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Credit & Collections Combatting Covid-19

Guidelines and Practical Tips – Issue 6

Businesses are struggling to get paid from their customers, and in some industries, they are not getting paid at all as their customers have closed their doors with no revenue streams, and nobody knows when this crisis will end.

A number of economists are stating that business environment and commerce will not return to their normality, at least for the foreseeable future. Markets and economic sectors have been so hard hit that some successful and growing businesses (*until January 2020*) may now be struggling to survive. Surely, this aspect needs thorough consideration by the trade creditors!

Financial data on customers has become not only out-of-date and obsolete but also irrelevant for the purpose of credit worthiness analysis. Therefore, Trade creditors should find other avenues, tools and sources of information that assist them in their credit decisions.

Business communication is the only way forward during these challenging times!

1. Communication with customers in order to learn about the **changing needs of customers** and to **monitor customers closely** has become paramount.
2. **Industry Credit Group Meetings** should also assist trade creditors understand the changing environment of their industries and possible strategies maybe discussed and evaluated.
3. **Sharing of data** through Credit Reference Agencies is another helpful tool. Businesses get factual and daily credit information in order to monitor their customers closely. Such data become most significant and relevant for businesses to base their credit decisions on and to take appropriate actions when collecting money from their customers. Data sharing must strictly observe the law.

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