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National Trade Credit Report Rolls Out Benchmarking and Reference Outsourcing Enhancements

The NACM National Trade Credit Report (NTCR) is, and will, continue to evolve as a tool to support the credit decision-making process. And, as the number of companies relying on and contributing data to the NTCR continues to expand, new and improved features will continue to be introduced.

There are three new enhancements to the NTCR: portfolio risk analysis, non-member credit reference services and account monitoring. According to Michelle Herman, business development for the NTCR and NACM National Database Team, the changes represent "the next step," and a big one at that. While all three of these services are not new to the NTCR, the development team has worked side-by-side with members over the past year to expand some of the features.

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Portfolio Risk Analysis (PRA)

For full file, electronic data contributors, the new Portfolio Risk Analysis tool brings both benchmarking and third-party validation of a company's A/R portfolio to life. Formerly known as Portfolio Scoring, the PRA tool was developed at the urging and requests from member contributors and users, including that of Jay Snyder, CCE, ICCE, director of global credit services with Shure, Inc. Snyder wanted a way to easily analyze and validate his company's A/R portfolio: how much high risk is his company carrying and how does his portfolio compare to his industry? Snyder, who also serves as a central region director on the NACM National Board of Directors, essentially became the earliest beta tester for the enhancements, according to Herman. The portfolio risk analysis tool allows for the kind of benchmarking he wanted: he can validate that this portfolio matches his company's credit philosophy, can quantify what he intuitively knew and easily focus in on accounts that fall into the high-risk category. The tool takes the element of surprise off the table, allowing him to pop into the high-risk report in real time as often as he chooses.

The tool can also assist with increasingly important communications with the C-suite. "A good credit manager knows the metrics and knows where the portfolio is," Snyder said. "This tool quantifies what I think I know and lets me compare our portfolio with my industry groups and against the entire NTCR database, looking at it by dollars or by account." The tool provides a snapshot view, in an easy-to-interpret bar graph, allowing users to easily convey to management how good or bad things are. "It's a great tool."

"The anomalies pop right out," Snyder said. "We knew right away that something wasn't being reported in a metrics mix that should have been in there. With this, I was able to drill right down into the target area where it showed up, find the account, look at the report and figure out why it was happening. It's a huge time-saver. Instead of looking at 15,000 accounts, I'm looking at five problem accounts, which is exactly where I should be focusing my attention."

Portfolio risk analysis user Scott Hurst, chief financial officer with Bingaman & Son Lumber, Inc., likened the feature to a thermometer because it provides "a quick reading on the risk temperature of my entire portfolio." Hurst, like so many others, used to begin his risk analysis by selecting customers' aging balances and purchasing credit reports according to what was owed and when the last review was done. He now starts with the portfolio risk analysis tool to find the aging and credit limits of higher-risk accounts more quickly. Getting to those risky accounts more easily has plenty of worth for today's busy credit manager.

The PRA tool is a free member benefit to those who contribute their entire accounts receivable portfolio to the National Trade Credit Report database through participating NACM affiliates. The PRA helps users navigate toward pulling the reports on the most important accounts and on the ones that can have the greatest impact on profitability. Additional subscription features will be available in the near future at a cost yet to be determined.

Non-Member Credit Reference

For years, NACM members have been using the non-member credit reference tool to respond to the ever-growing number of incoming requests for credit references more efficiently. The non-member credit reference feature automates the response process, freeing up credit department personnel time. This allows valuable resources to be deployed to more significant, pressing credit and collections tasks. The credit professional is still able to set who does or doesn't have access and at what frequency.

"They can have as much control, even more, by automating," said Herman of an often-voiced concern. "They'll have all kinds of opportunity to do everything they are doing now, without sinking precious staff time into servicing requests." Herman suggested the non-member credit reference tool can also be used to help generate leads to grow NACM industry credit group membership. After all, "these are people that should be in our credit groups, should be involved and should be participating in data contribution," she noted.

Account Monitor Service (AMS)

The account monitor service is not new to the NTCR, but rather has been updated and is a lot more flexible. Customization is a big focus for the system update: "You can choose to monitor your entire account portfolio or specific accounts," Herman said. "You can set your adjustable customization criteria so you're getting the things you care most about."

Users—again, those members sharing data with the NTCR—will receive a daily email at no additional cost. Like with the Portfolio Risk Analysis, users will be directed to the most critical reports they should be reviewing, which continue to be available at a cost previously arranged with your local, participating NACM affiliate.

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For more information on the NTCR, including how and why to contribute your data and participating NACM Affiliate contact information, visit www.tradecreditreport.com.