



TIP OF THE WEEK

May 29, 2007

I used to work for a man named Rick who told me that "A sale is a gift until it's paid for." But he also taught me that having too tight a credit policy, with no bad debt, was a surefire indicator that the credit policy was too restrictive.

I later met a fellow who told me that he always had his credit person report to the sales manager because he considered credit to be a sales function.

A little risk is fine. There are a lot of easy techniques to mitigate your credit risk, like credit reporting, insurance, down payment or retainer and letters of credit. I also like a face-to-face meeting when the risk seems high.

I remember one time when a company that I worked for sold some packaging to a donut shop, and then they couldn't pay. We went over in one of our trucks, took all their flour and then flipped it at a big discount on the flour price. As a result, we got our money. Another time we did the same thing with toy cars. There are plenty of inventory liquidators that can help you convert the debtor's inventory into your cash.

Be creative, be careful. Remember no one ever stole second by keeping one foot on first.

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Good luck. Work **ON** your business. Stay in touch.

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