

Credit Check: Controlling Your Receivables

Quick Customer Case Study: Scott Equipment

As users of the Internal A/R Credit Check system since 1996, Scott Equipment worked with PFW to implement this feature into the software. In their business, Scott needed to control multiple purchases by customers, often at multiple locations, on a live basis throughout the day – instead of having to wait for everything to update within the system in the evening.

At the time, Scott operated a number of agricultural dealerships that were located a short distance from each other, and as Scott's Dennis Parker puts it, "We found that customers would buy parts at one location and then drive to the next location and buy more. There was no way to know this, or to know that they had done this by exceeding their available credit. We had to have live credit checking!"

An additional need was identified in the service department. Scott would have customers bringing machines into the shop for a major repair job, but when the repairs were completed, the customers would have used up all of their available credit by purchasing parts. This situation resulted in the idea of adding a "reserve" feature to the work order, allowing Scott to reserve part of the customer's available credit limit, corresponding to the estimated cost of the service work. This reduced the customer's credit while their machine was in the shop, preventing the credit from being used up elsewhere in the dealership.

At Scott Equipment, the credit manager is responsible for approving all credit extensions, and the aging of each customer's account is carefully monitored. A key point made by Parker is that, "Establishing an internal monitoring process is a separate part of managing accounts receivable," and he notes that Scott also makes use of other features available within IntelliDealer to help perform this task. These include tracking the customer's average payment days, highest account balance, last invoice date, last payment date, and the terms of account. Scott also uses memos on each customer to record changes to their account status, credit limit, and any collections call information.

Concludes Parker, "We feel that the Internal A/R Credit Check system has been a great tool to help us manage our internal accounts receivable. It allows us to better control the daily activity of customers in a live, real-time fashion, and to prevent them from purchasing more than is allowed by their available credit."