

smyth



Choosing Credit & A/R Candidates

Questions for a Successful New Hire

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Introduction

The purpose of this guide is to provide you with the tools to construct your own interview guide. Positions vary and company environments and needs are different. There cannot be a single best way to conduct an interview. Our goal is to share with you the fundamental questions and principles which have guided Smyth Staffing's efforts in satisfying our clients over our 100 year history.

The best use of this guide is to develop your own customized list of interview questions. There are specific areas which may necessitate a more in-depth treatment than we have given here. Specifically, areas such as Financial Analysis, Deduction Management and Control and Credit Risk Mitigation and Insurance Techniques may require more depth. For guidance on developing an interview guide to better fulfil the needs of these positions, contact John Broderick at jbroderick@smythsolutions.com or 201-714-4522.

Setting the Stage

The purpose of a successful interview is to obtain the information you need to make a correct decision and at the same time be certain the candidate whom you want, will want you. As an employer your goal is two-fold. First you must identify the correct candidate and secondly you must present the position and the company in such a way that the candidate wants to work for you. The candidate must see you as the "Employer of Choice".

The tone of the interview should be established from the moment of the candidate's first contact with your company. Prior to the interview, a professional image should be projected in any correspondence, telephone scheduling, and especially by your Human Resources and/or recruitment service. A candidate will form opinions and judge your company's desirability at each step during the process.

If your company projects a positive, enthusiastic image, the candidate should respond in kind. If the candidate is made to feel defensive by a sullen reception, or by antagonistic questioning, your ability to have a free-flowing exchange of information will be compromised. The interview should have the feel of a meeting, not an interrogation.



Setting the Stage continued

We find it best to start the interview with a description of the position and an explanation of what we need to find out. If the position is complex we will email the position description and additional research materials prior to the meeting. Giving the interview a structure allows you to see how well the candidate communicates to the points you've outlined. If the candidate's comments are on target and stick to the outline you know the conversation will be worthwhile.

It is also interesting to see how well the candidate utilized any material sent to them.

For the interviewer "Listening Skills" are paramount. Questions should be open-ended and not answerable with "yes" and "no". It is important to encourage the candidate to do the talking.

Please call us at any time to find out how we can help you define and understand your specific staffing needs.

Interview Preparation

You need a clear understanding of the specific experience and education the job requires, as opposed to the candidate's ability to learn by on the job or supplemental training. In some positions, relevant education, skills and experience are needed from the outset. Other times, you are looking more for general background and character traits, with the specifics to be learned on the job.

When compromise is necessary, a good rule to follow is to hire first by character attributes and intelligence, and second by experience. Experience can be gained while working and supplemented by training, but character attributes come with the individual and are difficult to change.

On average, turnover will be higher if you hire below a candidate's expected salary level. The same is true for career expectations. It is best for you to have an understanding of the career potential of the position and be able to clearly explain to a candidate what lies ahead. Making certain that each party understands the long term expectations of the other will save you the frustration of repeating the process down the road.

You must be clear on the candidate's long and short-term goals.

Can your company satisfy them?

Be certain you understand the type of environment, supervision and work tasks the candidate needs in order to succeed.

Does your environment compare favorably?

Fully explore the reasons the candidate is on the market and changed jobs in the past.

Compare this to what you have to offer.

If you have a negative match on any of these key issues, the candidate's suitability is in question.



Personal Traits

It is important to define the type of person you require from both a functional as well as a team standpoint. We all understand what someone means when they say, "this person should be in sales." In credit, these characteristics are harder to define.

Here are some of the traits to evaluate:

Communication Skills	Both written and verbal.
Analytical Thinking	Ability to recognize, define and solve problems.
Creativity	Develop solutions for difficult problems.
Understanding "The Big Picture"	Ability to see all sides of an issue.
Tenacity	Most important attribute for someone in the credit and collections profession.
Professional Curiosity & Interest	Have they educated themselves? Are they involved in the profession?
Tough-mindedness	Ability to be firm and resolute.
Empathy	Ability to understand customer problems.
Emotional Stability	Ability to handle tough customer problems.
Assertiveness	Ability to assertive without being tactless.
Pain Tolerance	All positions have a certain amount of frustration. Determine the candidate's capacity to deal with adversity.



General Background Questions

Character, ability, experience and knowledge are the key ingredients to any suitable job match.

These questions are designed to give you greater insight into your candidate's capabilities.

At the end of this section, you should be able to form an educated opinion as to the candidate's fit with your environment.

1. Describe your present duties and responsibilities. On a day-by-day basis, how do you spend your time?
2. In school, what were your best and worst subjects?
3. What types of tasks do you find rewarding/not rewarding?
4. Please give me examples of your major accomplishments. Were you satisfied with the acknowledgment you received?
5. Please give me an example of a major disappointment. How did you handle it? Were other people responsible for the failure?
6. How do your co-workers perceive you? Are they correct?
7. How does your supervisor perceive you? Is he/she correct?
8. In what type of situation are you most/least comfortable?
9. In what circumstances do you seek your supervisor's advice? Suppose you disagree?
10. Give specific examples of your negotiating experience.
11. How do you rate the quality of your written and verbal skills?
12. Rate your skills as a teacher; motivator.
13. What types of personalities do you find easy to supervise? Difficult to supervise? How do you handle difficult employees?
14. In what areas do you need improvement?
15. What are the reasons you have fired people?
16. What skills were developed during your past positions? How do these skills relate to the position described?
17. How have you prepared yourself for greater responsibilities?
18. What would be your immediate contribution to this company?
19. What do you look for from a superior?
20. How do you express dissatisfaction?
21. Why is this position of interest to you?
22. When someone is uncooperative and you need their help, what do you do?
23. What role have you played on special projects or committees?

General Background Questions continued

24. Do you prefer concentrating on one project and completing it, or working on a number of open projects?
25. Do you always meet your deadlines? Why haven't you been able to do so?
26. How do you define a work day?
27. Does your company belong to any Trade Groups? (i.e. NACM)
Do you actively participate?
28. To what extent do you travel? What is the purpose of your trips?

Financial Understanding

These questions are designed to probe the candidate's corporate environment and get a sense of the tools employed in performance of their responsibilities.

1. What is the structure of your credit department?
2. Who does the credit department report to?
3. What types of customers have you sold to? What were the terms of the sale?
4. What sources do you use in checking a customer?
5. How much weight do you give to Credit Reporting Services such as D&B and Experian?
6. Do you make credit decisions or recommendations?
7. What is your credit authority?
8. Describe the steps you take to establish a credit line.
What factors do you consider when establishing a credit line?
What options would you offer if the account was not financially strong?
9. Do you perform a spreadsheet analysis? Manually or using Excel or another program?
10. Have you utilized any type of credit scoring system?
11. What is the first thing you look for when reviewing a financial statement?
12. Can you forward a sample analysis?
13. Give an example of a difficult financial decision and what you recommended.



Financial Understanding continued

14. What is an intangible asset? Give an example. How is it treated in a financial analysis?
15. What are causes of negative cash flow?
16. Are you familiar with Security Instruments?
 - UCC Filings
 - Personal Guarantees
 - Corporate/Cross Corporate Guarantees
 - Letters of Credit: Domestic, International, Stand-by
 - Promissory Notes
17. Have you done Industry Trend Analysis?
18. What is a 10K and 10Q? How do you use them?
19. Are you familiar with Credit Insurance? How do you use it?
20. What is your experience with International Credit and Collections? Have you done Country Risk Analysis?
21. Have you visited customers for financial reviews? With whom did you meet? Were you alone or with a manager or salesperson?
22. How do your DSO and Bad Debts compare to your industry? What are they?
23. When an account goes bankrupt, what do you do? What are your rights as a Creditor?
24. Are you familiar with:
 - Floor Plan Financing
 - Leasing
 - Conditional Sales Contracts
 - Sales Finance

Collection Skills Assessment

Collections are as much art as skill. It is vital that collection personnel be able to tread a fine line between being “assertive” and “annoying”. Collectors must be organized, tough-minded and empathetic all at the same time.

1. What types of customers have you handled?
2. In what way were your customers unique?
3. What were the typical problems encountered?
4. What is the system for collections in your company? Describe the collection process.
5. How often did you meet with customers?
6. How do you negotiate payment schedules for delinquent accounts?
7. What percentage of delinquencies are due to administrative and billing problems?
How do you resolve these issues?
8. Describe how you resolved a recent tough collection problem.
9. What is your Accounts Receivable balance?
10. How many accounts are you responsible for?
11. What is your company’s DSO? How do you compute it?
12. What collection techniques work best?
13. Do you work with auto-dial systems?
14. Do you work with Collection Agencies?
15. Who makes the decision to send an account to a Collection Agency?
What are the criteria?
16. What legal involvement have you had?
17. Have you ever sat on a Bankruptcy Committee?
18. Are you responsible for appearing in court?
19. How do you repossess equipment?



Relationship with Sales

Credit must function as part of the bigger team. These questions should allow you to gauge the candidate's willingness to work towards common goals and work with sales and marketing.

1. For what reasons do you visit customers?
2. Do you visit customers as a part of a team?
3. Do you ever create special financing programs to meet a customer's need?
Give examples.
4. What is your participation in:
 - Sales Meetings
 - Sales Policy Formulation
 - Sales Presentations
5. At what levels do you interact with the sales department?
-Give examples of typical problems.
-How do you resolve them?
6. Is Sales sometimes difficult to work with? Why?
7. Does Sales help in the collection effort? Gathering credit information?
8. What is a successful program you have developed to help the Sales effort?
9. How does Sales help you in the credit decision process. Give an example.
10. Does Sales use credit as the "Bad Guy"? Does this create problems?



Accounts Receivable Skills Assessment/Deductions

You must be convinced the candidate has the know-how to expeditiously process the volume of work required to perform the job. You should also have the impression that the candidate is detail oriented and will have diligent follow through.

1. Have you applied remittances for different types of accounts? How do they differ?
2. How many checks are applied per hour? How many invoices are paid on a average check?
3. Who researches missing documentation?
4. How are unearned cash discounts handled? Have you made calls on them?
5. Have you used an automatic cash application system?
What problems have you encountered?
6. If information is needed from the lock box, who contacts them?

Accounts Receivable Skills Assessment/Deductions continued

7. How have deductions been handled?
 - Who is responsible for documentation?
 - How are they processed?
 - Who does the research?
 - Who collects on invalid deductions?
8. Did you use an automatic write off allowance? What is the level?

Technical Skills Assessment

Understanding and embracing technology is critical for success. At the very least it is important to determine if the candidate is open to technology. There are still those who possess anti-technology attitudes, and this will simply not work today.

1. What A/R systems are you familiar with?
2. What other corporate systems do you use?
3. Describe A/R, Credit and Collections systems operations.
4. Have you been involved with implementation of new systems?
5. PC experience: Get details on specific application programs used. E-mail, spreadsheet, database, word processing, presentation programs and online services.
6. Rate your skills: Need More Experience, Average or Power User.
7. Do you have a specialized computer education?
8. What technological enhancements have you introduced to your company?
9. Do you belong to any "User Groups"?
10. Have you done any programming? Designed any applications for use on the job?
11. Do you use Credit Scoring?
12. Have you implemented or used Collection software such as Get Paid?
13. Do you use Excel? How do you rate your skills?
14. What programs do you use to construct reports?



Permissible and Improper Questions

Be very careful when asking any question that could be personal in nature. A mistake in this area could be illegal, costly as well as embarrassing.

These examples are illustrative only, and not necessarily complete. We are not attorneys and are not providing legal advice. Please contact your human resource and legal departments for training in this area.

Area of Questioning	OK	Not OK
Name	For access purposes and applicant's work records.	Ask if a woman is Miss, Mrs., or Ms., to ask maiden name, or any previous name used.
Address-Housing	For applicant's phone number or contact information.	
Birthplace/National Origin		Ask birthplace of applicant or that of his/her parents, grandparents or spouse or any other inquiries into national origin.
Race/Color	Indicate that the institution is an equal opportunity employer. Only ask race for affirmative action plan statistics after hiring.	Ask any question that would indicate race or color before hiring.
Sex	Indicate that the institution is an equal opportunity employer. Only ask sex for statistics after hiring.	Ask any inquiry that would indicate sex, unless job related.
Religion/Creed		Ask an applicant's religion or religious customs and holidays or request recommendations from church officials.
Citizenship	Ask whether a U.S. citizen and whether there is an intention to become one. If U.S. resident: if spouse is a citizen, require proof of citizenship, after hiring	Ask if native-born or naturalized, or date of citizenship.
Marital/Parental Status	Ask for status (only married or single), number and ages of dependants, and age of spouse after hiring for insurance and tax purposes.	Ask for marital status before hiring or to ask the number and ages of children, who cares for them and if applicant plans on having more children.
Military Service	Inquire into U.S. armed forces services, branch of service and rank attained, any job-related experience, military discharge certificate, only after hiring.	Request military records, ask about military service in any other country or the type or discharge.



Permissible and Improper Questions continued

Area of Questioning	OK	Not OK
Education	Ask what academic, professional or vocational schools attended or language skills.	Specifically ask the national, racial or religious affiliation of schools attended or how knowledge of a foreign language was acquired.
Criminal Record	Request list of convictions or other misdemeanors.	Inquire about arrests.
References	Request general work references not relating to race, color, religion, sex, national origin or ancestry.	Request references specifically from the clergy or any other persons who might reflect race, color, religion, sex, national origin or ancestry.
Organizations	Ask about membership in social or professional organizations so long as affiliation is not used to discriminate on the basis of race, sex, national origin or ancestry. Offices held, if any.	Request list of all clubs applicant belongs to or has belonged to.
Photographs	Request after hiring for identification purposes.	Request photographs before hiring or to take pictures of applicants during interviews.
Work Schedule	Ask willingness to work during required work schedule and to ask if applicant has military service obligations.	Ask willingness to work any particular religious holiday.
Physical Data	Require an applicant to prove ability to do manual labor, lifting and other job requirements.	Ask height and weight, impairment or other non-specified job-related physical disability.
Handicap	Inquire to determine applicant's capability to perform the job. (Burden of proof lies with the employer.)	Exclude handicapped applicants as a class on the basis of type of handicap.
Other Qualifications	Ask about an area that has direct relation to the job applied for.	Make a non-job related inquiry that may present information permitting unlawful discrimination.



Reference Checking

It's best to combine independent sources with the references given to you by the candidate. You are legally required to obtain permission before you check references. This needs to be in writing.

References should provide information on the following:

- Employment Dates
- Job titles
- Rates of pay
- Nature of the tasks performed
- Work habits - including conscientiousness, sense of responsibility and ability to work with others
- Whether they would hire the individual again, knowing what they know about him or her

Identify critical concerns such as leadership or critical thinking and formulate questions.

Calling for references is best. The marketplace competition for top employees is very competitive. Waiting for a written response can result in a lost opportunity. Calling also allows for a more thorough candidate profile to be developed. You should consider checking references prior to a final interview. It is quite possible you will discover areas which will lead to questions during your final meeting.

When possible, especially for a sensitive or important position, it is wise to get references from all levels, including prior supervisors, peers as well as subordinates.

Beware of candidates whose careers have been built upon their ability to get hired, but who are not able to keep their positions. Look for the absence of information.



Conclusion

Even after 100 years in the business of recruiting and candidate assessment, it remains more of an art than a science.

This is why our many years of experience and knowledge of the credit field will improve your chances of hiring the right personnel, or developing the most effective solution for your project or interim resource need.

Smyth Staffing remains committed to the accounts receivable, credit and collection fields and its continued development and acceptance as a special profession.

If we can be of any assistance, please contact us at +1-201-714-4500 or jbroderick@smythsolutions.com.

E. John Broderick, C.P.C

Exhibit Smyth Staffing Applicant Assessment Form

Candidate Name _____

Interview For _____

Interviewed By _____

Date _____

	N/A	Low	Average	Good	High
Match on Salary					
Environment - Culture					
Validity of Past Job Changes					
Communication Skills					
Creativity					
Judgement					
Potential for Management					
Interests in this Position					
Interest in this Company					
Personality					
Attention to Detail					
Self-confidence					
Supervisory Capabilities					
Perform Under Pressure					
Interpersonal Skills					
Ability to Work Independently					
Credit Risk					
Collection Skills					
A/R Skills					





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