

The Coming Credit & Finance Crunch

Written by Bob Snyder
25 February 2008

Let's not talk ourselves into a recession but let's face the fact there are economic forces beyond our control. So much so that Steve Jobs felt compelled to draft a letter to all his employees, saying "Our stock is down because we are buffeted by forces beyond Apple."

The sub-prime housing credit scandal in USA will leave 15 million families in homes with negative equity. That credit crunch has extended into European banks.

EC Commissioner, Charles McCreevy in his Feb. 6th speech called CREDIT CRISIS & AFTERMATH says, "...what we saw – not just in the United States - but in parts of Europe as well - was a market progressively moving towards an assumption that one could indefinitely rely on mortgage refinancing with ever-rising debt on the back of ever rising asset values and permanently low interest rates."

The recent European scandal with a rogue trader at SOCIETE GENERALE didn't help calm the bankers and financial sector. And where do banks get money when they need it? They tighten up credit, they look to their customers.

The banks may not look to you but they may look at your suppliers or your customers. The reason we refer to a "logistics chain" is the fact that we are all financially chained together. What affects USA today, may affect Europe tomorrow. What affects your supplier can affect you the day after tomorrow.

The head of IMF says there are general economic factors at play that could create the "perfect economic storm." In I.T., we may get lucky and weather it. We are a resilient industry.

But we can also help ourselves.

At least one credit manager we know has a sign on his desk: "Don't forget. It's all about the money." In I.T., we have great products and services but to stay in business you need a department that bills, collects, and analyses financial data in a timely fashion.

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Isn't it strange that we have industry conferences for retail buyers, channel managers, marketing managers, programmers and even for our end users...but nothing for our finance managers and credit managers?

And so much of their work seems to have been left to "on-the-job" training.

The Solution

In May 2008, the ECFC (European Credit & Finance Congress) will bring together financial and credit managers from high tech companies. Much of Tier 1 is already committed because of our sponsors.

Think how valuable it is to learn about better credit practice, how to limit fraud, how to best use credit insurance, and what tools and services you can use to best control your business financially.



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Think of what your credit and finance people can learn talking to colleagues and other professional experts.

The general economy may force us (as vendors, as distributors, as retailers) to re-examine credit lines, to re-negotiate new credit with our suppliers, to tighten up our financial positions.

If not, the dwindling margins and tough competition in I.T. may be reason enough to improve the skills, practices and business networks of our financial and credit departments.

Please pass this important link on to your Financial Department...

[The ECF Congress](#)