

Thea Dudley: Changing the Face of Credit



Thea Dudley, ACE, is recognized in the industry as one of the premier credit experts. She writes a credit advice column for *ProSales* magazine and does speaking engagements across the country. In addition, she has presented seminars and webinars for many companies and associations in the building industry. She is treasurer for the Mountain States Lumber and Building Material Dealers Association and served as the vice chair of the National Lumber and Building Material Dealers Association Subcommittee. She is also active in Women in Roofing and is a member of the National Association of Credit Management. Thea's experience includes vice president of customer financial relations at SRS Distribution. Prior to SRS, she was with Guardian Building Products as vice president of financial services and customer care and has recently begun consulting full time on credit and collections.

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Thea Dudley recently spoke with NACM Managing Editor Michael Miller on all things credit, including process improvement and changing the face of credit. Thea, with her more than 30 years of experience in the credit industry, shares her insights on the credit profession.

Last time we spoke in August, you brought to my attention that the credit department doesn't really seem to be a lavish profession, but shouldn't it be when you are protecting your company's No. 1 or top-three assets?

I think it should be, but it's typically viewed by most companies as a necessary evil. When you are sitting there talking to one another; just sitting around with your CFO or your president or your key executive team, they say, "Oh yeah, we value the department." We as business people tend to not trot it out there as often as we should. We tend to be more of a behind-the-curtain group of people.

Why isn't a career in credit as glorified as one in sales or marketing?

Sales and marketing sound much more glamorous than, "I collect money for a living." Look at sales people or marketing people—marketing people are really the glory people. They get to do all the fun stuff. They go to fun conferences and they get all kinds of fun things in the mail. They kind of have that spotlight view; they get to do the advertising and a lot of fun things. And sales is the same thing. They're always out in front of people. They get to travel. They get to talk and get out and see a whole

bunch of people. They get the kudos from the company. We have a salesman of the year and we have a regional sales guy of the year. We have all these different callouts for these groups of people.

Then, you look at credit, and it's usually, "Oh my gosh! Look at our bad debt. How can you let this happen?" It doesn't come across like it's an exciting or engaging, "Hey, you know this is really where I want to go." I never hear anybody in groups I talk to say, "I really want to go into credit because that sounds awesome." It sounds more like, "You call people for money? I don't think I can do that."

Well, you ask for a sale. Asking for money is just another way of asking for the sale. I think it's the most glamorous job in the company because you can really make or break the company with your decisions. It may take months for a salesman to get a customer on board. I can kill that with one sentence to them. How being credit managers comes about, how that is portrayed, how you view it and how they're viewed is a really important part of it. Are your sales people afraid to take your credit team out in front of people? A good credit manager can actually help get you more business. We may not produce profit, but we do produce a lot of value if done right.

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How did you get started in the credit/finance field?

The same way I think every credit person I know has gotten into it—by accident. I was working in a trailer at a construction site—my dad helped me get the job. They had an opening and I applied for it. I applied through NACM as a matter of fact. There was a job file where they keep your resumes. I boldly put mine in there and was asked to come in and interview. The woman said, "I really like your personality."

I learned pretty much everything I know about credit from sales, but not the technical side. On the technical side, I gained my knowledge from other credit people. I read a lot and worked hard to educate myself. For the soft skills side, I learned from watching sales. I rode along with them and listened to how they talked to customers and how they engaged with them. I saw how they drew them out to get the information they needed—that's really what helped me. First of all, you have to love what you do. You're going to really have to like people and want to get to know them to be able to help them get those bills paid.

Even when we travel to conferences and we speak to credit professionals, it's always, "I fell into credit" or, "I went to college for accounting or a finance degree." They are almost embarrassed to say what they do for a living. What's a way to change that?

Well, it's true. You ask someone what they do: "Oh, I work in the credit department." It should be more like, "Honey, I run the company, you know." I really want to put on my next business card the title "Overlord," or "Credit Overlord."

I had a customer who called in and I turned him down for credit. He really wanted to make his case about how he thought I should open a credit line for him. We went back and forth and he said, "You know, you're just sitting around like some big credit overlord deciding who gets credit and who doesn't." And I said, "You know that's the job, right? That's my job. I decide who gets credit and who doesn't."

I think part of making it more glamorous is you've got to love it. When you start showing people what it really looks like, you're not just sitting back there looking at numbers all day. That's a component of the job, but the other side of that is getting out in front of your customers. When I first started being more forward-facing with customers, I went to every event our company had and every event I knew was coming up. I gave up a lot of free time on evenings and weekends to go to trade associations or whatever it was. I made sure I finagled an invitation.

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I went there—at those association meetings you're usually pretty much the only credit person in the room. And then you start talking to other people who start talking about their credit department. They either love or hate their credit department. They think the person is either a horrible human being or are fabulous and bust their tail for them. So, when you start asking them what makes them fabulous, part of it is how you approach your credit person.

I started going to everything I could, every customer appreciation day, and I just really put myself out there. I encouraged people on my team to do that and made it possible for them. There were times I covered their queues to allow them to be out with customers... you do this so they had that opportunity too. It wasn't just a one-man band. It was the entire team getting that opportunity and being able to move forward and say, "Look we have an amazing credit team," not just, "Hey, there's one person and if they leave, we're toast."

You mention the conferences and other sales and marketing events you try to attend. Is that the best way for credit professionals to become the spokespeople of their companies?

For me, it has been. I think part of it is your outgoing personality—if you like getting in front of people and talking to them. I'm now asked to speak all over the country. I just spoke to the Mountain States and Mid-America Building Materials Association [Mountain States Lumber and Building Material Dealers Association and Mid America Lumbermens Association], which had their annual conference. I got up in front of bunch of CFOs and presidents and said: "You don't want to hear the nitty-gritty about credit, but let me tell you what's going on in your credit department. Let me help you out here." We had a great session. They liked it so much a Louisiana-Texas association asked if I would consider coming down there.

People realize you're willing to get up and talk about, "Hey, here's what happens behind the curtain. Let's talk honestly about credit. You don't pull any punches about it. Look, there are some good things

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and some funny stories, but there's also: here's the value we can bring to you." Start putting it out there and start letting it be known that, "Hey, I will. I'm happy to talk about this. I'm happy to help educate you, whether it's in a group setting or one-on-one." It does take a lot of time; it's a big commitment. It really depends on how important this is to you—how badly do you want to build your career this way.

You said earlier creditors are there in part to crunch numbers and be behind the scenes. NACM even offers educational sources for financial statement analysis. But how can the reputation of creditors change so they're not just thought of as pencil pushers?

Again, I think it's getting out in front of people. Most people are visual learners. You've got to show them, "Look I have a personality. I understand. I pay bills too. I hire people.

I'm not immune to what's going on in the economy." I actually had a customer tell me once, "I don't know if you understand what's going on in the economy." Where do you think I live?

I understand that during the recession it was a tough time. I understand where you're coming from; my dad was a subcontractor. It was either feast or famine at my house growing up. I get where you're coming from. You try to get connectability with people; you have to get in front of them. You have to start engaging conversations with them. I think that's where things change.

Pretty soon the guys know you. The sales force knows you and they want you out in front of their customers because here's another opportunity to connect with the customers, "Hey, I want to come thank you for your business. I love the way you pay your bills. You guys have a problem, you call us."

You can get in front of the good customers too. Only a few credit people get a chance to do this because they're buried under the day-to-day stuff. Carving out time to do that is really important. It makes a huge impact on your customers. Maybe it's just a quick email. Or, "Hey, I'm going to run in there and do a little customer tour and say 'thank you.'"

Shifting gears a little bit, what have you seen out there lately that can help credit professionals do their job more effectively and efficiently?

I am constantly looking for how we can leverage technology. One of the frustrating things, particularly about the industry I'm in, is that with a lot of credit people, we tend to get stuck in a rut. We don't want to change anything. We tend to be more like set it and forget it. "Hey, that's working. This is the way we've always done it."

Find a good mentor and find more than one.

But I know that for me, sending out bank and trade requests isn't efficient. Most banks don't rate anymore, so you need to find an alternative to getting that information. If you're sitting around waiting to open an account, waiting for a trade reference to be faxed or scanned, or whatever, that

really adds a lot of days back on to the waiting period. It always surprises me that somebody still uses that methodology. Why wouldn't you come up with other ways to manage that better?

We've really put a lot of our resources into credit reporting. We're going to pull from several different sources. We also work with NACM to leverage their products so someone can go in and score a reference. We want to be a good corporate partner to everybody out there. We want our customers to be able to use nonmember credit references. The NACM program that you have ... we're able to use it for international credit checks and references.

Right, the NTCR.

You have a big fancy name for it. I just call it that program you have. For us, that was a game changer. Again, that's something that took the burden off our credit people and gave people a place to go. Pulling the reports—we pull from three different reporting agencies—NACM being one of them. That's really helped us. In different parts of the country, different reports are stronger. We have lots of resources. For us, that was a better way to spend our money than to try and wait around on bank and trades to come back. To me that's more of an antiquated method.

I know not everybody agrees with me. They're like, "That's tried and true." I want that intel. That's where you leverage your industry group meetings with NACM as well. Because of those meetings, you build those relationships. In a pinch, I can call a credit buddy and say, "Hey, I got a hot rush on this. Do you have something for me? I'm hearing rumors." You can have that conversation. But it's more about how have you built your rapport? What resources have you put together for yourself?

Where do you see room for improvement for that?

Not everybody reports. Yet, everybody wants the information, but there's no consistent reporting. One person does D&B, one does person does Experian. Someone else does NACM. You almost have to use multiple resources to get a full picture. Unfortunately, it's not the same as personal credit where there are three biggies.

There, everybody is getting the same data no matter which one you use. They're pretty consistent on what's out there from Experian to TransUnion to Equifax. Trade credit is not always the same. Especially in the building materials space, it seems to be a little rough. I'd like to see more consistency where credit people fought harder. I've had a couple of credit buddies say, "Our president doesn't believe in sharing our trade tape."

OK, well you have to give to receive. If I know you're not going to give data to me, then the natural response is I'm not going to give data back to you. That just breaks down the whole system. Those are places where I see we can improve. Also, how we process credit apps needs improvement. We've gone to an online model with auto signings so we can have that scanned. We're eliminating the whole paper file; it's so antiquated. You've got ginormous filing rooms. Instead, try to start a scanning project. Scan those files and put them in a virtual filing cabinet. It doesn't matter where I am in the country, I can go online and pull the file without having to call someone in my office to stop what they're doing and get me what I need. You get to be more streamlined and timesaving. Then, the more transaction-type bits are able to be processed by computer. You leverage that so your actual credit team can do the valuable work. They get to spend more time in front of customers and get to spend more time collecting money and finding out, "Hey, how can I help you out of this situation that you're in?"

Good judgment comes from a lot of bad decisions and poor judgments you've lived through and learned from.

Where do you see the credit industry heading in the next 12 months to 10 years?

It really depends a lot on those currently in the industry. You have some people you talk to and see that have been doing credit for 30 years. Their response is, "I've been doing it this way my whole career and it's been good enough. I'm not really interested in changing the world. I kind of like how things are. I like my methodology."

That's great for you, but what are you doing to bring up the next group? What's going to happen when you retire? Who's coming on board? What are their ideas and why don't you start incorporating them now? I think where we end up going is based on what we allow ourselves to do. How do we start leveraging more technology? It's not going away. Then trying to solve this big credit card debate would be great because the surcharges can be a problem. How we work those into trade payments is another whole kettle of fish if you're dealing nationwide.

You write an online Dear Abby-style column for those in credit. What's your advice for those starting out in the industry?

Find a good mentor and find more than one. I always hear people say, "Get a mentor." Why just get one? You don't just have one type of problem. When you do, or you have a challenge, or you want to bounce something off of somebody, get with somebody who's not afraid to share their knowledge. I think one of the most frustrating things for me happens when you ask somebody for help or for their insight and they give you only bits and pieces of the story. What are you afraid of? I'm not going to take your job or outshine you?

I want people who come to me to be better than I am. I want them to be smarter. What can you teach me? I want to help you. I want you to grow so that I get to grow too. Partly, it's getting good mentors that have lived that business-life experience. They're coming to you and saying, "Hey, I'm looking at these financials and something here isn't feeling right," or, "I don't know what I'm looking at here. Can you walk me through something?"

Having people to bounce stuff off of and having different resources is one of the best ways to grow. There's only so much growing you can do from a book. Good judgment comes from a lot of bad decisions and poor judgments you've lived through and learned from.

Well, those are all the questions I had unless you wanted to add anything else as far as improving how credit professionals can do their job or how they can get out from behind the desk.

I think one of the ways, Michael, to get out from behind the desk is to just do it. If you wait to get invited, you will never go anywhere. I mean, you never will. I go to golf outings. I go to you name it—dealer conferences, whatever happens to be

going on. I just insert myself. I'm on the Mountain States Lumber Dealer board. Part of that comes from being a shameless self-promoter. In credit, you have to be because people don't think of you as somebody who can help sell the company. You really can, and you can be one of the company's biggest advocates. If you have to push your way into it; if you're waiting to get invited, it is most likely not going to happen. If you're in credit anyway, you're used to having to ask for things, so why not ask for something that helps grow your business. 

This interview was conducted on Oct. 16, 2018.

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