



Chartered  
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Management

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# Chartered Institute of Credit Management

## *'CICMQ 6 Criteria Hints and Tips'*

*Originally published in the CICM's Monthly Briefings 2014*



*'The Quality Accreditation from the  
Chartered Institute of Credit Management'*

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Chartered Institute of Credit Management  
CICMQ - Criteria White Paper

## ***Hints and Tips on the CICM's Quality Accreditation Programmes 6 Credit Management Criteria***

### ***Background to CICMQ:***

The **Chartered Institute of Credit Management's Quality Accreditation programme** (CICMQ) previously known as QICM is granted by **The Chartered Institute of Credit Management** to organisations that demonstrate a set of minimum standards in Credit Management.

These standards cover the 6 areas of Credit Policy, Compliance, Customer Services, Personal and Professional Development and Performance Management, and a more recent criteria being Stakeholder Management and Roadmap. Applicant clients are assessed by qualified ICM Assessors who are senior credit management professionals recruited specifically for the purpose.

The quality of the Credit Management function is an essential factor in a company's performance, profitability and sustainability. The **CICMQ Accreditation** is a process not a test, designed to establish if the credit department is properly supporting the business and company.

These '**CICMQ Hints and Tips**' were originally published in the monthly CICM Briefings from April 2014, and designed to provide credit managers and their teams with some high level pointers in developing the methods and procedures required to achieve CICMQ Accreditation or indeed to compare and contrast what you have in place today against .

### ***1. Credit Policy***

Ask credit managers what should be in a credit policy and you will get lots of different answers, and this is why we posted '**The Guide to a Credit Policy**' on the CICM White Papers page of [www.cicm.com](http://www.cicm.com). The original document written was by Paul Stephenson who sadly passed away in 2011 and I updated it to take into account the CICMQ requirements, adding a couple of examples of contents pages. So as there are 6 criteria here are my top 6 tips for a good **Credit Policy**.

- **Keep It Simple** – remember the longer to document the less likely sales and other stakeholders are to read it, make sure it is dated and reviewed at least annually!
- **Purpose & Objective** – what are the main objectives of the credit management department and of the Credit Policy
- **High Level Outline of Activities** – essentially what do you do to achieve the objectives or the scope of the department
- **Risk and Collections Process** – what do you do to manage risk and collect outstanding debt, what are the steps and the timing of credit assessments and collections strategies.
- **Escalating level of Authority** – who is allowed to sign and approve what and when.
- **Sign-Off and Approval** – The Policy should have an owner and be signed-off by senior management, board of directors etc. from ALL functions.

## 2. Compliance

From a CICMQ perspective 'Compliance' covers 2 areas, firstly Legal, Regulatory and Commercial compliance. This involves the legal rules that surround your organisation like those covered by the Financial Conduct Authority by the Financial Conduct Authority, Sarbanes Oxley, Solicitors Practice Rules, Money Laundering, Data Protection amongst others. Secondly process compliance (for example escalating levels of authority for the approval of credit limits etc.) and your company 'Code of Conduct' also apply. So as before here are my top 6 tips for a good **Compliance**.

- **Keep It Simple** – As always! It is very easy to overcomplicate compliance so break in down into its component parts being Legal & Regulatory, Company and Process and deal with each separately.
- **Induction** – This sets the tone and the expectation make sure that you have clearly articulated to the new staff member the rules which they will have to follow.
- **Training** – Many organisations have automated on-line refresher training every year which is mandatory. As a minimum ensure that ALL updates and changes to the rules and regulations are communicated and carry out refresher training every year.
- **Documentation** – Make sure that you have any specific and relevant legal and regulatory documents available to all staff through your company intranet or on a shared drive.
- **Desk Top Aids** – For those processes and compliance activities in constant use like the escalating levels of authority ensure that these are on desk tops and notice boards. Manual processes are fine provided there is a control framework.
- **Nominate Champions** – Spread the compliance and process load across the department by nominating an owner for the key processes, this will also assist you during internal audits and provide development for the team.

## 3. Customer Service

From a CICMQ perspective 'Customer Service' is perhaps the criteria with the widest scope as we look at both the way in which the Credit Management team collect debt, ensuring that the collections strategies are appropriate, the methods and procedures for tracking, measuring and resolving disputes within the function and also how the service that the credit management team provide are perceived by both internal and external customers. So as before here are my top 6 tips for a good **Customer Service**.

- **Surveys** – Does Credit Control, Collections or Billing feature in your company satisfaction survey, if not why not? Of course if you carry out a survey make sure you act on the feedback!
- **Monitoring** –It is important that if you train your staff in good telephone skills that you monitor their performance.
- **Query & Dispute Management** – In many organisations disputes can account for a sizeable chunk of the DSO or overdue debt. Credit Control Team may not be responsible for the resolution but they should monitor, track and chase resolution with those that are.
- **Measurement** – The credit management team should measure number and value of disputes and take a leading role in process improvement to prevent repeat problems.
- **Company Awareness** – As credit control touches all departments and customers knowing where to go to get customer issues resolved is critical.

- **Customer Visits** – Face to face meetings with customers will improve relationships, so add ‘Visit top 5 customers’ to the annual objectives of all of the credit control team.

#### 4. Personal & Professional Development

This covers much more than just training as we look at how the people in the Credit Management Team are managed, recognised and rewarded. From the new team members induction, 1-2-1's, membership of the CICM for key members of the department, CPD points, compliance training and availability of further education are considered. As Brian Morgan from Veolia says *‘Training your team is like servicing your car, making sure that all of the parts are working as efficiently as possible and reviewing how the engine works.’* So here are my top 6 tips for a good **Personal & Professional Development**.

- **Training** – Build a skills matrix of what is required for every role in your credit team, then with the team assess everyone against the matrix and develop a training programme for everyone to fill the gaps in knowledge and experience.
- **Induction** - Create a training programme with a checklist for **all new starters**, this could include telephone collections skills, excel training, dealing with difficult customers, basic credit assessment as well as all the standard systems and process stuff.
- **1-2-1s** – **Everyone** should have a 1-2-1 with their immediate line manager every month. Managers who say they are too busy are not managing themselves or their teams properly.
- **Annual Performance Appraisals** – The 1-2-1's should be documented and these should form the basis of the annual appraisal, a formal review of the performance of each individual. If the 1-2-1's are documented this becomes easier for everyone.
- **Personal Development Plan** – Everyone should have a ‘PDP’ outlining the training and development required to do their job as effectively as possible and also develop them as individuals. Companies that say *‘...all the training is available it is up to the individual to identify what they need...’* are not taking an active role in their staff development.
- **Reward & Recognition** – It doesn't have to cost much money but a team or individual that are recognised as doing a good job, especially by their peers or senior management, is always more motivated and higher performing. A simple ‘thank you’ works wonders.

#### 5. Performance Measurement

How do you measure the performance of your credit department and the teams and individuals within it? This isn't about prescribing a set of measures or ‘How you should calculate DSO’ as if you ask 100 credit managers about these you will get 100 different answers. Not all companies measure cash collected, others don't measure DSO, it is about what is appropriate for your organisation and what works best for you to gain the most visibility and understanding of how your team are performing. There are many tools and software packages out there but still MS-excel is still the reporting tool of choice when something ad-hoc or ‘non-standard’ is required as many ERP systems allow output to Excel. So here are my top 6 tips for a good **Performance Measurement**.

- **Consistency** – Make sure that whatever you measure you do it in a consistent way, same elements, calculation and same timing. Changing any of these three variables will lose the ability to compare ‘apples with apples’.

- **Monitoring** – Make sure that you are continually and regularly monitoring performance, understand what to do when things change and take action if they do.
- **Simplicity** – Don't try and measure everything, find out what is important to the business and measure those things, 5 measures allow you to focus on what is important but don't be afraid to drop one measure in favour of a new one rather than just keep adding to the list.
- **Performance Management** – Think about how you can apply measurement down to individual level linking the top company measures to individuals, people like to understand how what they do influences the company/department performance.
- **Stakeholder Management** – There is no point in doing a good job unless you tell people about it. Use the KPIs and Dashboards to SELL not only what a great job you do to the business but also what you need from them to do your job better.
- **KPIs and Dashboards** – Not everyone in your company knows what DSO is so explain it in your dashboards and as always keep these simple and remember sales and marketing people are 'picture people' NOT spreadsheet jockeys so make the dashboards engaging!

## 6. Stakeholder Management & Roadmap

We created and added this criteria into CICMQ as we considered it important that Credit Managers had a documented plan or strategy for their function for the next 3, 6, 9, 12 months and equally importantly were able articulate that plan to the business. By doing this effectively the Credit Manager is able to come out of the 'back office' and demonstrate to the business that value that they can add. Many Credit Managers do this unconsciously, but we wanted them to think about this and actively manage their plans and stakeholders. So here are my top 6 tips (3 each) for **Stakeholder Management & Roadmap**.

### Roadmap

- **Company Vision & Values** – Most organisations have a vision, a set of values or behaviours passed down from senior management. For example these may be *'Efficiency, Performance, Value, Service and People'*. When you put your plan of action together match each activity or project to one of these values...your plan will get instant buy-in from the senior management!
- **Timing** – There are too many plans and strategies where people try to get everything done at once, don't make it hard on yourself, it is your plan so you decide and if the dates change then so be it and update the plan.
- **Visibility** – Make the plan visible on boards and tie peoples objectives to the roadmap activities, don't forget you have a team so delegate elements of the plan to help them in their own personal development.

### Stakeholder Management

- **Identify and Categorise** – Know who are your Stakeholders are and categorise them into Influencers, Approvers, Advisors and Challengers (keep the list of the last ones to yourself!), what level are they in the business as each level and category will need the same message delivered slightly differently.
- **Management Meetings** – Get yourself on the agenda of the Senior Management Meetings and their 'First Reports' meetings and present your plans, update them regularly but most of all make the presentations engaging...remember only accountants like spreadsheets!!

- **Seek Feedback** – Customer Satisfaction Surveys are not just for ‘external customers’ seek feedback from your stakeholders on your plans and ask them what they want from Credit Management and in return make requests of them.

***For more information and to discuss how the Chartered Institute of Credit Management can assist you in developing your methods and procedures towards CICMQ Accreditation or on the various approaches to gaining CICMQ for your business please contact [CICMQ@CICM.COM](mailto:CICMQ@CICM.COM)***



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