



EXPERT INSIGHTS
Progressive Ideas in Business

Trade Credit & Accounts Receivable Solutions



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Protecting Shareholders from Customer Credit Defaults

CFOs today are faced with unprecedented credit risks due to globalization and disruptive business models. As a result, in the last decade domestic industries once believed to be unshakable, such as automobile, energy and telecommunications, have become very challenging from a credit risk management standpoint. Many Wall Street experts believe that a new wave of insolvencies across many industries is inevitable in the near term. Furthermore, today's CFO also must contend with another by-product of these macro trends - larger customer concentrations - even on those accounts which may be of investment-grade credit quality.

Fortunately, specialized insurance and capital markets alternatives are allowing astute CFOs to sleep better at night, knowing that their major risks can be protected either through conventional or newer, more innovative institutional strategies. These are complex structures and require experts to help guide one through the minefield, but can be very effective in covering against the unexpected (or even the expected) bankruptcy of a customer or vendor. Solutions include:

- Payment protection guarantees on large individual customer(s), underwritten by major financial institutions as the principal counterparty.

• Credit default protection provided by global insurance markets for more routine bad debt protection on a portfolio-oriented basis.

• Political risk insurance covering receivable or investment exposures in developing markets.

To obtain the most comprehensive risk transfer solution (which includes portfolio coverage as well as protection on a single distressed or concentrated customer), the three strategies listed above can often be combined. The cost associated with this risk transfer can be reasonable or pricey, depending on a number of factors, including the probability of default. However the price paid pales in comparison with the potential loss and the subsequent impact to profits and cash flow.

To read the full report, go to www.expert-insights/smyth.asp



Smyth Trade Credit LLC provides credit risk management solutions for Fortune 1000 and middle market clients, including portfolio credit insurance, single debtor coverage, credit insurance policy administration and political risk insurance. Their innovative solutions - drawn from both the capital markets and insurance markets - help clients expand sales to both domestic and foreign customers while mitigating their nonpayment risk, and protecting the value of longer term investments overseas. Contact Marc Wagman: mwagman@smythtradecredit.com | 1-201-714-4561 | www.smythtradecred-

A/R Deduction Management: Best Practices Boost Corporate Profits

Order-to-cash processes have advanced over the last decade, supported by billions spent on technology. Customer deductions remain largely off-line, labor intensive, with a challenging complexity. Deductions and their causes result in millions of dollars of profit leakage.

Consider a \$2 billion retail supplier, with a 9.7% deduction rate and a net operating margin of 10%, but with 3.7% of revenues potentially lost due to preventable or customer error deductions - a huge additional profit opportunity.

Deduction Types:

- Trade Practices - such as promotional spending

- Preventable Deductions - such as process errors
- Customer Error - such as duplicates, unearned discounts and errors

The financial impact varies by industry, with the most demanding sales channels having the biggest issues. Some plan high rates of deductions for heavy promotions, returns, advertising, bill-back expenses, or returns.

Trade Practice deductions are a "cost of doing business" expense, and the focus should be on auditing to catch errors and streamline the process; with preventable deductions, the focus is uncovering root causes; and with customer error deductions, on

recovery and prevention of abusive practices.

- Discover and fix root causes of systemic problems that cause deductions.
- Understand and imbed customers' operating needs into your processes.
- Implement systems that track and streamline the deduction process.
- Reconcile variances between credits and deductions, as you will find a large error rate.
- Recover erroneous and excessive deductions to enforce your policy.
- Benchmark your results monthly against your starting point.

Companies that work toward eliminating the causes of deductions will be rewarded with both higher profits as well as better customer satisfaction.

To read the full report, go to www.expert-insights/smythcfari.asp



Smyth is a leader in outsourcing and project solutions for credit, accounts receivable, collections and customer deductions. Smyth's proprietary Cfari™ technology is built upon 25 years of industry know-how and hundreds of engagements, including our unique A/R Forensic program. Smyth helps clients improve financial performance and customer service by enhancing the drivers of revenue cycle and order-to-cash results. For more information contact Kristen Metzger: kmetzger@smythsolutions.com | 1-201-714-4547 | www.smythsolutions.com



EXPERT INSIGHTS

Progressive Ideas in Business

Workforce Performance & Recruitment Process Outsourcing



To read full reports and related information, go to the links listed below or visit www.expert-insights.com

Predicting Employee Performance Increases Your Company's Value

Business leaders have long known what research has recently validated: human performance is linked with overall corporate performance. Companies must capitalize on the strategic opportunities created by building and maintaining a high-performance workforce.

When managers accurately forecast employee performance, positive business outcomes become more predictable. The ability to predict employee performance by comparing it against the organization's models of top performance allows managers to hire those who exhibit similar characteristics and as a result, more clearly forecast outcomes.

"Properly designed and validated occupational

assessments help companies know what people have done in the past to create success as well as what their potential is to perform successfully in the future," said Jim Sirbasku, CEO, Profiles International. "Using this information, candidates and employees can be placed in positions where they are most likely to perform at their best."

To build a high-performance workforce:

- Formulate a clear vision of the company's current



workforce situation and create a plan to prepare for future needs.

- Develop a plan to retain talent and to help employees gain the skills they need to lead in the future. All training programs should be aligned with corporate performance objectives.

- Establish an integrated approach to each of the Human Resource processes: recruiting, hiring, performance management, training and succession planning.

- Know employees' natural job-related characteristics, as well as their skill sets and competencies so that their talents can be deployed where they are needed most.

Workforce performance significantly impacts business results. A manager's ability to predict employee performance makes accurately forecasting the company's performance possible and ultimately impacts your bottom line.

To read the full report, go to www.expert-insights.com/profiles.asp



A world leader and innovator in selecting and developing high-performance workforces, Profiles International develops and publishes a comprehensive array of assessment instruments that help companies obtain and use information to make better decisions regarding their greatest asset - their employees. Targeting all phases of employment from selection and hiring to training, coaching and management performance, Profiles assessments provide accurate, validated, reliable information that companies can use as a competitive strategy. **Caren Shafer, SVP • 866-562-3481 • www.profilesinternational.com**

Project-Based RPO Good Option For Professional, Managerial Talent

A pharmaceutical company needs managers for a new manufacturing plant. An Internet service provider is expanding into new wireless markets and is looking to hire technology and business professionals. A global food processing business is investing in mid-level managers capable of assuming future leadership roles.

In each of these situations, the smartest solution in the current candidate-driven market may be to outsource the recruitment function to an external firm. Recruitment process outsourcing (RPO) is the fastest growth area in HR outsourcing. While a significant portion of the increased

volume will come from long-term HR contracts, the number of companies outsourcing recruitment on a project basis also is expected to increase. In addition, companies that have traditionally outsourced recruiting for lower-level jobs are beginning to do so for managerial and professional positions.

As more companies recognize the value of entering into strategic partnerships with recruitment experts for higher-level hires, the question becomes, "What should companies be looking for in a partner?"

Certainly, the partner must be able to offer

quicker access to high-quality potential hires more cost effectively than companies can deliver on their own. Beyond that, however, employers should choose a partner capable of creating a flexible, scalable project plan that is integrated with the client's business objectives. The plan should be based on best practices such as direct sourcing, building sustainable talent pools and utilizing competency models to assess candidates. The recruitment partner should take accountability for delivering the desired outcome to the client as well as managing risks. Whether a company has an immediate need to hire a finite number of managers or professionals, or wants assistance over the long term, an RPO partner may be the solution.

To read the full report, go to www.expert-insights.com/Hudson.asp



Hudson (NASDAQ: HHGP) is a leading provider of management recruitment, contract professionals and talent management services worldwide. From single placements to total outsourced solutions, Hudson helps clients achieve greater organizational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs more than 3,600 professionals serving clients and candidates in more than 20 countries. More information is available at www.hudson.com.