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The importance of Credit Management in hard times (by Export Edge Training)

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In times of recession, when money management becomes a big concern, credit and debt management become very critical. With an Economy on a downturn, bad debtors start to spread all over the country, as a consequence of general poor financial performance by local businesses. Also, the turmoil in the world's stock market makes this scenery even worse.

On the other hand, those who withhold knowledge in how to manage credits, can easily survive and, some of them, even experience business growth with good profits. The FORFAS "Review of European Single Market" 2008 publication reveals credit risk issues as an obstacle to trade perceived among small enterprises in Ireland. Also this report mentions late payment of account receivables causing EUR23.6 billion losses in Europe every year (European Commission forecast). According to that review, "SMEs are most vulnerable to variation in cash flow, tend to have a narrower customer base and are frequently suppliers to large enterprises with strong bargaining power."

In an effort to prepare SMEs to deal with this problem, FAS North East is supporting Export Edge to deliver a programme, to improve their focus on the Credit Management process. The 2-day Credit Management course, which has been awarded 75% FAS funding, was specially developed to fulfil SMEs needs in those issues, preventing losses from late payments of accounts receivables and bad debtors.