

CHECKING CREDIT

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IS MUCH MORE THAN A LOOK IN THE JBT RED BOOK

A depression in 1884 resulted in a severe, nationwide credit crisis. The ensuing credit shortage led to an economic decline and literally a credit panic. From that crisis, JBT was born. JBT's mission has not changed in 135 years. And, that mission is to promote the welfare of its members and the jewelry industry by obtaining and delivering accurate and reliable credit information, effective collection services, and education related to these matters. Although suppliers continue to use JBT's credit information today to assess credit risk, many neglect to take time to do their due diligence.

To illustrate our point, here is a true story using a fictitious name. Sadly, this kind of story happens much too often and is a classic example of why it is vital to share information and use JBT reports.

The story...

A jewelry retailer, for our purposes here, the 'Everyday Jewelry Company', files for bankruptcy owing its top creditors \$530,000.

The facts on file with JBT:**Trade Payment Information**

When the Everyday Jewelry Company filed for bankruptcy, **58** potential references (names of suppliers) were on file with JBT. Of those **58** suppliers, only **8** had reported customer trade payment information over the previous 7 months.

Collection Claims

Of the **9** claims placed by JBT members against this company, **3** never pulled a credit report, **3** pulled a credit report only when they filed the claim and **3** pulled a report just prior to selling to this company.

Bankruptcy Court Report

There were **18** creditors listed on the Bankruptcy Court report. **17** of those were JBT members. Out of the **17** members, **14** never reported any payment information to JBT.

Two years prior to filing bankruptcy, The Everyday Jewelry Company maintained a Pay Score of 4 (an average over 90 days past agreed upon terms).

In summary, exposure could have been reduced and even prevented had more members looked at this credit report and reported payment experience.

Interesting FACTS about JBT

JBT maintains over **19,000** listings on retailers and over **6,300** on suppliers. Millions of trade payment lines are reported annually from our members. **85%** of that information comes from just over **220** members on a monthly basis. Just imagine

if all member suppliers reported their accounts receivable payment information to JBT.

Other JBT credit monitoring services...

JBT continues to publish a hard copy of Red Book annually in September; which lists over 26,000 jewelry companies and contains their credit ratings at the time of publication. This information is also accessible via a mobile app which is updated monthly, a USB updated quarterly and online in real time.

"Too many suppliers check the pay score in the Red Book and make instant decisions," says Erich Jacobs, President of JBT. "The Red Book represents only a snapshot in time. For example, the annual September Red Book went to press in July and JBT recalculates pay scores each month. A company with a good pay score in July may have a poor pay score or no pay score today; or, the reverse could hold true."

To emphasize the size of the problem, Jacobs reveals that members receive 25 free credit reports a year and only a small percentage of members actually use them.

"The Red Book is a road map, a guideline," emphasizes Jacobs. "It is a starting point, not the ending point of the credit investigation." In addition to using credit reports in accessing credit risk, JBT highly recommends getting a credit application and a personal guarantee when possible.

In addition to providing credit ratings and reports, JBT also offers an early warning service called Credit Watch. Members can select an unlimited number of accounts and are notified when significant events occur on the subjects' credit reports. Events include rating changes, collections claims, robberies, relocations and more.

Another product is the New Claims & Bankruptcy report; a listing of claims filed with JBT weekly and developments with the US Bankruptcy Court.

Members also receive the Weekly Alert. This report contains changes made to a company's credit report including Credit Ratings, Pay Scores, Current Items of Interest (i.e. moves, robberies, deaths, sale of a business, name changes, etc.), Financial Embarrassments, Newly Listed companies and companies inquired upon by 3 or more members in a week.

For 135 years JBT has been promoting the integrity of the jewelry industry by providing unique, credible, and relevant data. We encourage you to join and if you're already a member – report payment information **AND** use the information and resources available to you.