

**Credit, Collections....  
And All That**



**2023  
Gateway  
CONFERENCE**

**SEPTEMBER 20 & 21**

# Unveiling The Hidden Costs of Customer Pushback Terms and Web Billing Portals and How to Win Back Your Company's Payment Terms...

Presented by:

Chris Birdwell

Credit Strategies Manager

Pioneer Worldwide

## Customer Pushback Payment Terms:



"C'mon, c'mon—it's either one or the other."

# Vendor Portal Invite



Hello Cindy,

**G&G Outfitters Inc.** is inviting you to **join their Vendor Portal** where you can track the status of your bills as they are being processed.

We are excited to invite you into our new **A/P automation initiative**. We know this will make your experience with the A/P process more efficient with better real-time information.

Please reach out to our Accounts Payable team at [accountspayable@ggoutfitters.com](mailto:accountspayable@ggoutfitters.com) should you have any questions.

This **free** Vendor Portal is offered by **Stampli**, an AP Automation platform used by G&G Outfitters Inc. to process and approve bills faster.

**ACCEPT INVITE**



**Billy the Bot**  
Accounts Payable Assistant  
[www.stampli.com](http://www.stampli.com)

# Customer Pushback Payment Terms:

- “Payment Terms” (Business Dictionary)
  - The conditions under which a seller will complete a sale. Typically, these terms specify the period allowed to a buyer to pay off the amount due, and may demand cash in advance, cash on delivery, a deferred payment period of 30 days or more, or other similar provisions.
- “Push Back” (The Free Dictionary)
  - the act of forcing the enemy to withdraw
  - cause to move back by force or influence
- Push Back Payment Terms the act of forcing the Creditor Supplier (aka the enemy) to replace its payment terms with the Buyer’s plan; in order to restructure or fund its own internal projects in lieu of borrowing from their own bank, which charges interest.
- **CALCULATED EXTORTION!!!**

## Customer Pushback Payment Terms:

- “When economic hard times hit in 2007–2008, CFOs and finance departments felt pressure to improve their organizations’ working capital positions. The longer companies could hold on to cash, the more liquid they were, and the safer they felt. Paying bills quickly meant dipping into cash reserves, possibly taking away money from new-product development, mergers and acquisitions, marketing, or anything else that might drive top-line revenue. It was either that or be forced to rely for growth on expensive external financing.
- However, before the recession, many companies were reluctant to embark on payment-term extension programs for **fear of disrupting** their supply chains, losing suppliers, or forcing them to **raise their prices**.
- But in the face of what looked like economic Armageddon, such considerations seemed less compelling than bolstering working capital.
- Therefore, many large companies began telling suppliers (especially the smaller ones providing noncore or indirect goods and services) that payment schedules would be extended from 30 days to 45 days, or from 60 days to 90 days, and sometimes beyond.
- “To their surprise, it worked.”

David Rosenbaum of CFO (An argyle Company) 1/28/2013

Thanks Brandi, I completely understand.

I noticed the terms were edited to 2% 10 net 60, below are the standard terms that RRD would provide to suppliers, can you let me know if any of these would work for Pioneer?

**Net 75 or 1% 60, 2% 45, 3% 30**



Hello Bill,

Pioneer appreciates your interest in partnering as we work to iron out these final details.

Before I am legally able to proceed with specialized terms, we will need some sort of sales/program projection.

Standard terms for the Promotional Products Industry is **Net 30** days. There are exceptions but these "high profile" distributors are justified by the volume of business they produce.

Antitrust laws and specifically the Robinson Patman Act stipulate the following:

**The focus of compliance with the Robinson Patman Act is whether the customer received discriminatory pricing or terms; the rule applies regardless of which party set the terms or prices. The extended terms are still the terms of the trade relationship and if they differ from the terms extended to another similarly-situated customer, the vendor has discriminated in favor of the customer setting terms.**

The terms 2% 10 net 60 is aligned with the terms of a similarly-situated distributor and protects Pioneer Balloon Company's fiduciary interest by remaining compliant with antitrust laws.

Respectfully,

Chris B. Birdwell, Credit Strategies Manager  
Pioneer Worldwide

## Delusional Mindset:

- “Extending our payment terms allows us to better align with industry practice and ensures we compete on a level playing field, while simultaneously improving transparency and predictability of payment processes,” Valerie Moens, a spokeswoman for Mondelez, maker of Cadbury chocolates, Honey Maid graham crackers and other brands, wrote in an email.
- Kris Charles, a Kellogg spokeswoman, wrote that the company started a new supply chain financing program last year, extending payments to 120 days. “It gives Kellogg and our suppliers more flexibility to manage our businesses effectively through better cash flow management,” she said

By [STEPHANIE STROM](#) APRIL 6, 2015 – The New York Times



## Customer Pushback Payment Terms:

- The Good:

- **NONEXISTENT**

# Customer Pushback Payment Terms

## ○ **The Bad:**

### ○ MFG Example 1: EOAP

- End Of Accumulation Period / Batching
- invoices received during the period beginning on the fifth day of a month and ending on the fourth day of the following month will be accumulated.
- The batch of accumulated invoices will then be aged and paid Net 90 days from that end date (the fourth day of the following month).

# Customer Pushback Payment Terms

- MFG Example: EOAP(cont'd)
- The math:
  - Invoices Dated: 05/05/2023 to 06/04/2023 = EOAP Batch
  - Enters “accumulation” period as of 06/04/2023
  - Net 90 days from 06/04/2023 = 9/02/2023
  - Your invoices will age anywhere from 91 to 121 days (depending upon your invoice date) before they are paid.
- **Front Loading Orders!**

# Customer Pushback Payment Terms

- **The Ugly**

- **Ransom Terms**

- **“Hidden” Discounting**

- PO/Contract simply states 2% net 30
- When check arrives, the remittance shows 2% discount taken on the face of the document BUT customer secretly generated 2.1% to 2.4% (hoping you won't notice)

- **The math:**

- \$8,700.00 Invoice
  - \$ 174.00 what discount should have been at exactly 2%
  - \$ 208.80 was the actual discount customer took at 2.4%
  - \$ 34.80 the difference customer sneaked
- 
- Now think about this customer paying hundreds of invoices to hundreds of suppliers - very sneaky indeed.

# Customer Pushback Payment Terms

## ○ **The Ludicrous:**

### ○ **Back charges to Supplier:**

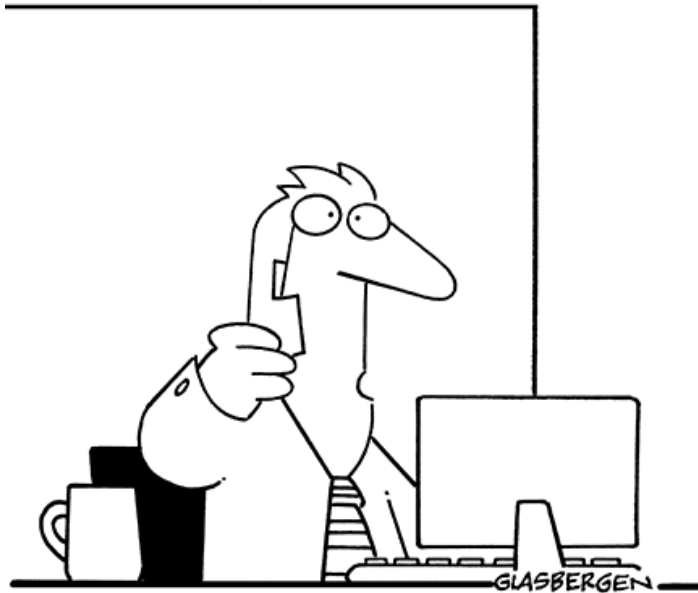
- “Big Box” Bamboozled
- Customer makes a deduction with no backup provided.
- Customer actually back charges YOUR company \$120.00 if you require backup for the deduction

### ○ **Lumper Fees:**

- Customer orders product that doesn't fill a complete pallet when your company ships
- Customer back charges your company as much as \$240 to have their employee unload the partial pallet of product they purchased from your company
- Anticipatory discounts
- Defective Allowances

# Customer Pushback Payment Terms

© Randy Glasbergen / glasbergen.com



**"If you pay your invoice on time, it will mess up our accounting system, so it's better if you keep paying late."**

## Customer Pushback Payment Terms

- **Billing/Payment Portals (eInvoicing):**
- Have been around since the 1990's and are gaining in popularity.
- Why?
  - Little or no cost to the Buyer
  - Buyer doesn't have to maintain a large IT Department to manage their own software for their suppliers
  - Can be free but there is often a subscription cost and/or transaction fee to the Supplier (this is how the portal platforms get paid)
  - Customers add their PO's and payment information records to the portals
  - Suppliers can pull down PO's, invoice against PO's, access whether PO's approved or denied, and when confirm when payment will be generated
  - Some portal platforms are bank owned vs. privately owned

# Customer Pushback Payment Terms

## Free Portals (No Cost, No Portal Offered Discounts)

## Tradeshift (Founded May 2010 in Copenhagen)

The image shows a Microsoft Word document titled "Pushback Payment Terms Presentation.doc [Compatibility Mode] - Microsoft Word". The document content is a slide for Tradeshift. At the top, the Tradeshift logo is displayed in large, bold, black letters, followed by the text "(Founded May 2010 in Copenhagen)". Below this, a navigation bar contains the Tradeshift logo and the text "What is Tradeshift? Solutions Solutions for CRM Resources Partners Free training". The main body of the slide features a central statistic: "1.5 million companies use Tradeshift's marketplace to buy and sell". Below this statistic is a grid of logos for partner companies: Siemens, ADM, HSBC, RWE, Ericsson, Citi, and Airance KLM. Each logo is accompanied by a small text box containing a quote or testimonial. For example, the Siemens quote reads: "Tradeshift gives us a brilliant platform for better collaboration, and will allow us to build up and resolve with suppliers as well as introduce innovative solutions." The RWE quote reads: "Tradeshift's interface is intuitive, state of the art, and among the best. The increase of transparency in our lifelines is one of major process improvements." The Citi quote reads: "We found that it's much easier to ask suppliers for proposed bids through Tradeshift when it costs nothing for them." At the bottom of the slide, there is a "Keep going" button and a small icon. The Microsoft Word interface is visible around the slide, showing the ribbon with tabs for Home, Insert, Page Layout, References, Mailings, Review, View, Developer, and Acrobat. The status bar at the bottom of the window indicates "Page: 5 Section: 1 Page: 5 of 18 Words: 1,402 English (United States) Track Changes: Off".



# Customer Pushback Payment Terms

## Free Portals (No Cost, Portal Offered Discounts)



# Customer Pushback Payment Terms

## Free Portals (with “bank” offered Discounts)

Pushback Payment Terms Presentation.doc [Compatibility Mode] - Microsoft Word

Home Insert Page Layout References Mailings Review View Developer Acrobat

Clipboard Font Paragraph Styles Editing

 **taulia**  
(Founded 2009 San Francisco, CA)

BBVA Francés (Banco Bilbao Vizcaya Argentaria), formerly BBVA Banco Francés, is a financial institution in Argentina. Founded on October 14, 1886, in Buenos Aires as Banco Francés, invested in taulia 9/25/2014

**BBVA Ventures announces investment in supply chain finance company Taulia**

24/10/14



Page: 7 Section: 1 Page: 7 of 18 Words: 1,402 English (United States) Track Changes: Off

wonder woman - G... request for extensio... C:\HomeFiles\CFDD Pushback Payment ... Microsoft excel - CF... CFDD National Pres... iTunes 3:21 PM

# Customer Pushback Payment Terms

- **BBVA Ventures**, the corporate venture arm of BBVA Group that invests in disruptive startups in the financial services industry, announced today that it has made an investment in Taulia, a San Francisco-based company that is digitizing the traditional supply chain finance process with its cloud-based platform
  - (source: BBVA Website: <http://bancaresponsable.com/en/bbva-ventures-announces-investment-in-supply-chain-finance-company-aulia/>)
- Customers (i.e. Coca-Cola, Pfizer, Hallmark, Siemens) migrate their Vendors over to the taulia billing platform, which is free to Suppliers.
- Then BBVA Ventures, acting through taulia, offers early pay discount options.
- **The Customer & Supplier still maintain the original payment terms, but now the Supplier has the option of accepting an early pay discount offered by the bank**
- BBVA pays the Supplier the discounted value and then collects the full amount back from their contract with Customer. Customer doesn't necessarily realize the full discount, but gets a difference depending upon their negotiated contract with taulia.

# Customer Pushback Payment Terms

**Subscription/Membership Fees:  
Usually based on “Document or Transaction Volumes”**

Exostar is owned by Lockheed Martin, BAE Systems, Boeing, and Raytheon (founded 2000 in Herndon, VA)

**MYEXOSTAR**

Home Pay Invoice Webstore Register Training Contact Us Online Support Search

Find information by APPLICATION

- B2B Integration
- Digital Certificate Service (DCS)
- DOD Common Access Card (CAC)
- Enterprise Access Gateway (EAG)
- Federated Identity Service (FIS)
- ForumPass
- Information Manager
- Lockheed Martin Aeronautics
- Lockheed Martin Procure to Pay (P2P)
- Managed Access Gateway (MAG)
- One Time Password (OTP)
- Partner Information Manager (PIM)
- ProcurePass
- ProviderPass
- R-R Global Supplier Portal (GSP)
- Secure Access Manager (SAM)
- Secure Email
- Secure mShare
- Secure Share
- Secure Source-to-Pay (SZP)
- SourcePass
- Supply Chain Platform
  - Secure Login to SCP
  - Administration of Users & Orgs
  - System Requirements
  - SCP Membership Fees
  - Quick Tips for SCP
  - GSCP Shutdown Notification
- Trading Partner Manager (TPM)
- Vendor Quality Manager (VQM)

Find information by CUSTOMER

### Supply Chain Platform (SCP)

#### Membership Fees

Exostar offers seven (7) levels of membership which are based on a tiered pricing structure associated with the volume of transactions your organization exchanges using SCP-BAE, BSCP, MOD, SCMP (787) and RSCP. Nine (9) months after your registration is submitted, your membership level is assessed based on the number of transactions you have exchanged during that 9-month period. You are invoiced at the appropriate level at that time. You are invoiced in advance for all subsequent years of membership. Your subscription is valid for 12 months from the date of registration or renewal.

Membership Level	Transaction Volume <sup>1,2</sup>	Membership Fee
Free Supplier Membership	0-100 per year	\$0
Bronze Supplier Membership	101-500 per year	\$985
Silver Supplier Membership	501-1000 per year	\$1,100
Gold Supplier Membership	1,001-1,500 per year	\$1,320
Diamond Supplier Membership	1,501-5,000 per year	\$2,750
Platinum Supplier Membership	5,001-10,000 per year	\$4,125
Unlimited Supplier Membership	Over 10,001 per year	\$5,500

Pricing in effect as of January 1, 2017.

<sup>1</sup> Assessment policy: In order to determine your first year's membership level and associated fee, transaction volume will be assessed 9 months after your registration date, extrapolated to establish a 12-month forecasted volume. The following year's membership level and fee will also be based on the first 9 months of transactions, extrapolated to establish a 12-month forecasted volume. All subsequent years' membership levels and fees will be based on the previous 12 months of transactions.

<sup>2</sup> Transaction Types include: Discrete Purchase Orders, Purchase Order Changes, Blanket Purchase Orders, Blanket PO Changes, Blanket Releases, Schedule Agreements, EDC Notifications, Advance Ship

# Customer Pushback Payment Terms

## Subscription/Membership Fees PLUS Transaction Fees

SAP Ariba (founded 1996, Sunnyvale CA)

- Transaction fees, which are determined based on the financial volume you transact annually with all customers through Ariba Network; and
- Subscription fees, which are determined based on the number of “documents” you transact annually with all customers, as well as your technology usage

The screenshot shows a Microsoft Word document with a slide titled "Ariba® Network Fulfill: Orders and Invoices Supplier Fee Schedule". The slide content includes an overview of the fee structure and a table of chargeable transaction volume thresholds for various regions and currencies.

**OVERVIEW**

As a supplier, you may use Ariba® Network at no cost<sup>1</sup> unless you 1) transact five or more documents (purchase orders [POs], invoices, service entry sheets, and service entry sheet responses) and 2) cross the transaction volume threshold (shown in Table 1) in at least one customer relationship annually.

Table 1 lists the chargeable transaction volume threshold for each currency supported by Ariba Network.

Country or Region	Currency	Chargeable Transaction Volume Threshold <sup>2</sup>
<b>Americas</b>		
North America – United States and Mexico	US Dollar	50,000 USD
North America – Canada	Canadian Dollar	50,000 CAD
Central America	US Dollar	50,000 USD
South America (except Brazil and Chile) <sup>3</sup>	US Dollar	50,000 USD
<b>APAC</b>		
Australia	Australian Dollar	50,000 AUD
China	Chinese Yuan	333,300 CNY
Japan	Japanese Yen	4,400,000 JPY
Singapore	Singapore Dollar	69,500 SGD
Other APAC	US Dollar	50,000 USD
<b>EMEA</b>		
Switzerland	Swiss Franc	49,500 CHF
United Kingdom	British Pound	34,250 GBP
Other EMEA (except Southern Africa) <sup>3</sup>	Euro	44,600 EUR

If you have not crossed both of these thresholds in at least one customer relationship per year, you are not required to pay fees.

**ARIBA NETWORK FEES FOR SUPPLIERS WITH HIGH USAGE STATUS**

Once you cross the document and transaction volume thresholds described above in at least one customer relationship annually, you will be enrolled in a paid subscription and will be required to pay fees. There are two components to the supplier fee schedule for Ariba Network Fulfill: Orders and Invoices:

- **Transaction fees**, which are determined based on the financial volume you transact annually with all customers through Ariba Network; and

## Customer Pushback Payment Terms:



### Trojan Horses:

Web Billing/Payment Portals that start out as “free” and then change to a supplier fee/cost platform

**Paymode-X**  
The way businesses  
pay and get paid



## Customer Pushback Payment Terms

- Bank of America launched PayMode ® 2004
- Bottomline acquired PayMode ® from Bank of America August 2009
- Bottomline/PayMode was free to suppliers
- Paymode-X: Bottomline Technologies changed to a “transaction” fee bases February 2015
- 1.5% per transaction fee
- Sales Rep actually commented that this was less expensive than accepting credit cards for payment
- If you decline their “free” upgrade you can maintain your existing customers but can no longer add new ones.

# Customer Pushback Payment Terms

What should the Credit Professional do? Don't be enamored with Sales Volume





Welcome Birdwell,Chris !

All Vendor ▼

COLLAPSE



- DRAFT
- SUPPLIER ACTION
- WALMART RESEARCH
- APPROVED
- DENIED

DRAFT



0

SUPPLIER ACTION



9

WALMART RESEARCH



253

APPROVED



3962

DENIED



309

ALL DISPUTE



5000

All Disputes

Latest 5000 disputes will only be displayed below

1-20 of 5000

Download

Vendor #	Created By	Claim/Inv #	Claim Code	PO #	Dispute Date	Dispute Amt	Status	Last Updated	Dispute #	Dispute Case #
<input type="text" value="Vendor #"/>	<input type="text" value="Created By"/>	<input type="text" value="Claim/Inv #"/>	<input type="text" value="Claim Code"/>	<input type="text" value="Po #"/>	<input type="text" value="Choose date"/>	<input type="text" value="Dispute Amt"/>	<input type="text" value="Status"/>	<input type="text" value="Choose date"/>	<input type="text" value="Dispute #"/>	<input type="text" value="Case #"/>
363275	r5zc14v	7077488	22	2923998201	09/08/2023	\$41.28	Submitted	09/08/2023	12926079	202309081516545372
363275	r5zc14v	7077488	22	2923998201	09/08/2023	\$30.72	Submitted	09/08/2023	12926078	202309081516545372
363275	r5zc14v	5057191	22	2724337688	09/08/2023	\$74.64	Submitted	09/08/2023	12925889	202309081515293686
363275	r5zc14v	5056747	22	9874617176	09/08/2023	\$30.72	Approved	09/08/2023	12925685	202309081513477520
363275	r5zc14v	5056680	22	4424367519	09/08/2023	\$30.72	Submitted	09/08/2023	12925586	202309081512504478
363275	r5zc14v	5056680	22	4424367519	09/08/2023	\$61.44	Submitted	09/08/2023	12925584	202309081512504478
363275	r5zc14v	5056680	22	4424367519	09/08/2023	\$41.28	Submitted	09/08/2023	12925583	202309081512504478
363275	r5zc14v	5056133	22	7224677093	09/08/2023	\$30.72	Submitted	09/08/2023	12925481	202309081511517835
363275	r5zc14v	5056133	22	7224677093	09/08/2023	\$62.40	Submitted	09/08/2023	12925480	202309081511517835
363275	r5zc14v	5056133	22	7224677093	09/08/2023	\$62.40	Submitted	09/08/2023	12925479	202309081511517835
363275	r5zc14v	5051859	24	9773896997	09/08/2023	\$2,483.46	Submitted	09/08/2023	12925334	202309081510593573
363275	r5zc14v	7077487	22	1627853874	09/07/2023	\$62.40	Submitted	09/07/2023	12860434	202309071618282863
363275	r5zc14v	7077487	22	1627853874	09/07/2023	\$124.80	Submitted	09/07/2023	12860433	202309071618282863
363275	r5zc14v	7077487	22	1627853874	09/07/2023	\$245.76	Submitted	09/07/2023	12860432	202309071618282863
363275	r5zc14v	7077487	22	1627853874	09/07/2023	\$276.48	Submitted	09/07/2023	12860431	202309071618282863
363275	r5zc14v	5053174	22	4324307386	09/07/2023	\$43.20	Submitted	09/07/2023	12860365	202309071617122737
363275	r5zc14v	7077478	22	4823978001	09/06/2023	\$92.16	Submitted	09/06/2023	12812439	202309061610106751
363275	r5zc14v	7077478	22	4823978001	09/06/2023	\$122.88	Submitted	09/06/2023	12812428	202309061610106751
363275	r5zc14v	7077478	22	4823978001	09/06/2023	\$399.36	Submitted	09/06/2023	12812418	202309061610106751
363275	r5zc14v	7077478	22	4823978001	09/06/2023	\$298.56	Submitted	09/06/2023	12812413	202309061610106751

# Ask ChatGPT:

Large retailers, like any other business, make various deductions when making payments for a variety of reasons. These deductions are essential for covering the costs of doing business, maintaining operations, complying with legal and regulatory requirements, and ensuring the overall financial health of the company. Here are some common reasons why large retailers make many deductions when making payments:

**Operating Expenses:** Retailers have significant operating expenses, including rent or lease payments for store locations, utilities, maintenance, and other costs associated with running physical stores.

**Employee Payroll:** Large retailers employ a substantial workforce to manage their operations. Deductions are made to cover employee salaries, wages, benefits, and payroll taxes.

**Research and Development:** Some retailers invest in research and development to innovate and improve their products, services, and customer experience. Deductions fund these R&D efforts.

**Retirement and Benefits Programs:** Deductions cover contributions to employee retirement plans, healthcare benefits, and other employee welfare programs.

## Customer Pushback Payment Terms

- **Show Upper Management the Cost of Profit Siphoning!**
  - Companies spend a lot of time calculating their acceptable profit margins for volume customers
  - Cost of Goods Sold (COGS), operational costs, overhead, etc.
- **BUT** they often overlook the “Cost to Collect” or the “Cost to Get Paid”

# Customer Pushback Payment Terms


- Costs Associated with Getting Paid
  - Credit Card Fees (swiped vs. offline)
  - Billing Portal Membership Fees
  - Billing Portal Transaction Fees
  - Extra Staff hours managing Billing Portals
  - Early Pay Discounts
  - Customer charges to Suppliers
  - Unauthorized deductions
  - Customer Rebates

# Customer Pushback Payment Terms

		Hours per Week	Times 52 weeks per year	Transaction Percentages	Annual Costs	Totals	
1	<b>Calculating Cost of Collecting</b>	<b>Labor</b>					
2	Customer Annual Sales					\$ 3,000,000.00	Customer Gross Sales
3	Corporate Net Profit Percentage Margin			10.00%		\$ 300,000.00	Corporate Net Profit
4	Less Credit Card Fees			2.50%		\$ 7,500.00	} <b>\$86,490.00</b> (Costs to Collect/Get Paid)
5	Less PORTAL Transaction Fees			1.50%		\$ 4,500.00	
6	Less Annual PORTAL Subscription Fee			0.0750%	\$ 2,250.00	\$ 2,250.00	
7	Less Early Pay Discounts			2.00%		\$ 60,000.00	
8	Less Annual Rebates			2.0000%		\$ 60,000.00	
9	Less A/R Staff Labor for Billing Portals - hourly wage	\$ 15.00	8	416	0.2080%	\$ 6,240.00	\$ 6,240.00
10							
11				1.7170%	or	\$ 213,510.00	Actual Net Profit after Collected/Paid
12				<b>Net Profit % after collected/paid</b>			
13				NOTE: doesn't include customer charge backs			

Worse case Scenario

# Customer Pushback Payment Terms

	Labor	Hours per Week	Times 52 weeks per year	Transaction Percentages	Annual Costs	Totals	
1	<b>Calculating Cost of Collecting</b>						
2						\$ 3,000,000.00	Customer Gross Sales
3				10.00%		\$ 300,000.00	Corporate Net Profit
4				2.50%		\$ 7,500.00	 <b>\$20,490.00</b> (Costs to Collect/Get Paid)
5				1.50%		\$ 4,500.00	
6				0.0750%	\$ 2,250.00	\$ 2,250.00	
7				0.00%		\$ -	
8				0.0000%		\$ -	
9	\$ 15.00	8	416	0.2080%	\$ 6,240.00	\$ 6,240.00	
10							
11				5.7170%	or	\$ 279,510.00	Actual Net Profit after Collected/Paid
12				<b>Net Profit % after collected/paid</b>			
13				NOTE: doesn't include customer charge backs			

Taking out discounts & rebates



## Customer Pushback Payment Terms



# Mitigating Profit Syphoning

- **CASH Discount Defined:** *Deduction from the face amount of an invoice, provided payment is made within specified period...*
- **Rebate Defined:** *Return of portion of a purchase price by a seller to a buyer, usually of a predetermined percent, or value, of goods within a specified period...*



# CON's...

## 1.) Reduces Margin

- ❖ Especially in form of "Cash Discount"

## ❖ 2.) High Maintenance

- ❖ Stretching Payments
- ❖ Compliance violations
- ❖ Unauthorized deductions
- ❖ Energies misdirected with zero ROI
- ❖ Injurious Reporting

## 3.) Chasing Dollars

- ❖ Unearned discounts
- ❖ Trapped Cash
- ❖ Unanticipated Losses
- ❖ More significant than bad debt?

## 4.) Sets Precedent

- ❖ Valued Business Partner
- ❖ Special TERMS / Toothpaste



# What do both share or...PRO's

## 1.) Cash Flow

- ❖ Root of credit professionals measurement
- ❖ Life blood of every company
- ❖ One of the top reasons small businesses fail
- ❖ Order to Cash expediency is becoming greater emphasis with ACH, EDI, etc.



## 2.) Partnering / Securing sale

- ❖ Can be used to land "new customer" for opening order
- ❖ Use as tool to increase "Top of Mind Awareness"
- ❖ Low Maintenance
- ❖ Demonstrates confidence

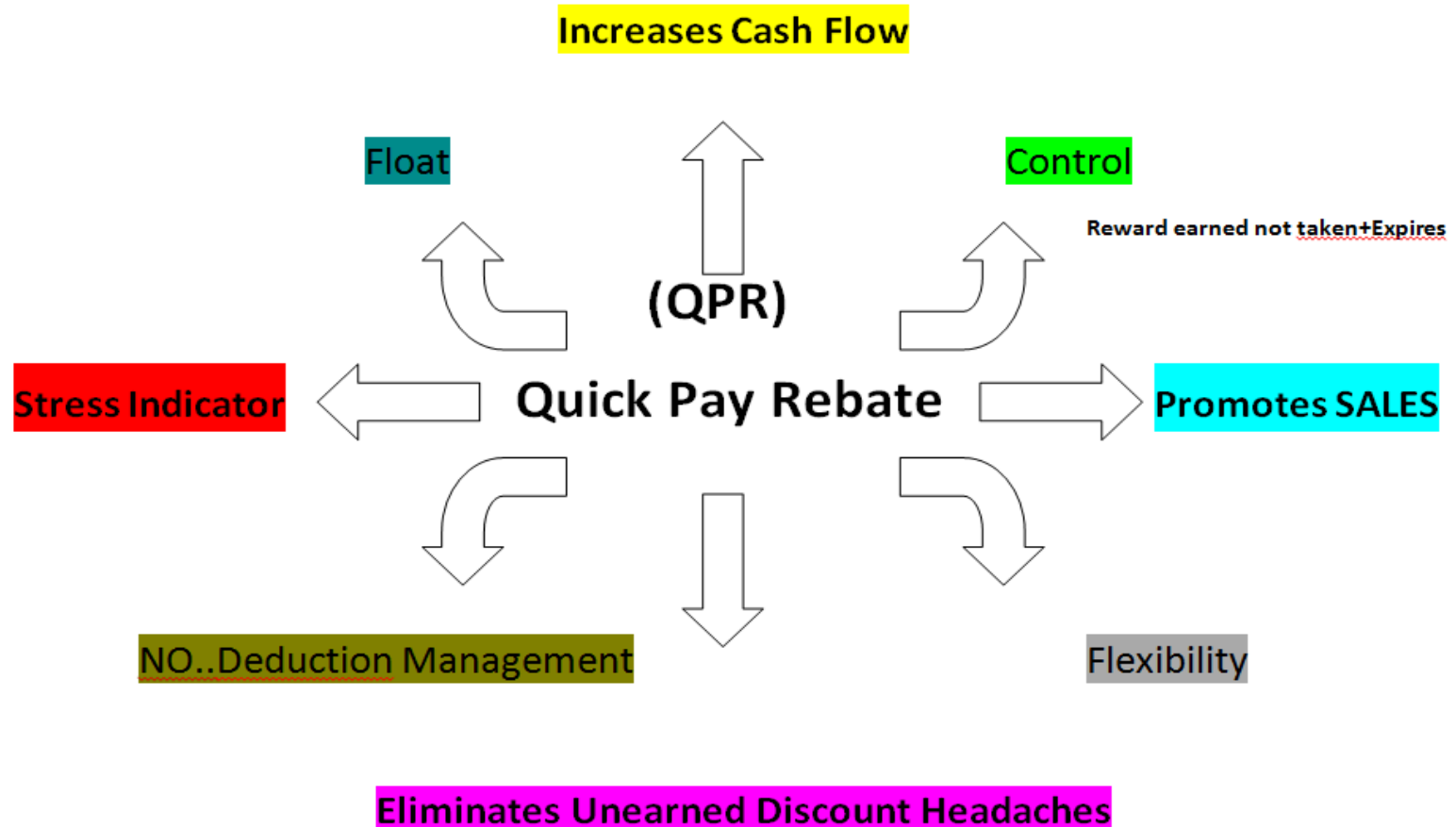
## 3.) Transparency

- ❖ Aluminates activities
- ❖ Elevates to "Preferred Status"
- ❖ Often times..."high profile" customer to the C team

## 4.) Promotes "High Trust"

- ❖ Cornerstone

# Eight (8) Pronged Revenue Center



# QPR Tiers:

- Tier #1) Pioneer processes ACH on a preset day each week. ACH amount will be determined by open invoice(s) that are 8 days prior. Customer will be emailed a spreadsheet in the morning with actual ACH processing done late afternoon to allow time to communicate any adjustments.
- (10 of 23 participating customers) **11%** of distributor market revenue
- Tier #2) Customer emails remittance at their discretion, with understanding that ACH for the amount specified will be processed the day of receipt.
- (3 of 23) **4%** of distributor market revenue
- Tier #3) Customer emails remittance at their discretion indicating the ACH that they will be processing. Or prefers to send payment by check.
- (10 of 23) **42%** of distributor market revenue
- **\*\*\* 10 of (top 15) distributors participate in QPR Program \*\*\***

# Inside the numbers...

## o What is the savings?

(Ex: Converting a \$100,000 dollar per year customer paying on average 40 days from invoice date)

Excess Receivables Investment With DTP = 40 days		IMPROVEMENT
ABC Co. Avg. DTP	40 days	29 DAYS
Rebate Conversion	<u>11 days</u>	
Reduced Receipt Cycle	29 days	
1 day's Sales (Sales/260)	\$385 x 29	
INCREASED CASH FLOW	\$11,154	\$11,154
Cost of Borrowing	x 5.0 %	
Annual Interest	\$558	\$ 558
Cash Flow + Interest		\$11,712
Rebate Payout		\$- 2,000
Total (ROI)		<b>\$ 9,712 Trapped</b>

**EQUIVALENT TO: (Nearly 10% INCREASE IN SALES)**

(Ex: Incentive for large \$1,000,000 customer choosing to pay you at 75 days from invoice date)

Excess Receivables Investment With DTP = 75 days		IMPROVEMENT
ABC Co. Avg. DTP	75 days	64 DAYS
Rebate Conversion	<u>11 days</u>	
Reduced Receipt Cycle	64 days	
1 day's Sales (Sales/260)	\$3,846	
INCREASED CASH FLOW	\$246,154	\$ 246,154
Cost of Borrowing	x 5.0 %	
Annual Interest	\$12,308	\$ 12,308
Cash Flow + Interest		\$258,462
Rebate Payout		\$ -20,000
Total (ROI)		<b>\$ 238,462 Trapped</b>

**EQUIVALENT TO: (23% INCREASE IN SALES)**

# CONTINUED...

(Ex: Any benefit converting \$2,000,000 customer paying in 34 days???)

Example Customer With DTP = 34 days		IMPROVEMENT
ABC Co. Avg. DTP	34 days	23 DAYS
Rebate Conversion	<u>11 days</u>	
Reduced Receipt Cycle	23 days	
1 day's Sales (Sales/260)	\$7,692 x 23	
<b>INCREASED CASH FLOW</b>	<b>\$176,923</b>	<b>\$ 176,923</b>
Cost of Borrowing	X 5.0 %	
Annual Interest	\$8,846	<u>\$ 8,846</u>
Cash Flow + Interest		185,769
Rebate Payout		\$ -40,000
Total (ROI)		<b>\$145,769 Trapped</b>

**Definitely: From both cash flow and partnering prospective**

## Valuable Discounting Customer (Quandary)

Special Terms Offered: 2% 15, N30 ... \$750,000 Sales		SLOW 5 DAYS
ABC Co. Avg. DTP	20 days	
Increased Receipt Cycle	5 days	
1 day's Sales (Sales/260)	\$ 2,885 x 5	
<b>Trapped Cash:</b>	<b>\$14,425</b>	
Cost of Borrowing	X 5.0%	
Annual Interest	721.25	
Cash Flow + Interest		<b>\$15,146</b>
\$750,000 x 2% =		<b>\$15,000</b>
	<b>\$-15,000</b>	<b>\$-30,146</b>
Equivalent of...		<b>4% 15, N30 TERMS</b>

# Incentive to Switch...

**Offering 3% (REBATE) vs 2% Cash Discount as an incentive to switch....?**

DISCOUNTING CUSTOMER \$750,000 SALES = DTP: 20 days		IMPROVEMENT
ABC Co. Avg. DTP	20 days	9 DAYS
Rebate Conversion	11 days	
Reduced Receipt Cycle	9 days	
1 day's Sales (Sales/260)	\$ 2,885	
INCREASED CASH FLOW	\$25,962	\$ 25,962
Cost of Borrowing	X 5.0 %	
Annual Interest	\$ 1,298	\$1,298
Cash Flow + Interest		\$27,260
Rebate Payout @ 3%		\$-22,500
Total (ROI)		<b>\$ 4,760</b>

**What is the VALUE of not having deductions and short pays to manage plus cost of extra float...?**

# Agreement / Guidelines...

## PIONEER® BALLOON

Credit Strategies

### QUICK PAY REBATE PROGRAM

Pioneer is pleased to outline the preferred "Quick Pay Rebate" program. This program is a result of careful analysis, with participation limited to preferred accounts like yours. The requirements for this program are as follows:

- > To be eligible to participate, your account must be totally current.
- > All invoices on which payment is received within 15 days of the invoice date will receive 2% rebate by the end of the following month. The program will be administered on an absolute 15 day basis. This absolute 15 day includes holidays and weekends. When the 15<sup>th</sup> day is on a holiday or weekend, payment must be received by the last business day prior to the week-end or holiday. For example - if the 15th day is a Sunday, payment must be received on the last business day before the weekend. There can be no exceptions since our computer automatically calculates eligible rebate.
- > Rebate will be issued in the form of a credit invoice, reflecting on your account and can be used as payment against Pioneer invoices.
- > Rebate will be calculated monthly for the previous month's activities and will be mailed out by approximately the 17<sup>th</sup> of the following month along with a detailed report outlining the invoices covered by the R9 / credit, i.e., January rebate and detail will be mailed February 17<sup>th</sup>.
- > Use of each credit invoice will be limited to the account to which it was issued. It is not transferable.
- > Each credit invoice will have an expiration date 90 days from the date of issuance.
- > If your account becomes delinquent, you will lose eligibility for the Quick Pay Rebate Program. However, after your account has been brought up-to-date, you may reapply for eligibility.

- Yes, I would like to participate in your Quick Pay Rebate Program.
- Yes, I would like to participate in your Quick Pay Rebate Program. I expect to have my account up-to-date and ready to begin on \_\_\_\_\_.
- No, I am not interested in participating in your Quick Pay Rebate Program.

Name \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_



Worldwide  
Headquarters

5000 E. 29<sup>th</sup> St. North  
Wichita, Kansas  
67220-2111

PHONE:  
(316) 685-2266



# Detailed Summary:

## Quick Pay Rebate Program

Address 915670 All American Balloons  
2406 E. Randol Mill Rd

Continental American Corp.  
Pioneer Balloon Company  
Customer Rebate  
02/01/23 to 02/28/23

03/17/23 8:41:51  
Page - 3

Arlington				TX 76011								
Invoice Date	Document Type	Number	Invoice Amt	Pay Date	Rebate Due Date	Invoice Due Date	Payment Amt.	Open Amt.	Rebate Amt.	Writeoff	Chargeback	Deduction
02/17/23	RI	5034041	6,826.20	03/02/23	03/04/23	03/22/23	6,826.20-	0.00	136.52	0.00	0.00	0.00
02/20/23	RI	5034326	277.80	03/02/23	03/07/23	03/22/23	277.80-	0.00	5.56	0.00	0.00	0.00
02/20/23	RI	5034328	277.80	03/02/23	03/07/23	03/22/23	277.80-	0.00	5.56	0.00	0.00	0.00
02/20/23	RI	5034330	277.80	03/02/23	03/07/23	03/22/23	277.80-	0.00	5.56	0.00	0.00	0.00
02/20/23	RI	5034341	185.20	03/02/23	03/07/23	03/22/23	185.20-	0.00	3.70	0.00	0.00	0.00
02/20/23	RI	5034344	92.60	03/02/23	03/07/23	03/22/23	92.60-	0.00	1.85	0.00	0.00	0.00
02/20/23	RI	5034359	46.60	03/02/23	03/07/23	03/22/23	46.60-	0.00	.93	0.00	0.00	0.00
02/20/23	RI	5034384	329.00	03/02/23	03/07/23	03/22/23	329.00-	0.00	6.58	0.00	0.00	0.00
02/20/23	RI	5034400	639.84	03/02/23	03/07/23	03/22/23	639.84-	0.00	12.80	0.00	0.00	0.00
02/20/23	R9	5034405	1,677.10	03/02/23	03/07/23	02/22/23	1,677.10-	0.00	33.54	0.00	0.00	0.00
02/22/23	RI	11703	598.84-	03/02/23	03/09/23	03/25/23	1,025.20	0.00	0.00	0.00	0.00	0.00
02/23/23	RI	5034846	26.66-	03/10/23	03/10/23	03/26/23	26.66	0.00	0.00	0.00	0.00	0.00
02/24/23	RI	5035110	83.20	03/10/23	03/11/23	03/26/23	83.20-	0.00	1.66	0.00	0.00	0.00
02/24/23	RI	5035117	259.60	03/10/23	03/11/23	03/26/23	259.60-	0.00	5.19	0.00	0.00	0.00
02/24/23	RI	5035135	102.50	03/10/23	03/11/23	03/26/23	102.50-	0.00	2.05	0.00	0.00	0.00
02/24/23	RI	5035140	46.60	03/10/23	03/11/23	03/26/23	46.60-	0.00	.93	0.00	0.00	0.00
02/24/23	RI	5035153	145.60	03/10/23	03/11/23	03/26/23	145.60-	0.00	2.91	0.00	0.00	0.00
02/24/23	RI	5035154	83.20	03/10/23	03/11/23	03/26/23	83.20-	0.00	1.66	0.00	0.00	0.00
02/24/23	RI	5035171	342.80	03/10/23	03/11/23	03/26/23	342.80-	0.00	6.86	0.00	0.00	0.00
02/24/23	RI	5035191	251.00	03/10/23	03/11/23	03/26/23	251.00-	0.00	5.02	0.00	0.00	0.00
02/24/23	RI	5035198	446.00	03/10/23	03/11/23	03/26/23	446.00-	0.00	8.92	0.00	0.00	0.00
02/24/23	RI	5035209	375.00	03/10/23	03/11/23	03/26/23	375.00-	0.00	7.50	0.00	0.00	0.00
02/24/23	RI	5035217	85.20	03/10/23	03/11/23	03/26/23	85.20-	0.00	1.70	0.00	0.00	0.00
02/24/23	RI	5035229	229.20	03/10/23	03/11/23	03/26/23	229.20-	0.00	4.58	0.00	0.00	0.00
02/24/23	RI	5035236	64.00	03/10/23	03/11/23	03/26/23	64.00-	0.00	1.28	0.00	0.00	0.00

# Rebate Credit Invoice:



5000 E 29th Street North  
 Wichita, Kansas 67220-2111  
 USA  
 Tel 316 685-2266 Fax 316 685-7567

**INVOICE NUMBER**  
 11705

**DUE DATE**  
 03/17/2023

**CUSTOMER:** All American Balloons  
 915670 2406 E. Randol Mill Rd  
 Arlington TX 76011  
 USA

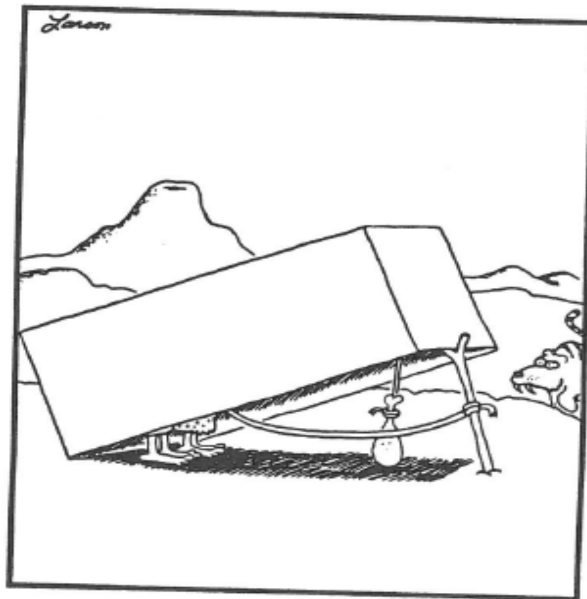
**SHIP TO:** All American Balloons TX  
 2406 E. Randol Mill Rd  
 Arlington TX 76011  
 USA

DATE	DESCRIPTION	INVOICE AMOUNT
03/17/2023	FEB REBATE / EXP 5.15.23	-1,123.78
<p><small>Please make all remittance payments to:                      Beneficiary: Pioneer Balloon Company                      Credit Account #: 4821277306                      SWIFT: CTRUUS33                      ABA: 021000021                      Bank: Citicorp Bank                      Bank Address: 1 Citicorp Drive                      Riverside, RI 02915</small></p> <p><small>All checks must be payable to and mailed to:                      Pioneer Balloon Company                      PO Box 654389                      Dallas, TX 75265-4389</small></p>		<p><b>SUBTOTAL</b> -1,123.78  <b>TAX</b> 0.00  <b>AMOUNT DUE</b> -1,123.78                      USD</p>

All amounts owing under this invoice have been assigned to FGI Worldwide LLC. Unless otherwise directed by FGI Worldwide LLC, all amounts payable hereunder are to be paid to the remittance address stated on the invoice.

# Tier 1 / Statement:

All American Balloons:							
ACH Due Mar 3:					\$ 10,031.10		
ACH Due Mar 10:					\$ 10,837.54		
Cust #	Inv #	Inv Date	Due Date	Gross	Open	SO#	PO#
915670	5034041	2/17/2023	3/19/2023	6,826.20	6,826.20	5263650	PNR021323
915670	5034326	2/20/2023	3/22/2023	277.80	277.80	5151713	PNR020922
915670	5034328	2/20/2023	3/22/2023	277.80	277.80	5153507	PNR021722
915670	5034330	2/20/2023	3/22/2023	277.80	277.80	5155000	PNR022322
915670	5034341	2/20/2023	3/22/2023	185.20	185.20	5178412	PNR033122
915670	5034344	2/20/2023	3/22/2023	92.60	92.60	5182442	PNR041322
915670	5034359	2/20/2023	3/22/2023	46.60	46.60	5201279	PNRBLINGBLING2022
915670	5034384	2/20/2023	3/22/2023	329.00	329.00	5240673	PNR110722
915670	5034400	2/20/2023	3/22/2023	639.84	639.84	5261721	PNR020623
915670	5034405	2/20/2023	3/22/2023	1,677.10	1,677.10	5264116	PNR021523
915670	11703	2/22/2023	2/22/2023	-598.84	-598.84		REBATE
915670	5034846	2/23/2023	3/25/2023	-26.66	-26.66	5265929	PNR020623
915670	5035110	2/24/2023	3/26/2023	83.20	83.20	4939882	0669
915670	5035117	2/24/2023	3/26/2023	259.60	259.60	4960800	PNR012721
915670	5035135	2/24/2023	3/26/2023	102.50	102.50	5055248	PNR081121
915670	5035140	2/24/2023	3/26/2023	46.60	46.60	5076750	PNR092321
915670	5035153	2/24/2023	3/26/2023	145.60	145.60	5139786	PNR011222
915670	5035154	2/24/2023	3/26/2023	83.20	83.20	5144420	PNR012022
915670	5035171	2/24/2023	3/26/2023	342.80	342.80	5201279	PNRBLINGBLING2022
915670	5035191	2/24/2023	3/26/2023	251.00	251.00	5254697	PNR010923
915670	5035198	2/24/2023	3/26/2023	446.00	446.00	5258263	PNR012323
915670	5035209	2/24/2023	3/26/2023	375.00	375.00	5259951	PNR013023
915670	5035217	2/24/2023	3/26/2023	85.20	85.20	5261721	PNR020623
915670	5035229	2/24/2023	3/26/2023	229.20	229.20	5263650	PNR021323
915670	5035236	2/24/2023	3/26/2023	64.00	64.00	5264116	PNR021523
915670	5035256	2/24/2023	3/26/2023	8,350.30	8,350.30	5265331	PNR022023
					\$ 20,868.64		



"Shhhh, Zog! ... Here come one now!"

The  
Far Side  
June



Tuesday 15

# QUESTIONS / THOUGHTS

THANK YOU!



LinkedIn

<https://www.linkedin.com/in/chris-birdwell-170951112>