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## Leadership: Navigating the Workplace

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**Joe** 00:10

Hello, and welcome to the credit career cast, brought to you by Highako. Today, Bob and Dave are going to talk about leadership, specifically how to navigate some of the challenges presented in the office. Let's get rid into it. Over to you, Bob and Dave.

**Bob** 00:30

Hey, Joe, thank you so much. This is a really interesting topic. And it's very relevant, particularly today, what is a good leader? What are the characteristics of a good leader? How do you learn to be a good leader? As you go up the food chain in your organization? So let's start it out. Dave, what do you think a good leader is?

**Dave** 00:51

Well, well, first of all, a leader above everything else is a communicator. And it's not just giving orders. You know, I think sometimes that's what we think of a leader, the Bossy person. And I'm not sure that that's what leadership is, that's just a bossy person.

But the leader is that they're communicators, it's two-way communication, they need to be active listeners, and they need to hear what their people are saying and what their peers are saying. Even what their bosses are saying is so because leaders, you know, can have bosses as well.

And they need to be active listeners in that regard to understand what's going on in the environment, and the implications of everything around them. And then they also need to be able to provide effective feedback.

And, you know, some of that might be instructions, you know, they need to be clear, doing instructions and things like that. But instructions only get you so far, you know, it's how we do things better. So there needs to be feedback in there, and there needs to be motivation. All those other things involve leadership, all help make up a good leader. What do you think?

**Bob** 02:14

I couldn't agree with you more, and there are some things that people can do to communicate more effectively, I think one of the points you raised is, to listen to your staff, your staff is, you know, they're doing the daily work, they probably know more about what's going on than you ever could. Once I gave the CEO of my company, this book, it's called Managing by walking around by Colin Barrow.

I always managed that way. And I think that really is a great example of how you can enhance your ability to just understand what's going on. And, you know, if your staff is, you know, immediately available periodically, you just, you just go and you ask him what's happening? What are the challenges you're facing today?

What can I do to help you How do I get the rocks out of the road, so you have a clear path, to do what you have to do and, and things surface, it could be a systems issue, it could be somebody in another department that's not responding to an inquiry, it could be a number of things.

And it's important for you to know that, and also to communicate back that you really care, because people are looking for, you know, a leader that provides honest and good feedback.

And also, the other thing, I think, as an example of good communication is expressing what you're trying to get across very clearly to people to make sure they understand what it is that they're being asked to do.

You have to maintain when you're communicating, you know, directive to your staff, I think you have to maintain a really good sense of priorities. You know, we're hit for many directions every day, and it's easy to go from one bright light to the other.

It really is disrespectful to your staff to do that you should have a good sense of priorities, and be able to communicate those priorities very clearly. And I think another thing that people are looking for in a leader is that you setting reasonable expectations, that what you're asking him to do, makes sense that it's possible and, and that you're, you know, involving yourself periodically to make sure that things you expect to happen are happening and if they don't, to help your staff get through it in a collaborative way.

I think this is very important. How to do that. And, you know, one of the things I did and I don't know, if you're the other thing that's walking around the idea, if you're virtual, you can always connect with somebody on a periodic basis virtually, how's it going? What's going on?

What's, you know, what issues are you facing, and then you got any questions of May I mean, and then they if they are confused about what they're supposed to do, they'll tell you, and then you can clarify that.

So doing that on a periodic basis, I think, is really super important. One of the things I did in a couple of companies I worked for, and it may or may not fit, people that are listening to this, is I would not only do periodic, one on ones with people that directly reported to me. But I would do

what you'd call skip interviews. And you got to be kind of careful, you got to make sure people don't see this as a way of getting around their boss or creating any negativity. But the skip interviews, I would talk to people that reported or people who reported to me, and just a 30-minute one-on-one, just to get a flavor for what's on their mind.

And it's confidential, so they can talk to you. And, gosh, some things surfaced. We're so incredible what I mean, is it's so simple. I would take people with me when I did customer visits at all levels because we were losing their working sessions.

So someone who was at an administrator level has never been to a customer visit before is very intimidating. And you got to get on an airplane and fly somewhere with their boss and their boss's boss.

But we put him at ease, tell him what the objectives were, and so on. And of course, they knew their counterparts, they work with them, almost on a daily basis, over the phone, whatever. And, I was interviewing this one person who had gone on these, these visits with me, and I and I, and she said, You know, it's so embarrassing to me that I don't have a business card.

And those days, you know, it was very important, you left the card behind, and she said, I have to write, you know, my boss's card, I gotta write my name. And, it was so interesting. So we got everybody business cards, it was doing this.

And they really, it really made them feel good about themselves, they were important enough, I wouldn't have known that if I hadn't asked her what was on her mind. And it was very motivational. We got everybody in the Department of Business card, just a little, a little thing.

But it was very motivational. And they felt like as a leader I really cared. And there was a lot of loyalty that emanated from those kinds of things. So you know, those are the types of things you can do to really shore up your communication, success, and skills?

**Dave** 07:56

Well, I think that's where the leadership of, you know, the listening skills come into that because part of that listening is thing emphatic, and, you know, caring for your people and it, you don't want to just pretend to be caring for them, and go through the motions, you actually do have to care for them.

**Bob** 08:17

And they're gonna see the difference. If you write you have to be honest, as a leader, always, don't be deceptive. Don't do that, you have to be honest. And you know what, it may be hard for some people, but you got to be humble, you're going to find out that you're wrong sometimes,

and you have to admit it and go forward. So I think humility is a really important trait in a leader, just, you know, and to your point, Dave, just listening, what are people saying to me? And don't let my ego get in the way. You're not going to always be right.

**Dave** 08:56

Yeah, the other term to throw out there that I think we're describing is authenticity. And leaders are authentic, you can see that in a true leader. Yeah, and, you know, the buck stops here. You know, they say what they mean, they're not duplicitous.

You know, and that's people appreciate that people want to be they want to be part of a team, they want to be included. They want to feel like they're valued. And so all of that goes into, you know, the leadership role. And, you know, that's, that's part of the team building and everything that goes along with it.

And, you know, we talk about charismatic leaders. I don't think leaders, you know, that I think that helps. But I don't think leaders need to be charismatic very often leaders are somebody that ends up filling a vacuum or a void. You know, of course, that's different than what we normally see in a corporate role.

But there are opportunities for credit managers to fill different voids. And one is, you know, I think taking ownership of the order to cash process, because normally, there's a bunch of different silos involved in there.

And no one really owns it. And I think there's an opportunity for the credit manager to take ownership of it. And part of that is going to be helping his people get a caring for his or her people. Because everything that flows through the order-to-cash process that doesn't go right ends up in credit and collections. Get so think the owner of the order to cash process is important. If you have any other areas, we see that.

**Bob** 10:55

Well, I think I just kind of tagged on to that point. You have to show people that you're, you're there heading, an area heading a department heading a function, and you really have a strong, sincere desire to help the people that are working for you, and that you're their champion.

And you do that by, you know, just being enthusiastic, you're going to be asked to do things that are challenging to you personally. And you may not even agree with things that are handed down from senior management, but you have to do them.

And you have to, you have to be enthusiastic about that you have to show that you have confidence in yourself, and you have confidence in the people that work for you., that they can

accomplish things and you have to push back. If you're asked to do some things or meet a metric that is just totally impossible, then you have to be confident enough to be able to push back and say why.

And here are the alternatives, and maintain kind of a realistic and level-headed, you know, demeanor in front of your, your staff. And if you're doing that, I mean, they respect that. And, it's inspiring to your staff when you're the person that you see something is broken.

And to your point, David, you see processes that are broken, and it's really abusing your staff, they're just working really hard spinning their wheels because there's something that does not work in an efficient way, then step up maybe the leader of a group of people outside your own room, you know, this is something we have to fix.

So be a process improvement leader, take the initiative, don't let, don't wait for somebody else to do it. And, you know, you're in credit collections management, I've always felt that it's an incredibly important position in the company, and you have a lot to offer. As a leader, you probably know more about your customer than just about anybody in the company. And that knowledge is really valuable.

I can remember sitting in meetings with very senior people. And they're talking about a customer. And I asked him, I said, if any of you ever been to their business, do you really understand what's going on with them and the pressures they have and how why they're behaving the way they are.

And none of them did well, there's a credit manager, you know, those things, you have the ability to see what's on the horizon that may be threatening to your company, you know, you have that knowledge that's, that's very valuable and unique.

And as a leader, you can leverage that. So you should be kind of getting out of your comfort zone, talking to the head of sales, talking to the head of, you know, order management, talking to your logistics people, whatever it is, and get them in a room and say, here's the problem, we have to fix it. And don't leave the room until it's fixed. And that's leadership.

And your staff sees that, wow, this person is really stepping out and doing everything they can do to help me and helped me meet our objectives. And sometimes you know that that involves being creative. So a good leader has to be creative and has to think of options.

It's not always the same way we've always done things. And that involves some risks. So you have to be able to step out there in front of others and show that I'm willing to adapt, I'm willing to take some risk. The other thing I think, Dave, and I'm interested in your opinion about this. There are two ways of thinking in my view.

One is you can think about things in a very tactical way. Okay, here's an issue. This is how I'm gonna deal with it. But I think leaders are much should think more strategically. Here's an issue, why is it an issue? How do I eliminate the issue? And now you can, you can have a deduction problem.

You can train your staff, and you can have the best system in the world to automate resolving and reconciling these deductions. And they're working, working working.

It's like, it's like the covey has this example. There's this guy's he's walking through the forest, you know, he's on the stroll, he's walking around, and he hears this noise, and he realizes it's what sounds like a saw sighing and so he walks over, and there's this guy, and he's at the base of this tree, and he's got this old saws rusty saw, and he's just sweating and working and, and just, you know, red-faced and, and as the man observing, looks, he realizes, you know, that's as old and it's dull.

And that guy's just working. But he's not making any progress. I watched him for five minutes. And he hasn't done anything to help cut down that tree that he's working on. So he says to the guy, you know what, I think it'd be really better.

If you stopped for a minute, and you went into the shop and you sharpen your saw, you'd make a lot more progress. And the guy looked at him like he was nuts. And he says, I don't have time to sharpen my saw.

So as a credit manager, you're looking at an issue, and you're thinking very tactically, how do I, how do I fix the issue? The people are working like that guy cutting the tree, and they're not making any progress, because you're stealing every week, you're getting more and more of these deductions as an example.

So if you think strategically, how do I eliminate the source of this work in the first place? And I think a leader thinks in a more strategic fashion. And I think a lot of credit managers that I've observed, don't do that. They think very tactically. And that to me, is not good leadership. Yeah. Do you have any opinion on that or anything to add a date?

**Dave** 17:31

No, I agree with you need to, you know, you can work with your team on the tactics. You can, but that's after you have laid down the strategic goals and objectives.

So yeah, so you have deductions and, you know, it's, you know, you've got to be innovative in terms of, you know, how you're going to track them and evaluate them, and, you know, analyze them, and you're going to want to find the biggest issues, and the ones that can bring the most return, and then it's you get down with your team and you say, Okay, it's how are we going to resolve those issues? So I think, you know, that's, that's leadership.

You know, so it's, you know, it's freight issues, our biggest thing, so, okay, you know, what, what are we seeing back on? On the collection side? How are those showing up? And, you know, and then going and talking to the logistics people and the billing people and getting everybody together? To resolve that.

And that's where your leadership is because you're bringing all the different people involved together into it. So yeah, that's, that's definitely strategic. And, yeah, there's resiliency to that, you know, you think of, you know, there, you've got to be able to adapt, you think of, you know, military leaders are always able to adapt to just to see through the fog of war, you know, the credit department, sometimes there's a little bit of fog of war there as well.

So it's, you know, how are you able to see through that, and, you know, and then seeing through that, then identify the objectives that you need to have and adjust those objectives as things change. You know, so

**Bob** 19:28

I think there's a great expression that really, you know, states it very succinctly, you cut the head off of the snake, you go to the root cause you think, Okay, what's my strategy to deal with this root cause issue? And, you do that and that to me is very important.

And Dave, you touched on another very key point, my view, and then That's, you have to you can't rest on your laurels. As a leader, you have to continually learn, you have to learn either through some skill-based, you know, information, looking at what's going on in the world around you, networking, whatever it is you need to, you need to continually learn, and there are people that can help you and your company.

You know, of course, your staff can help you, but there are others. So you shouldn't feel shy about asking for guidance and information and reaching out to continually learn, I think that a good leader in credit and collections understands a lot of things about their company, because you're not just a credit manager, or director or VP, or whatever the title is these days order to catch.

You know, executive, you're a business person. And you have to think a leader thinks like a business person. And so to do that, you have to know what is your business all about. What are the challenges for your company? What are their cash flow objectives? And that's both inflows and outflows.

What are you know,, what are both sides of the house doing? What is your cash forecast for the coming quarter or the coming year? How do you coordinate with others to make sure that you have a soft landing to meet that forecast? What does that involve in terms of your strategies with your staff and directing them in terms of their collections?

And where do you need to get involved to make sure that a large company with a large balance is in line with your cash flow expectations?

If they're not, how do you retrieve that with other companies where you need to really focus to, to meet that objective? You know, what, what challenges these days Does your company have in terms of its ability to buffer cashflow, burps, you know, with borrowing? And what is the cost of

that borrowing? So you kind of understand what your CFO is thinking, what your treasurer is thinking what your CEO is thinking, and you're acting in line with those priorities. And you're leading your group to meet those objectives.

If you're not aware of all those things, you, you know, it's like a one-handed slap, you're just, you're just working in isolation. And maybe your priorities aren't really necessary priorities in a business sense.

So that to me is extremely important. Think like a business executive, don't think just like credit and collections or order to cash manager,

**Dave** 22:59

when I think the idea of alignment with corporate objectives is really important, and those are, you know, credit sometimes as notice, the stopped sales department and you know, that's, that's horrible, if that's the situation they're in their credit manager has a has an important leadership role. And making sure that doesn't happen.

And that involves obviously working with sales. And it doesn't mean compromising. Because leaders, leaders don't compromise unless it's essential, but, but they don't compromise principles. So you don't have to compromise your credit principles.

But you need to work with sales so that they understand what those principles are, and that there's an alignment between sales and credit, in terms of how we're going to extend credit to our customers and what we're going to do if there's a problem there if the customer doesn't meet the criteria, and one of the options that we can pursue and pursue them together. Because nothing salesy, it's nothing more than to be going after somebody working hard to get an order from somebody and then have credit say, Nope, can't do it.

You know, you've got to get a gotta get into the sales cycle. If you're going to be aligned with sales. You have to see, see who they're looking at who they're prospecting. And, you know, that's all part of the leadership.

**Bob** 24:29

Yeah. And, and, you know, if, if you're thinking like a salesperson, and I know a lot of people will want democratic credit, why would I want to do that? Look, you have the same goals. At the end of the day. Your goals are exactly aligned.

You want to generate revenue that's profitable for your company. The salesperson wants to generate revenue for a commission. They certainly want don't want that commission taken back because somebody becomes a bad debt. They certainly want to have an ongoing relationship



with whoever they're dealing with. So when you work with sales, and you explain to them, Look, we're exactly aligned, I want to generate revenue, I'm going to figure out ways to say yes, as many times as I can, and work with you.

And, and you know you can do, there are some techniques you can use, that will help them understand that you're leading this charge, you go on the field with them go on customer visits with a sales rep, why are you here, credit manager, because I wanted to understand the relationship between my company and your customer.

That's why I'm here is nothing negative, you know, it doesn't have to be for the purpose of a collection. It's just an understanding. And I tell you, if you spend time traveling in a plane or a car with a sales rep for a few days, it's an education that would normally take six months, it's a very worthwhile experience.

It shows that you're partnering with them that you're, you know, and that, again, we talked about communication, communication with other stakeholders, is just as important as it is with your staff. And they'll you'll be perceived as a leader, you'll be perceived as an advisor, and that that's a huge home run when a sales rep calls you and says, you know, I'm working on a new account, I want you to come out there with me, or I want you to be on a zoom call with me without an account, to me that that is a tremendous compliment.

It really shows that they're, you're being perceived in the way that you, you should be with the kind of role you have. So I think these are really important. Thanks, David, I want to ask you another question.

And this, this one is kind of near and dear to me, people in this role, they're just hit from every direction these days, and we're going into troubled waters in our economy. And it's going to be more and more stress is going to be put on this area, the company to the whole order to cash area. Because there's going to be customers that were good paying customers that are under stress.

Now, there's going to be some need for credit reviews. And there's going to be a lot of pressure from upper management and sales to meet revenue and cash flow objectives. So it's going to be a lot of pressure.

What do you think, are some valuable takeaways from this podcast for people who are going to experience that, that need to keep a level head need to maintain that confidence and that that, you know, image to their staff to help them the staff through it as well as the management that's going to be going through this? Any thoughts?

**Dave** 27:57

Well, one of the things that I think you need to be doing and to start this all off, so when we see economic headwinds, and inflation's already rising, that makes the cost of money go up, there's a huge amount of corporate debt out there right now.

So we know that there are going to be corporations whose borrowing costs are going up, and that's going to cut into their cash flow. And they're going to be taking steps, their balance sheets, are not going to look like two years from now, like what they look like now, because of that.

And so there's obviously a need for the credit manager, as a leader, to say, Okay, we've got to step back, we've got a changing environment, and I need to look at my portfolio in light of that changing environment.

So I think that's where you start, you need to really get to not just a count monitoring or portfolio monitoring, I think you need to do absolutely in-depth portfolio analysis and to identify the different segments that are going to be at risk to the ones that you can rely on. And then you need to convey that information.

And your team should be involved in that analysis, obviously, as well. And then that information needs to be conveyed to the rest of the organization along with your recommendations for what you're going to do to protect the receivable which is one of your primary duties. I think that's how you start.

And sort along with that, just to give an example of working with sales, I found that going on the sales call was my opportunity to educate the sales guy about credit. And then one of the benefits of going on sales calls with the customer wasn't just what you learned with the customer, but also being able to share with the salesman, and generally, After going on calls with a salesman, it was a lot easier working with them.

And that's going to have to come up again. Now with this changing environment, you're going to need to work with sales. And you're going to need to reach some understanding with them. One, thing I saw someone do once is tactical.

But the sales team constantly was bringing clients, new clients in, that just didn't were unsatisfactory in this company. So the credit manager got innovative, he said, we can sell those people.

But what I'm going to do is I'm going to create a segment of my receivables, that's high-risk. And you're going to choose which customers to put into that, and we're going to put a \$500,000 cap on it, or a million-dollar cap, whatever.

Once we hit that cap, once you put here make enough sales to these different customers that we're not normally going to approve. That's it, no more sales to those customers. So you're going to control who gets sold in this high-risk category. And they did that and they monitored, and they were aggressive with the collections on those accounts.

The credit line, the cumulative credit line, which fills up in sales, you know, was then incentivized to get some of these people to pay as well. And it worked out very well, it wasn't as profitable as their other segments, but it was still profitable.

So they had the extra capacity. And so they were able to use it and generate additional profits, for these high-risk accounts. So that's, that's really a great leadership example there, of innovation, of being resilient. And I think all that's going to come into play them in the months to come.

### **Bob** 31:46

Yeah, that's a great example, Dave, great example. But looking at it another way, just in terms of how you handle it personally, all this stress. You there was something years ago that I've always thought about all the time, actually, when I'm being bombarded and, and stress is an issue.

And I'll paraphrase it, because it's a long time ago, something like this, there was a video clip, and it was people in a meeting and they're discussing and a working group of people.

And suddenly there was this huge bang, like an explosion that really, you know, made people jump. And they observed how long it took for the people around the table to recoup and engage again in the topic.

A good leader, it's almost immediate, no matter what comes at you, you don't let it shake you up, you just keep focused on what you have to do. And there were some people it took them 510 minutes to be able to gather themselves up.

And other people were it was an immediate thing. And so I think that's important. I like to look at the, you know, these are old books, but to me, they're very valuable in this context.

And Stephen Covey wrote The Seven Habits of Highly Effective People. And he also wrote about principle-centered leadership. And there's a lot in there that can be very useful to a leader on how to react and behave.

Then we maintain your effectiveness. And one of the things he talks about is your production, and your capability or your capacity. And by setting good, clear priorities, and keeping your eye on the ball, you can maintain inadequate production.

But you have to mean you have to keep aware of what the Cape of your own capability and the real capability of your staff is. He uses an example of the fable a goose that laid the golden egg and you know, there's this farmer and he's destitute, basically.

And but he has this goose and he goes out one day, and guess what, in the nest, there's this egg, and it's pure gold. He couldn't believe it. The next day, there's another one. And this went on and on until he became very wealthy, very full of himself, and very egotistical. And he said

You know what, I want to get all the eggs right now. I don't want to wait and he slays the goose. He opened it up. And guess what, there are no eggs.

So the example is very relevant. The goose laying an egg a day is equivalent to you know, what your staff you know, is required to do whatever your metrics are, you know, we need to meet this DSL target or, you know, cost efficiency in credit, the collection efficiency, index, whatever you're measuring, yeah, that's the production of my, my group and they have to meet these needs.

But what is the capability, I've worked in environments where we were working for our staff, you know, 5055 hours a week, to keep up with what our production requirements were. People break people, people get dissatisfied people to leave, when it's an unreasonable expectation, and you're really going on beyond their physical mental capacity.

So you have to as a leader, you have to understand how to balance these things. And I'm a personal example, I went to a CFO, I had, I had, you know, very specific information on what each FTE was producing. And, I was able to get an additional headcount because it's basically the law of physics, we were asking them to do what was beyond their capacity.

So I think a good leader, if you want to maintain the loyalty of your staff, you really have to keep looking at that. And particularly when we're going into these, what could be a fairly rough time in the coming year, I think that's another thing that people should be really aware of, and really thinking about,

**Dave** 36:18

I agree with you, Bob. And just to bring up another Covey. Item is, and I think the most useful thing for me that I think I've ever found in the seven habits was the juxtaposition of what of what's important versus what's urgent.

I've seen knowledgeable, good credit managers just get caught up in the urgent and not be able to focus on what's important. And yeah, and these times coming ahead, it's got to be able to separate what's important. And find a way to handle or put off the things that are urgent things, the interruptions, and all those things that get in the way of accomplishing your task.

And yeah, not and that's the challenge, and a good leader is going to be able to find that mix that balance, as you say, to really meet the challenges.

**Bob** 37:20

You know, Peter Drucker has a great quote, it's a great quote, it says, management is doing things right. Leadership is doing the right things. And that really is important and Covey has,

maybe we could close with this, I don't know. But Covey has another great story that I think is really relevant.

There's this, this engineering firm, and there being I'm paraphrasing it, you know, there's an engineering firm, and they say, look, there's this jungle, we want to build this road, through the jungle. So the engineering firm gets the contract, they hire all the things, you know, the tree cutters, the road builders, all the various elements of putting this road through the jungle.

So they're, they're fast at work, they're making progress, they're really, you know, killing it. And there's this one guy, he's looking at the map, and he goes, so he climbs a really tall tree, and he looks around, he goes, Oh, my God, we are in the wrong jungle.

So as a leader, you need to be in the right jungle. And that that's the, you know, ties into what I was saying. As Dave was saying before, you have to be a business person, you have to understand what the true objectives of your company are, and why.

And make sure that you're leading and deploying the people that work for you and your interactions with other stakeholders.

So you're in the right jungle. Otherwise, you know, that just is not good leadership to be, you know, out of step with what the real priorities are, and the real objectives are for your company. Well, that

**Dave** 39:02

speaks to the point to be able to take different perspectives and look at things in a different way to see the forest for the trees.

Literally, you know, take a top-down approach, but also get down into the dirt dirty details. You know, leaders need to be looking, looking at it from a lot of different ways,

**Bob** 39:26

right. Be both strategic and tactical time. Right. Okay, David, we think we've killed it.

**Dave** 39:34

Oh, I think we could go on for another hour. But I think that's enough for now.

**Bob** 39:38

I think so too. Hey, thank you so much. It's been a great conversation, Dave.

**Dave** 39:44

Good talking to you, Bob. Okay, thank you. Bye-bye now.

**Joe** 39:49

Thank you, everybody, for tuning in. If you want to learn more on the topic, check out [academy.highako.com/](https://academy.highako.com/) We'll see you next time on the credit career cast