

Business Credit Pro

TODAY'S RESOURCE FOR THE BUSY CREDIT PROFESSIONAL

JUNE 2016

Annual Meeting

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NACM Louisiana

- 2 Groups Calendar – May

The Connection Imperative

June 22, 2016

DETAILS:

- Networking lunch begins at 11:30am
- Lunch is \$32 per person; \$38 for walk-ins
- Not a member of a group? Contact Phaedra Vaughner for information on joining: pvaughner@nacmgs.org

Group Meetings

Wednesday, June 22

10:00am:
International Credit Executives

10:30am:
Heating & Air Conditioning
Hotel Restaurant & Institutional Supply

1:30pm:
Building Materials Group
Contractors Supply Group
Electrical Supply Group
Chemical Supply Group
President's Circle



For more information or to register, please call:

281-228-6100

or reserve your seats online **TODAY!**

NACM Gulf States
Houston Conference Center
10887 S. Wilcrest Drive
Houston, TX 77099

Business Credit Pro

NACM Gulf States

10887 Wilcrest
P.O. Box 721348
Houston, TX 77272-1348
www.nacmgs.org

Phone/Fax

| | |
|------------------------|-------------------|
| Business Offices | 281-228-6100/6122 |
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Doré Law Group

Groups Calendar

2016 National Group Meetings

| | | |
|-----------|---|---------------|
| Jun 23-24 | National Oilfield Service & Supply NACM GS Conference Center - Houston, TX | 8:30am-5:00pm |
| Sep 22-23 | National Wholesale Nursery Products & Supplies Group Crowne Plaza - French Quarter - New Orleans, LA | 8:30am-5:00pm |
| Oct 20-21 | National Oilfield Service & Supply New Orleans, LA | 8:30am-5:00pm |
| Oct 23-25 | Transportation Revenue Management Group Bally's - Las Vegas, NV | 8:30am-4:00pm |

2016 Regional Group Meetings

| | | |
|-----------|--|---------------|
| Jul 21-22 | Texas Statewide Group Meeting Hyatt Regency - San Antonio, TX | 8:30am-5:00pm |
| Sep 18-19 | Texas Statewide Group Meeting Hyatt Stockyards - Fort Worth, TX | 8:30am-5:00pm |
| Sep 18-20 | All South Credit Conference Hyatt Stockyards - Fort Worth, TX | 8:30am-5:00pm |

Houston - Local Group Meetings for June

| | | |
|--------|---|----------------|
| Jun 16 | Mississippi Building Group TBD | 12:00-1:30pm |
| Jun 22 | Hotel Restaurant & Institutional Supply Group NACM Conference Center - Houston, TX | 10:30-11:30am |
| Jun 22 | Heating & Air Conditioning Group NACM Conference Center - Houston, TX | 10:30-11:30am |
| Jun 22 | Contractors Supply Group NACM Conference Center - Houston, TX | 1:30-2:30pm |
| Jun 22 | Building Materials Group NACM Conference Center - Houston, TX | 1:30-2:30pm |
| Jun 22 | Electrical Supply Group NACM Conference Center - Houston, TX | 1:30-2:30pm |
| Jun 22 | Chemical Supply Group NACM Conference Center - Houston, TX | 1:30-2:30pm |
| Jun 22 | International Credit Executives Group NACM Conference Center - Houston, TX | 10:00-11:30am |
| Jun 22 | President's Circle President's Office - Houston, TX | 1:30-2:30pm |
| Jun 23 | Steel & Metal Supply Group Ginger & Fork - Houston, TX | 11:30am-1:00pm |

Louisiana - Local Group Meetings for June

| | | |
|--------|---|----------------|
| Jun 9 | Baton Rouge Building/Industrial Suppliers Drusilla's Restaurant - Baton Rouge, LA | 12:00-1:30pm |
| Jun 15 | New Orleans Building/Industrial Suppliers Galley Seafood Restaurant - Metairie, LA | 12:00-1:30pm |
| Jun 21 | Louisiana Institutional Food Group TBD | 11:30am-1:00pm |
| Jun 23 | New Orleans Electrical Group Drago's Restaurant - Metairie, LA | 12:00-1:30pm |



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Directory

NACM Gulf States
10887 Wilcrest
P.O. Box 721348
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www.nacmgs.org

Main Phone Number 281-228-6100
Toll Free 866-252-NACM
Main Fax 281-228-6122

Staff Extensions

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Vice President of Finance & Administration,
Bernard Forde 1450

Administration
President, Kathleen Quill, CAE, CBA 1400
Executive Administration, National Groups Manager
Becky Showers, CGA 1405
Louisiana Division, Henry Albert, CGA 1560

Membership/Education/Groups
Phaedra Vaughner, CGA 1350
Legislative Issues
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May New Members

Coyote Logistics
King Ranch Turfgrass LP
Mid State Supply LLC
Minority Business Development Agency
Tennessee Steel Haulers

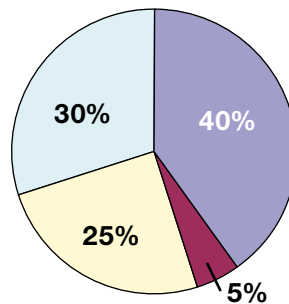
May Olympians

Jackie Broadus
Judge Davis
Melissa Hooker
Mark Praigg
Rebecca Schultz
Kathy Worchesik

Flash Poll

NACM Gulf States: Connection Imperative!

Which connection are you most likely to use?



- A. Peer-to-Peer Networking
- B. NACM Portfolio Risk Analysis
- C. News You Can Use (i.e. Recent Bankruptcies, etc.)
- D. NACM Information on State Law Changes

2016 Super Days

DATES

Jun 22 (Wed)
Jul 19 & 20 (Tue/Wed)
Aug 23 & 24 (Tue/Wed)
Sep 20 & 21 (Tue/Wed)
Oct 18 & 19 (Tue/Wed)
Nov 16 (Wed)
Dec 7 (Wed)

TOPIC/SPEAKER

THE CONNECTION IMPERATIVES - Annual Meeting

SNAP INTO PLACE - Maximizing Excel for the Credit Professional
Emma Cosme, CCE, CCRA

UPPER LAYERS - Leadership
Derrick Jones

BRIDGING - Member Networking

FACE to FACE
Kathleen Quill, CAE, CBA

PLUG IN - Member Networking
Ervin Hughes

Holiday Gala

Build certification roadmap points, participate in the Credit Managers' Index!
Need a reminder? [Sign up](#) to receive an alert email, sent when the survey opens each month.



Next chance to participate is **June 13-17**. Visit the [CMI survey page](#) any time during these dates to help bring awareness to the credit profession.

May Super Days

May 17 & 18, 2016

Education Presented by: Ed Skelton,
Federal Reserve Bank of Dallas
"Economy Update"



Baton Rouge Building/Industrial Suppliers Industry Group

May 12, 2016



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2016 Annual Golf Scramble

Quail Valley Golf Course- Missouri City, TX
May 9, 2016

Thank you for making our 2016 Golf Scramble a great event!

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Experian
Andrews, Myers PC
Hada Law Firm
Packaging Services Company Inc.
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Anne Scarcella, CCE, CCRA

Alleyton Resource Company LLC
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Flexsteel Pipeline Technologies
Geo-Per International
Marek Brothers System Inc
NACM Alumni
RMD Kwikform
Dunn Enterprises
Sysco Corporation
Texas Process Equipment





What is Neoliberalism and Why Are They Saying All Those Bad Things about It?

This is not an attempt to take a deep dive into the guiding principles of economic philosophy, but there has been a somewhat unusual report coming from some economists at the International Monetary Fund (IMF) that seems to challenge the very precepts the organization is founded on. It has been pointed out many times that economists are really more philosophers than the scientists they sometimes purport to be. The fact is we choose the outcomes we believe to be best and most efficient when we discuss policy options. In essence, we have an opinion as to who the winners should be and therefore whom the losers will be as we all agree that there will always be both.

Analysis: There is no simple and universal definition of neoliberalism. Its definition depends to some degree on who is doing the defining. The political left vilifies the approach as exploitative and geared to the rich, and the political right sees it as efficient and capable of stimulating maximum growth in a given economy. Many economists have been linked to one degree or another with the neoliberal approach; and in the interests of full disclosure, I would describe myself as part of that camp. The most commonly cited advocates include Milton Friedman, Friedrich Hayek, Ludwig von Mises and contemporaries. The Chicago School was anchored in the thinking of Friedman and the Austrian School in the writings of Hayek and von Mises.

To one degree or another, the neoliberal approach involves these precepts as to how an economy should be organized. No. 1 is that fiscal policy should be devoted to keeping deficits and debts low. It is a fundamental precept that persistent deficits encourage inflation and this lowers productivity. The deficit strategy should be very short term and reserved for emergency situations such as war or getting out of a deep recession. The second notion is that social spending should be directed toward broad pro-growth programs as opposed to subsidies. This means spending on education, health care and infrastructure as opposed to outright welfare payments. Third on the list is tax reform designed to broaden the base and reduce the tax burden so that there can be more business development and innovation. A fourth part of the system would be interest rates that are set by the market and are moderate and positive.

The fifth precept is trade liberalization, which means limited restrictions on imports and limited protections of domestic business to promote competition and to keep prices down for the overall consumer. The use of a tariff policy is especially unwelcome as it just creates another tax on the consumer. A sixth notion is liberalization of the capital account; that means allowing and encouraging investment in other parts of the world by domestic investors, and it means encouraging global investors to put their money in the U.S. as well. Seventh is the encouragement of privatization in as many cases as possible on the assumption that privately held entities will be more efficient

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due to the existence of competition and the desire to make a profit. The government-run institution is not subject to either of these motivations. No. 8 is support for floating exchange rates as opposed to trying to manage the value of a currency. The ninth part of this philosophical underpinning is one of the most important and often the most controversial. The regulatory burden should be as light as possible and oriented only toward regulations that clearly protect the consumer from fraud and dangerous products as well as rules that are designed clearly to protect the environment or general safety. There is also an acknowledged need to oversee the financial community to ensure it remains open and accessible. There is no desire to use regulation to close off markets and create barriers to entry, and there is no support for regulations as social engineering.

There is no universal demand when it comes to labeling oneself, and even those who subscribe to the theory will have differences of opinion on how far to push any of these ideas. The IMF is the organization that has been seen as an advocate for most of these neoliberal policies in the past. The critique is not an attempt to reject the whole system as critics from the left have advocated for years. The question is whether the current austerity policies are working and whether the notions of capital account liberalization are still appropriate and relevant. There are also criticisms of trade policy in the report as the authors examine some of the more obviously broken aspects of the current economy. If one looks at the rise of left and right wing populism, it is evident that some of the fuel for that movement is frustration over the wealth gap, stagnant wages, employment concerns and the like. The “middle” is worried and no longer seems to have much faith in what has been labeled as the free-enterprise system. There have never been more people in the U.S. who refer to themselves as socialist in their economic orientation, and the polls suggest real antagonism toward those who are judged to be part of the one percent.

For the most part, the neoliberal advocates acknowledge the problems and agree that there has to be change. Productivity has to be improved and there has to be more job stability and higher wages. They generally do not deny the existence of problems or the limitations of the neoliberal approach. The point they make consistently is that the market is indeed messy, and it does take a long time to solve issues but the alternative is much worse. The approach advocated by the critics is to substitute government planning and state-controlled entities for the private sector. The regulatory environment is to approach the business community as hostile, and the tax rate should sharply increase so that wealth can be more equitably distributed—according to the formula of the government. Neoliberals don’t trust such a system to be as fair as many assume; and they are not at all confident of its efficiency. The Austrian School developed as a counter to the writing of the socialists and future communists of the era. The assertion was somewhat akin to the assertion that has been made about democracy. It was remarked by Winston Churchill that democracy was the worst form of government—except for all the others. That is close to the mantra of the neoliberal who sees flaws as preferable to the alternative.

Source: Armada Corporate Intelligence’s Business Intelligence Brief, May 27, 2016, www.armada-intel.com

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to claim your prize.

Over Time—New Rules

Earlier this week, the White House announced the publication of its final overtime rule, which the Administration says will extend overtime eligibility to more than 4 million additional workers within the first year of implementation.

The rule, which will be effective December 1, significantly increases the minimum salary level for “white collar” employees to qualify as exempt from overtime pay requirements. Under the new rule, no employee who has a guaranteed salary of less than \$47,476 will qualify as exempt under the executive, administrative, or professional exemptions. That’s more than double the current minimum salary level of \$23,660 and only slightly lower than the Labor Department’s proposed \$50,440. The rule will not affect hourly or other non-exempt workers, who already are eligible for overtime pay.

Additionally, the final rule includes a mechanism for automatically updating the salary threshold every three years (a change from the proposal of yearly adjustments). The next automatic update to the salary threshold would be on Jan. 1, 2020, and the new salary level will be announced 150 days before it takes effect. The minimum salary level is set based on the 40th percentile of wages of full-time salaried employees in the lowest wage Census region (currently, the South).

If you are concerned about the impact of the overtime rule on your organization, we strongly urge you to contact your elected representatives in Congress and share how this change will affect your association’s bottom line and ability to carry out your mission.

Importantly, the Labor Department decided not to make changes to the “duties test,” part of the three-pronged test for establishing exemption from overtime eligibility. In a draft rule released last year, DOL hinted that it might limit the definition of “primary duty” to duties on which an exempt employee spends 50% or more of his or her working hours. In many situations, that would have meant that employers would need to track the hours and tasks of exempt employees to ensure that they had accurately identified the employee’s primary duty. So with no changes to the duties test, the basic test for determining who in your organization remains exempt from overtime eligibility under the executive, administrative, or professional exemptions is as follows:

- The employee must make over the new salary threshold of \$47,476;
- The employee must be salaried;
- The employee must perform exempt duties (executive, administrative, or professional).

In reviewing the final rule, ASAE continues to believe that the salary threshold is set too high, and that the minimum salary level for exempt employees should instead be keyed to

| | | | |
|-----------|-----------|----------|-----------|
| 1,190.00 | 2,283.61 | 1,000.00 | 1,586.89 |
| 6,028.35 | 4,000.00 | 2,000.00 | 51,146.33 |
| 3,190.00 | 1,000.00 | 4,166.00 | 4,904.06 |
| 3,646.00 | 42,195.72 | 1,010.00 | 9,000.00 |
| 6,139.17 | 8,000.00 | 2,500.00 | 4,166.00 |
| 3,800.00 | 4,398.94 | 4,166.00 | 3,500.00 |
| 3,327.30 | 3,830.00 | 2,026.50 | 3,500.00 |
| 2,000.00 | 3,048.24 | 1,183.08 | 11,261.39 |
| 2,453.72 | 5,100.00 | 8,197.76 | 1,126.29 |
| 10,805.00 | 1,000.00 | 2,500.00 | 3,000.00 |
| 1,910.48 | 2,117.37 | 1,600.00 | 1,088.82 |
| 2,365.19 | 2,500.00 | 1,000.00 | 2,544.73 |

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government data on regional cost-of-living differences. Nonprofit employers, colleges and universities, retail and restaurants are among the entities likely to be hit especially hard by this drastic expansion of overtime eligibility. The Labor Department has prepared a fact sheet confirming that there is no exemption from overtime requirements for nonprofit employers. The fact sheet does outline some options for nonprofit employers to comply with the new salary threshold. In addition, the DOL has stated that, as an enforcement policy, it will consider many graduate and undergraduate research assistants and administrators at colleges and universities as exempt.

ASAE had shared its concerns extensively with the Labor Department and the Office of Management and Budget prior to the release of a final rule, but will now shift its focus to a potential legislative solution from Congress. Because President Obama has signaled a willingness to veto any attempt to block enforcement of the final rule, any legislative solution is likely to be successful only if it has broad support from Congress.

For more information about the overtime rule and how organizations can prepare before the Dec. 1 effective date, click [here](#) and [here](#).

Why NACM?

Pavers Supply started using NACM in 2015. Since that time we have noticed a dramatic increase in the customers needing credit terms. With the help of NACM we are able to see firsthand how the customer has been paying other vendors.

In two specific cases, by using the NACM report we were able to see that a customer requesting credit was substantially over extended, which allowed us to start them out as cash customers using a credit card payment for product.

The recent enhancements to the NACM National Trade Credit Report highlights the score and risk class in color and provided insight as to how the risk class information was calculated. It has certainly allowed us to make wiser decisions when extending credit.

Billy Renard Jr.
VP-Sales
Pavers Supply Company

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Oil Breaks the 50-Dollar a Barrel Mark

For the first time this year, the per barrel price of oil has crested above \$50. Last year, the arrival of \$50 a barrel oil was hailed as a break for the consumer and a signal of challenges in the production world. Many were convinced that oil could not fall below that mark—at least not for any length of time. Earlier this year, the arrival of \$50 a barrel oil was seen as most unlikely as the dynamics of the oil glut seemed set. This is a volatile market—as we have mentioned a time or two. Right now, there is a shift taking place in both supply and demand that has affected the thinking of the oil investors. Some are convinced the glut is ending as they look at some of the many supply issues while others are looking at the demand side and expect relatively little fundamental change.

Analysis: The supply issues are varied—they always are. The current motivation for higher prices has come due to production declines in Nigeria, Libya, Iraq, Canada and other states. These reductions have been due to everything from political violence to wildfire. It does not seem likely that warfare will end in Nigeria, Libya or Iraq any time soon. The wildfires in Canada are still out of control and there are predictions that this crisis will last through the summer. There are other issues looming on the near horizon. Venezuela is on the very thin edge of a coup that will affect oil production. There are also rumblings about output levels in Russia as well. The doom and gloom position among oil traders is rooted in the reduction of oil supply globally and the sense that other producers are not going to be eager to fill the void until there is more evidence of higher per barrel prices. To put it bluntly, the producers have been hoping that some combination of factors would promote higher prices and they will want to enjoy these before trying to push more product into the market.

Those who do not subscribe to the notion of much higher oil pricing in the near future assert that nothing has really changed as far as demand is concerned. The U.S. has returned to consumption levels that are close to what they were prior to the recession, but these levels are still very low in Europe and Asia. The U.S. alone can't consume enough to justify the levels of production that were common a couple of years ago and the thinking now is that supply and demand are very close to equilibrium at between \$45 and \$55 a barrel. This group of analysts and investors would want to see global growth back to at least 5% and more importantly growth in Europe close to 3% with Chinese growth of at least 8% before they would anticipate more oil output due to more demand.

Source: Armada Corporate Intelligence's Business Intelligence Brief, May 26, 2016, www.armada-intel.com

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May Report

News from NACM's Credit Managers' Index (CMI) continues to be solid heading into mid-year; now other key economic indicators are finally starting to mirror the predictive monthly index.



The 53.8 CMI reading in May is not as strong as in the past two months, including April's calendar year high of 54.6, but the combined index remains comfortably above the line between expansion and contraction (50). Although there are concerns in some quarters that the 2016 growth trend may have peaked this spring and that several CMI categories eased from impressive April performances, one "ray of sunshine" in the CMI is the strong performance of the amount of credit extended category, said NACM Economist Chris Kuehl, Ph.D.

"Those seeking credit are seeking quite a bit of it," he noted. "That suggests the larger companies are the ones looking for more credit."

Improvements in the combined unfavorable categories factors have been harder to obtain. However, the numbers have at least steadied for the most part, and May actually marked only the third month in more than a year when the unfavorables have reached at least 51.

"It was only a few months ago that readings were consistently in the 40s," he recalled.

CMI data is often more predictive than other economic indicators (e.g., durable goods orders, the Purchasing Managers' Index, retail sales and employment) in part because the credit management function is fundamentally forward looking, Kuehl said. As such, there have been some signs of life in these other data points, signals CMI analysis projected as early as the first of the year.

View the complete [CMI report for May 2016](#) for a full breakdown that includes commentary on the manufacturing and service sector results, and data tables and graphics. [CMI archives](#) may also be viewed on NACM's website.

Houston Energy Credit Group Meeting

Atmos Energy - May 10, 2016

Education Presented by: Tamika Tyson – Noble Energy
“Credit Considerations in a Down Oil & Gas Market”



Tip of the Month



A First Class Credit Report Lineup at Little League Prices



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Kathleen E. Quill, CAE, CBA, NACM Gulf States



NACM Gulf States At-a-Glance

JUNE 2016

Thurs, Jun 2

6:00pm - Basic Financial Accounting

Tues, Jun 7

6:00pm - Business Law

Thurs, Jun 9

10:00am - Navigating the NACM Gulf States Credit Reporting

Database and Member Page Resources

11:00am - Government Contracts Made Simple

6:00pm - Basic Financial Accounting

Sun, Jun 12- Wed, Jun 15

**NACM's 120th Annual Credit Congress & Expo -
Las Vegas, NV**

Tues, Jun 14

6:00pm - Business Law

Wed, Jun 15

12:00pm - New Orleans Building/Industrial Suppliers Group

Thurs, Jun 16

12:00pm - Mississippi Building Group

6:00pm - Basic Financial Accounting

Tues, Jun 21

11:30am - Louisiana Institutional Food Group Mtg

6:00pm - Business Law

Wed, Jun 22

ANNUAL MEETING

10:00am - INTL Group Meeting

1:30pm - CHEM Group Meeting

10:30am - HAC Group Meeting

1:30pm - CONT Group Meeting

10:30am - HRIS Group Meeting

1:30pm - ELEC Group Meeting

1:30pm - BLMT Group Meeting

1:30pm - President's Circle

Thurs, Jun 23

11:30am - STML Group Mtg

12:00pm - New Orleans Electrical Suppliers

6:00pm - Basic Financial Accounting

Fri, Jun 24

8:30am - National Oilfield Service & Supply Group

Tues, Jun 28

6:00pm - Business Law

Thurs, Jun 30

6:00pm - Basic Financial Accounting

JULY 2016

Tues, Jul 5

6:00pm - Business Law

Thurs, Jul 7

8:30am - What's in a Balance Sheet?

6:00pm - Basic Financial Accounting

Mon, Jul 11

10:00am - Navigating the NACM Gulf States Credit

Reporting Database and Member Page Resources

Tues, Jul 12

8:30am - Mineral Liens in Bankruptcy

11:30am - HRIS Group Meeting (Book Only)

6:00pm - Business Law

Thurs, Jul 14

11:00am - Government Contracts Made Simple

6:00pm - Basic Financial Accounting

Tues, Jul 19

SUPER DAYS

12:30am - BLMT Group Meeting

12:30am - ELEC Group Meeting

12:30am - CONT Group Meeting

6:00pm - Business Law

Wed, Jul 20

SUPER DAYS

12:30am - OFSS Group Meeting

12:30am - President's Circle

Thurs, Jul 21

11:30am - STML Group Meeting

4:00pm - Texas Statewide Construction Credit Group

Regional Conference

6:00pm - Business Law

Fri, Jul 22

**Texas Statewide Construction Credit Group
Regional Conference - San Antonio, TX**

Tues, Jul 26 - Wed, Jul 27

**ARC CISC Meeting - NACM Gulf States
Conference Center**

Tues, Jul 26

6:00pm - Business Law

Thurs, Jul 28

6:00pm - Basic Financial Accounting

Fri, Jul 29

1:00pm - Excel for the Credit Professional