

Business Credit News

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**MARCH 2014 Chairman: Mark Haley
Johnson Oil Company**

“What’s Your Sign?”

I was washing my hands at a local restaurant and for whatever reason the sign familiar to all of us, that we never really pay much attention to, for some reason caught my attention. You’re familiar with the one I’m speaking of, “employees must wash hands before returning to work” and I thought to myself, as I have often have, “does that mean a non-employee does not have to practice personal hygiene”? Of course, the bigger question is why does this sign require posting in the first place? Isn’t it common sense that a person handling food would practice personal hygiene, without being told or reminded, whether using the washroom or not?

As a society we have become accustomed to and complacent with having to read and/or post warning signs and labels dealing with everyday applications that should be second nature to us, “common sense” situations. The fact that postings are required at all causes one to assume that we have truly become a society of sheep that cannot think or perform without being told or reminded what they should do or the ramifications of their actions.

Do we all remember Stella Liebeck the 79 year old Albuquerque woman who sued the McDonalds Corporation in 1992 over a spilled hot beverage? Ms. Liebeck, upon purchasing a cup of hot coffee, placed the cup between her knees while sitting in an automobile, so she could add cream and sugar to her hot beverage. It spilled and resulted in burns to her legs and thighs. A jury awarded her \$2.9 million in punitive damages and McDonalds was ordered to put a warning label on its coffee cups advising customers that the hot coffee was hot and could result in injury if spilled because it was hot. Who would imagine that hot liquids may cause injuries especially when placed on a stable surface such as between one’s knees? As the comedian Bill Engvall would say “and here’s your sign”. But it gets better, after having this warning label on their coffee cups for over twenty years, here comes another person who requires special attention. Although the cup contained the required warning ordered by the court, Paulette Carr of Van Nuys, California, just last month filed a lawsuit in the Los Angeles Superior Court against the McDonalds corporation for, you guessed it, a hot beverage she purchased in 2012 also spilled from her cup and burned her too. I suppose the court, in this case, will require that the company read the warning label to her.

Last year a judge ruled that the Riddell Corporation (a leading manufacturer of football safety equipment and helmets) was negligent in failing to warn the teams and players that purchased and used its equipment that regardless that the purpose of the equipment was to protect the player from injury, the company failed to inform the wearer of such equipment that the game of football was a dangerous sport and could lead to serious injury. In addition to the large punitive fine assessed the company, Riddell now has to put a warning label on their equipment informing the person who buys and/or wears their equipment of the dangers associated with the game of football and that the use of its equipment may not fully protect the wearer from injury or death. Really? Wouldn’t common sense dictate that if one had an individual who weighed in excess of 300 pounds and was nicknamed “the refrigerator” running towards them with the intent to impede their forward progress by hitting them with their full weight and the object of “the refrigerators” pursuit only weighed 250 pounds or less that regardless of what the individual was wearing, unless it was a padded suit of resilient armor, that the individual might be susceptible to injury or worse? (I will divulge here that my wife is employed by the holding company of which Riddell is a wholly owned subsidiary).

The United States is such a litigious society (American law schools graduate 900,000 students annually) that every company has been or is a candidate to a lawsuit that they have placed some of the dumbest warnings on their products either voluntarily or by court order. Some examples on products that I found around my home and office:

On a box of matches --- “contents may catch fire”.

On a puzzle box --- “some assembly required”.

On the power lawnmower --- “do not attempt to remove the blade when lawnmower is running”.

On the garden hose --- “may cause cancer in California”.

On the dogs’ heartworm medicine --- “use care when operating a car”. No worries her license is presently suspended.

On my office phone --- “to answer a call, lift handset; to place a call, lift handset & dial number; to end a call, hang up handset”.

On a carton of ice cream --- “ice cream is cold”.

On a bottle of Heinz Ketchup --- “to be used only on food”.

On the electric hairdryer --- “do not use while taking a shower”.

On a bottle of sleeping aids --- “may cause drowsiness”.

On a deodorant stick --- “use only on underarms”.

On the TV remote control --- “not dishwasher safe”.

On the satellite dish --- “do not attempt to install if drunk or pregnant”.

Inside the car fuel compartment --- “never use a lit match or open flame to check fuel level”.

On the automobile windshield sunshade --- “remove sunshade before operating vehicle”.

Years ago when I served in the Navy I recall two memorable signs that I saw in the latrine and on an explosive device. In the latrine there was a sign over the urinals that read "don't eat the soap cakes" and on a claymore anti-personal mine there was a yellow shaded section with skull and crossbones that read "do not eat". In my years I never encountered a fellow sailor who would consider eating either one, although there were a couple of Marines.....

The credit profession is not exempt from this madness. Although we are required to post notices at times concerning the debtors' rights will we also eventually suffer the outcome of frivolous lawsuits and be required to supplement common sense and post similar dumb warnings? Already collection agencies and attorneys are required to put a notice on their written communications that the purpose of the writing is to collect a debt.

Perhaps a warning will be required on the credit application stating that applying for or obtaining credit can be a detriment to ones' financial health or that too much credit can lead to insolvency and/or a poor credit rating or score. Or a warning on a bill or statement that payment beyond the terms shown on the bill could lead to a reduction or loss of credit availability and be communicated to other vendors. Actually, I know of several companies today who already have such notices on their invoices and statements.

Simply stated we no longer take responsibility for our actions that may lead to bad things that may occur to us because of our failure to use good judgment or common sense. We have, and the courts have affirmed, that unless we have first been warned beforehand that responsibility falls on the other person or company. But even then that does not stop the Paulette Carr's of the world to continue to point the blame to those other than themselves for the bad things that occur.

Isn't it time that we, as a society, start recognizing that we have choices and free will and accept the responsibility for our actions and stop pointing the finger at others for our poor judgment. It seems to this observer that the older we become the more we behave like children.

David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.

***** **MARCH 2014** *****

Day	Date	Group	Location	Time
Tues	4	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Tues	11	Coastal Bend Group	***** CANCELLED *****	
Wed	12	Rio Grande Group	***** CANCELLED *****	
Thurs	13	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	18	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Wed	19	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Thurs	20	Fuel & Lube/Heavy Eq.	Teleconference Meeting 1-800-791-2345	2:30
Thurs	20	HVAC Credit Group	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Thurs	20	Austin Ad Media	Santa Rita Tex Mex, 1206 W38th St. Austin TX	11:30
Fri	21	SW Electrical Group	WILL BE ATTENDING THE SW CREDIT EXCHANGE MEETING	
Tues	25	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	26	Laredo Credit Group	The Laredo Country Club, Laredo TX	11:30

CREDIT REPORTS.....

INDUSTRY CREDIT GROUPS.....

COLLECTION RECOVERY.....

A company with financial problems does not acquire them overnight. It has usually experienced one to three years of surfaced difficulty. The earlier these warning signals are identified and analyzed the greater the chance of effective correction action.

Are you using NACM Credit Reports and Industry Group Meetings to help you identify and analyze? Are you using NACM Collection Recovery for the past due account(s)? Call NACM, your Association for all your credit needs and service at (210) 225-7106 or 800-256-5306.

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