Gulf States National Association of Credit Management

Transportation Revenue Management Group

INTERNATIONAL CREDIT EXCHANGE

WORLD TRADE CENTER KENTUCKY

CLLA COMMERCIAL LAW LEAGUE OF AMERICA EXPERTISE • INSIGHT • RESULTS

Caine & Weiner Proud to Assist with Hurricane Relief Efforts

Caine & Weiner and its employees have responded to the request for relief funds to aid the victims of the recent hurricanes to hit Texas, Florida, and U.S. Territories. Hurricanes Harvey, Irma and Maria have killed more than 100 people and flooded, destroyed, and/or knocked out power to millions of homes, vehicles and businesses. Recovery is expected to take months or even years. Damage estimates are we over $200 billion.

—*Cont. on Page 2*

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American Red Cross
Together, we can save a life

HAND IN HAND
A BENEFIT FOR HURRICANE RELIEF

THE BIZ archives

CLICK HERE to read past issues of THE BIZ newsletter

How to Help Hurricane Relief Efforts

CLICK HERE for more information on how you can donate.

Caine & Weiner encourages all of its clients, colleagues and partners to participate on individual and organizational levels.

**For informational purposes only. This is not a solicitation.*

C&W Dallas Move Increases Collection Agent Capacity to 150

Caine & Weiner recently announced the relocation of their Dallas office location to accommodate enhanced client productivity and continued market development growth.

"This move is the second expansion relocation in the Dallas market over the past 18 months, which is in alignment with our strategic incentives to broaden our domestic based human capital resources in a thriving business environment. Our clients' requirements remain our number priority and we stand at the ready to exceed their expectations, moreover to be a viable resource to any project-based internal or outsourcing opportunities. Flexibility and turnkey solutions are at the core of our commitment as a single-source partner," said Greg Cohen, President & CEO. "The Texas office is newly designed as a state-of-the-art facility with several Caine & Weiner key members of our leadership team home-based, and is a key resource among our five full-service call centers, and this growth signifies another milestone in our long history of service."

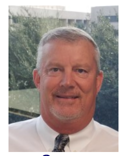
The 13,000 sq. ft. office, strategically located in the Dallas-Fort Worth Metroplex at 12005 Ford Road in Dallas (I-635/I-35 corridor), increases Caine & Weiner's current capacity to 150 associates in Dallas.

"The newly constructed and furnished space provides our agents and management team a wonderful environment in which to work extremely hard achieving effective and efficient superior results for our clients on a daily basis," said Mark Milstein, Chief Operating Officer of Caine & Weiner. "Our Dallas location already provides clients with a variety of commercial, consumer and 1st party service solutions and we expect to expand all facets of our operation at our new office."

Shamaria Smallis, Caine & Weiner's Vice President-Human Resources pointed out, "The new space is amazing as it provides a secure professional workplace with fantastic amenities. Our recruiting team is excited about continuing the expansion of our Dallas location, including additions to the staff in a variety of departments and positions."

Texas Team Expansions

Roy Jones



Steve McWhorter

John Myers

Caine & Weiner is happy to announce the following staff additions and role changes:

Roy Jones brings 25 years of experience to his Vice President position at Caine & Weiner. Roy will oversee the collection activity for the Dallas office. Steve McWhorter comes to Caine & Weiner with 30 years of experience. As Vice President. Steve will assist the Dallas collections operations team and will eventually serve in a business development leadership role. Other additions to the Dallas office include Reneeca Hattley, who has joined Caine & Weiner as a Regional Recruiter/HR Generalist. John Myers, previously VP of Collections & Outsourcing, is taking on the new role of Vice President—Strategy & Planning, executing productivity and efficiency initiatives.

C&W Assists with Hurricane Relief Efforts

—Cont. from Page 1

Caine & Weiner matched $3,000 in employee donations, plus an additional $1,000, as well as $1,000 in matching donations with their Affinity Partner BICA (Building Industry Credit Association). The response from Caine & Weiner included donations totaling $10,000.

Caine & Weiner, and its employees, donated $5,000 each to the American Red Cross and Hand in Hand - A Benefit For Hurricane Relief (produced by SB Projects and Den of Thieves and broadcast September 12, 2017) after its employees rallied to participate in this fundraising effort.

Front row center, Greg Cohen, Caine & Weiner President & CEO, rallies his workforce to help support Hurricane Relief efforts through the American Red Cross and the Hand in Hand Benefit. Pictured with Cohen are some of Caine & Weiner's 300+ employees. The company matched employee donations and donated a total of $10,000.

"Natural disasters are a part of everyday life, but as we recognized the impact these had on our customers in those regions, we began to truly understand the magnitude they were having on all of the residents of those areas," commented Greg Cohen, President & CEO of Caine & Weiner. "It makes me proud to see our team come together to help others in such dire need."

Zac Cohen, son of Greg Cohen and assistant to Scooter Braun of SB Projects, one of the producers of the Hand in Hand broadcast, reports, "Hand in Hand has raised more than $50 million for hurricane relief. This benefit was made possible by the celebrities who performed or manned phones for the telethon, but was a success because of the countless number of people who donated, including Caine & Weiner and its employees."

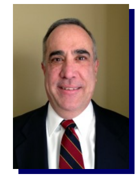
Caine & Weiner Achieves 2018 SOC 1 Type 2 Audited Status

The American Institute of Certified Public Accountants (AICPA) has awarded Caine & Weiner **2018 SOC 1 Type 2 Audited** status.

The 2018 Audits are strongly focused on risk assessment, especially with the recent increase in data breaches, and on monitoring subservice organizations for their compliance.

Caine & Weiner, in fulfilling the requirements to achieve the 2018 SOC 1 Type 2 Audited status, continues to prove why we have been a leader in the accounts receivable management industry since 1930.

CLICK HERE to read more.



End-of-Year Thoughts Turn Toward Liquification and DSO

By Chris Mathews, Caine & Weiner Chief Financial Officer

As the calendar year-end approaches, while many of us are thinking of sugar plums and shopping lists, numbers are on the mind of credit and accounts receivable managers. For them, the calendar year-end is often also their fiscal year-end, and they must focus on liquifying as much of their accounts receivable as possible. A few important reasons are:

1. Documentation of non-collectability of accounts that are written off to bad debt for tax purposes.
2. Strengthening cash position on year-end financials, which may be shared outside the company, shows financial strength and confidence from trade partners and investors.
3. Additionally, there is a third reason that is critical: **Days Sales Outstanding (DSO).** As year-end financials are published (and in some cases, readily available), accounts receivable managers and companies are graded by executives and investors by this ratio.

However, DSO should not only be a focus at year-end but all year round. The goal of an accounts receivable manager is to optimize a company's payment terms policy, normally net/30. A company's pricing model for goods or services is based on adhering to the policy terms. Lengthening collections beyond the policy terms bears an additional funding cost to the company in terms of interest on borrowing or the need to retain additional earning in the capital account.

This cost can be quantified by the following formula:

Cost=Annual Credit Revenues/365 x days delta x cost rate of capital, where
Annual Credit Revenue is self-defining,
Days Delta is the number of days past the policy terms, and
Cost Rate of Capital is the interest rate charged for company's line of credit or the cost of raising additional capital.

As an example, say a company has annual revenues of $100 million, credit terms of net/30, a DSO of 60 days. Additionally, assume the company uses their line of credit for funding accounts receivable and the interest rate is 5%.

The cost to the company of the additional 30 days of outstandings (DSO of 60 less 30 terms) is:

Cost=$100,000,000/365 X 30 X 5% giving Cost=$410,958

We can all concur that is a significant number. This cost will become more meaningful in the coming months and years, as the Federal Reserve normalizes interest rates away from the easy credit granted during the recession.

Of course, for completeness of this article, DSO is calculated by the following equation:

DSO=Accounts Receivable balance X 365 /Annual Credit Revenue

To complete our example above, the DSO for the above example can be calculated as follows:

DSO=16,438,356 * 365 /100,000,000 giving us a 60-day DSO

In addition to risking the grade from executives and investors based on DSO, companies both large and small have other certain risks associated with carrying over past-due accounts receivable into a new fiscal year, so should keep these things in mind:

- Small business who are tied to holiday seasons might suffers losses if DSO is slow and sales are concentrated with a few large clients
- An increasing trend in DSO will translate into increased write-offs
- Late payments and bad debt have a negative effect on a company's cash flow – DSO reduction can decrease the need of financing operations
- Control of DSO can lead to less expensive loan terms for companies dependent on external financing
- Increasing cash flow with DSO controls allows a company to reinvest without financing

So if we take time now to think about our year-end numbers and risks associated with outstanding accounts receivable and DSO, the turkey will taste better come November and our thoughts can turn to those sugarplums.

Did you know 30% of credit departments are understaffed, which can have a direct impact on DSO? CLICK HERE to read the latest CREDIT TODAY survey.

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creditandcollectionnews
A DIVISION OF ELSOS

Credit & Collection News FACTOID:

76% of Debt Collection Firms have fewer than 20 employees.

Caine & Weiner FACTOID:

Caine & Weiner is 300+ Strong!

The Biz is Caine & Weiner's quarterly client newsletter.

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Millennial Views on Debt and the Impact on Collections

Excerpt from article published by Thomson Reuters July 31, 2017

CLICK HERE to read full article

The demographic of individuals born between the early 1980s and early 2000s has been the recent focus of nearly every industry for a variety of reasons. First, and perhaps most obviously, there is the inexorable – and accelerating – transition from the older generations of baby boomers and Generation X to the new millennial generation. What is likely the bigger factor in the high interest in this generation is that millennials are perceived to be markedly different from preceding generations. The exact scale of these differences is the subject of some debate. When it comes to the issue of millennials and debt, however, there is a general consensus. Below are four primary differences in how millennials handle debt differently than generations before, and a look at how this affects debt collection departments.

They seek credit less often: Millennials are considerably less attracted to debt than the preceding generations. There is likely a variety of factors at play with this millennial aspect, but no doubt the generation's large student loan burden is one of the heaviest. In addition, millennials have been more reticent to use credit in making large purchases, such as houses and cars. Of course, as a consequence of their lower credit card usage, many millennials may not have built a sufficient credit history to qualify for large installment loans to begin with. Millennials' low desire for credit has even broader implications than a thin credit file, however. Specifically, millennials may deem the maintenance of their credit score as a lower priority than older generations, which may make debts more difficult to collect from millennials. As such, collectors should not rely on methods such as reminding millennial debtors of the impact on their credit score or future credit prospects.

They are suspicious of the financial industry: Millennials spent their young adulthood experiencing firsthand the financial collapse of 2007/2008 and the Great Recession. And with much of the blame pointed at banks and other financial institutions for the collapse, it should come as no surprise that millennials are leery of the industry as a whole. That is, with the financial collapse and Great Recession being such an influential part of millennials' early adult lives, they generally aren't ready to buy into the system of credit and debt on which the financial system is built. This suspicion may make it more difficult to collect debt from millennials, and collectors should be cognizant of this potential viewpoint from a millennial debtor.

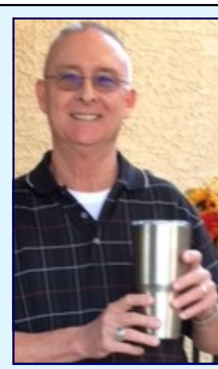
Millennials are more likely to be living with their parents: Young adults are living with their parents in greater numbers than ever. Once again, this may make it less likely for millennials to seek out debt to begin with, since they likely have fewer living expenses. Furthermore, such living arrangements also make it more difficult to locate a millennial debtor. Consequently, collectors may need to employ a more expansive search of public records to successfully locate such a debtor.

Millennials are digital natives: Perhaps one of the most common perceptions about millennials is that they are very tech savvy, having been born into and raised in the era of the Internet. The consequence of this behavior is that most millennials create a massive digital footprint online. This footprint can make it far easier to locate a debtor that traditional search strategies have been unable to find. What's more, because millennials are so likely to conduct as many of their financial affairs online as possible, they may be more responsive to being communicated with digitally, allowing collectors to skip the string of unsuccessful phone calls. While skipping phone calls in favor of electronic communications may seem well outside of traditional collection norms, it's important to remember that such unique techniques may be required for a generation that is itself perceived to be so unique.

Caine & Weiner Customer Experience

In a recent Survey, Caine & Weiner clients rated their Customer Experience. Here's what they said:

- 92% agreed that requests of them made by Client Relations Managers were clear and concise.
- 94% agreed that Client Relations Managers responded satisfactorily to their requests.
- 95% agreed that their Client Relations Manager communicates with them in a professional and congenial manner.
- 96% agreed that their overall impression of their customer service experience was favorable.



Congratulations to David Denton with Conner Industries! He completed our Customer Experience Survey and won our drawing for a YETI tumbler.

BICA Launches New Credit Report Service

The Building Industry Credit Association (BICA) has launched a new construction credit report service aimed at delivering construction specific data. The new offering gives an overview of mechanics and tax liens and notices of completion that directly relates to a client's credit activity.

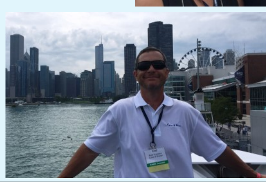
This new service also allows for public record searches for bankruptcies, active trade lines, credit analysis and scoring, with collection agency and factoring company activity.

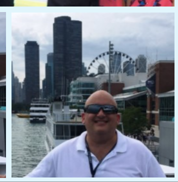
Read more about this service and download a free sample credit report at **www.bicanet.com**.

President Andrea Parisi, right, and her staff have settled in to their new headquarters in Rancho Cucamonga, CA. Caine & Weiner partners with BICA to support each other's shared mission toward improved accounts receivable management.

Caine & Weiner Connects with NACM Connect

Midwest Cruise: C&W Client Services Manager Warren Northern, enjoys a cruise in Chicago with Martine Dyer with ACCO, left, and Erica White with Ferguson, right. Below, C&W Sr. VP of Business Development Brad Robinson, left, and Mark Filipini with Akzo Nobel, right, enjoy the Chicago skyline.





Gateway Member Appreciation: C&W sponsored a Member Appreciation Night at a recent St. Louis Cardinals Game. C&W's Chief Commercial Officer Joe Batie enjoys the game with NACM VP Lillian Novak. C&W's VP of Client Operations Frank Dispensa, right, and NACM Midwest President Phil Lattanzio, left, present the door prize.

COLLECTIONS CASE STUDY:

Can "#2 Guarantor" Wrangle Out of Making Good on Guaranty?

from Credit Today's Weekly eNews

CREDIT TODAY — The premier online community & resource for trade credit execs

"We're coming to you to make good on the guaranty you signed with Arnie Johnson," said Frank Zeller of Cladandma Manufacturing.

"Yes, I had heard that Johnson wasn't paying his note as promised," replied Tony Young. "How much money did Johnson come through with before you turned to me?"

"Oh, we haven't contacted Johnson about the guaranty," Zeller corrected. "We decided to come straight to you for the full amount."

"Well, that's not right," Young protested. "I only signed the guaranty to guarantee collection. That means you have to try to collect from Johnson first."

"No, we believe you signed that guaranty to guarantee payment," Zeller countered. "Therefore, we can come to you without turning to Johnson for payment."

"That's not how I understood the arrangement," Young insisted.

"Well, the guaranty clearly says 'We, the undersigned, do hereby personally guarantee the due payment of the within indebtedness.' That doesn't say anything about you only guaranteeing the *collection* of the debt."

"Well, I don't think that language is very clear. I think it could be interpreted either way," Young claimed. "You see what you can collect from Johnson first, and get back to me."

"It's not going to work that way," Zeller insisted. "We've come to you first, and you will pay."

Credit Today is the premier online community/resource for trade credit executives. Go to ***www.CreditToday.net*** *to learn more and to sign up for their Weekly eNews.*

Did Young guarantee payment on this debt?

Make your decision:

Then **CLICK HERE** for the court's decision.

85th — 1930 - 2015 Anniversary

MISSION/VISION STATEMENT: We enhance cash flow for the global business community through the creative and effective utilization of accounts receivable management systems and innovative solutions.