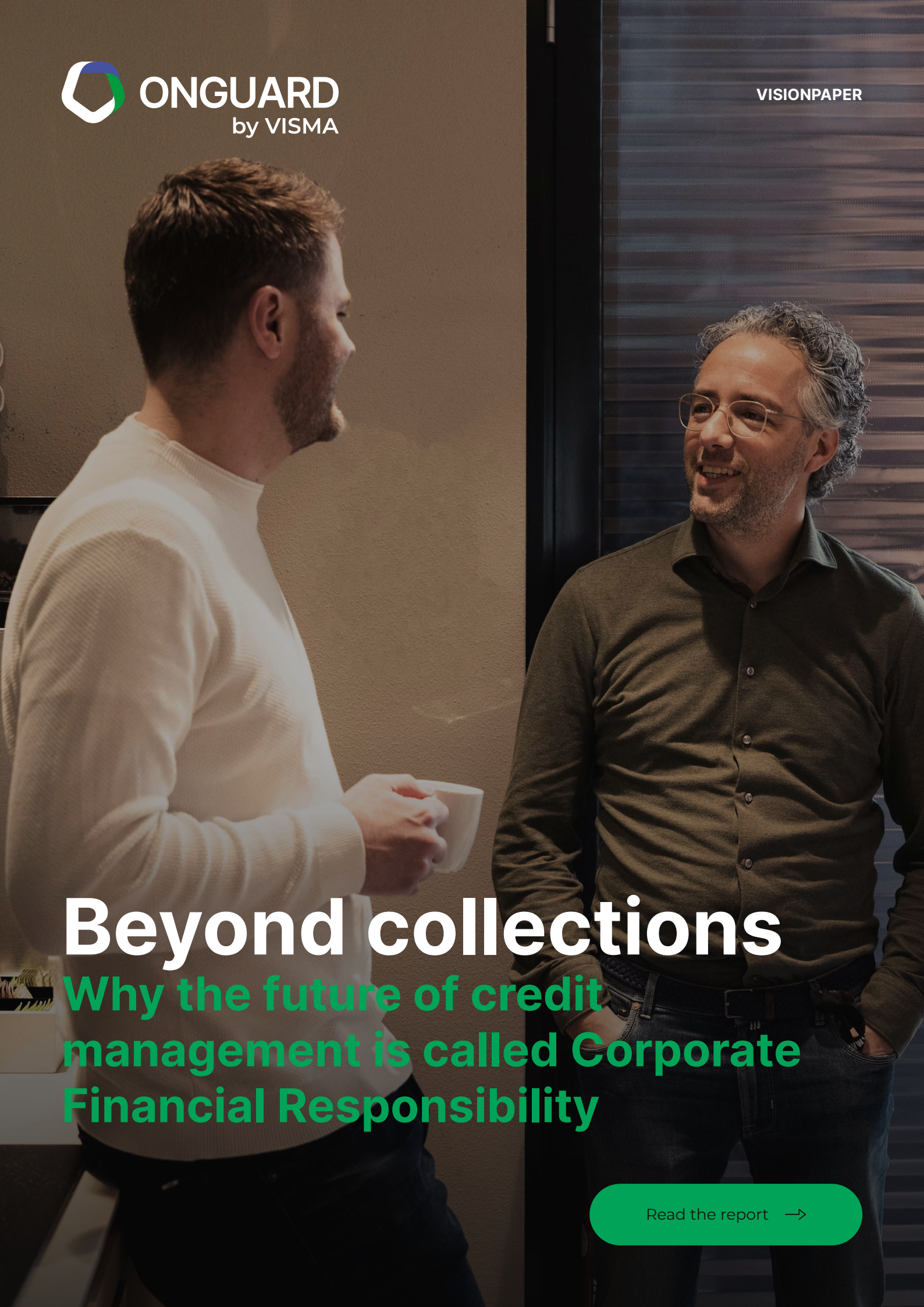




Beyond collections

Why the future of credit management is called **Corporate Financial Responsibility**

Read the report →

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Time for a new standard

“In a time of economic uncertainty and a growing emphasis on social responsibility, organisations can no longer limit themselves merely to financial objectives. Once centred solely on ensuring payments, credit management today is about much more. The right policy can mean the difference between survival and collapse, for both customers and suppliers. Organisations aware of this shift are building mutual trust, chain stability and sustainable growth for themselves and their environment.

This is why now is the time for a fundamentally different approach to a credit management policy: No longer just focusing on achieving financial targets, but also taking a broad look at the organisations around you. Organisations that choose Corporate Financial Responsibility (CFR) today are taking the lead. They acknowledge that financial processes are not separate from ethics, transparency and social responsibility. For an organisation, CFR means consciously choosing ethical behaviour, social responsibility and sustainability. And these should be anchored in every phase of your financial policy, from strategy to execution.

In this vision paper, we aim to showcase what CFR looks like in practice: How are organisations looking at their credit management policies? What steps are they already taking towards a more socially conscious policy, and what dilemmas are they facing? To answer these questions, we asked more than 300 finance professionals.”



Adriaan Kom

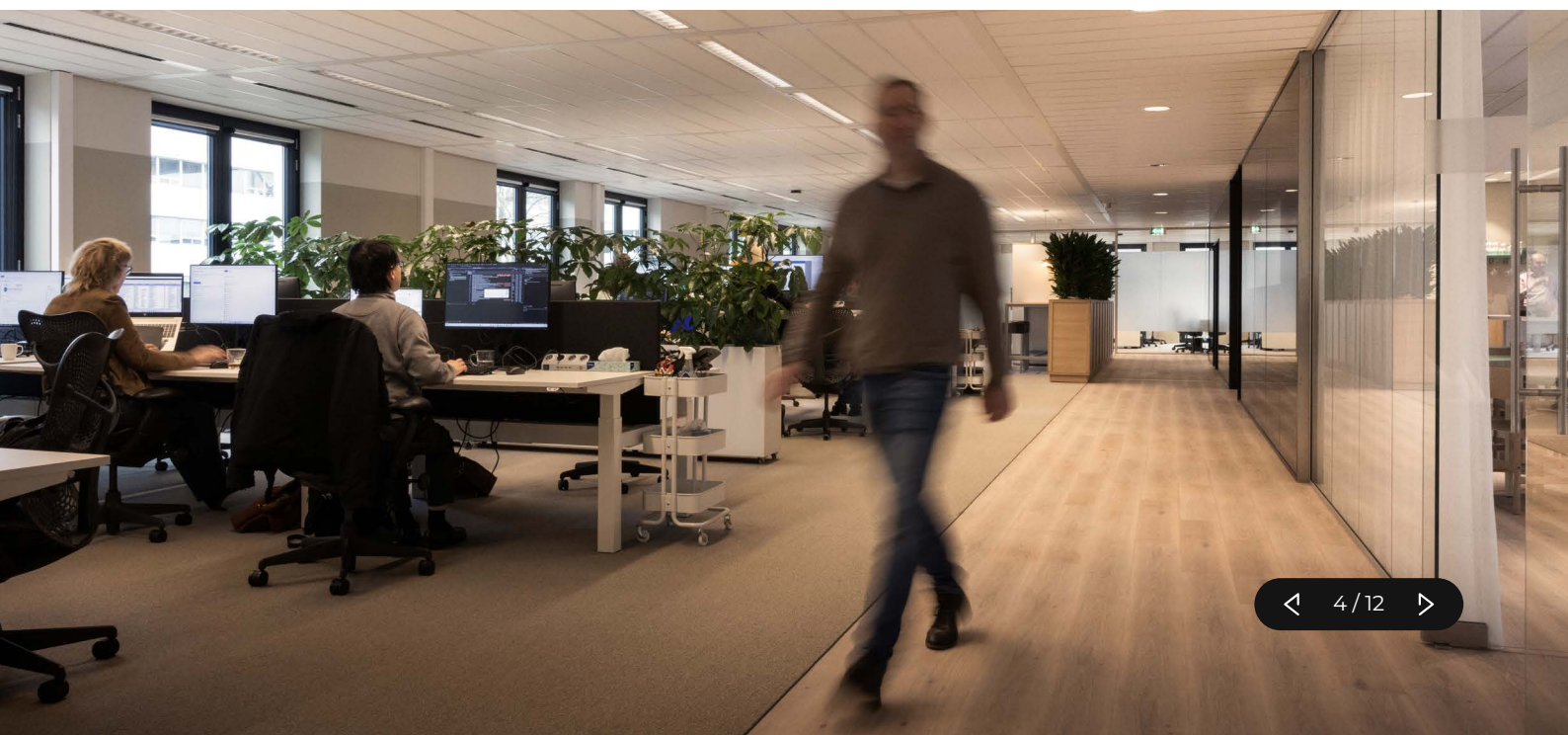
Managing Director at Onguard

How do organisations look at their credit management policies?

To take a step toward a socially responsible credit management policy, you first need to know where you stand as an organisation. However, many organisations still lack comprehensive insight into their existing policies: It turns out that just over half (**56%**) regularly evaluate the effectiveness of their credit management policies.

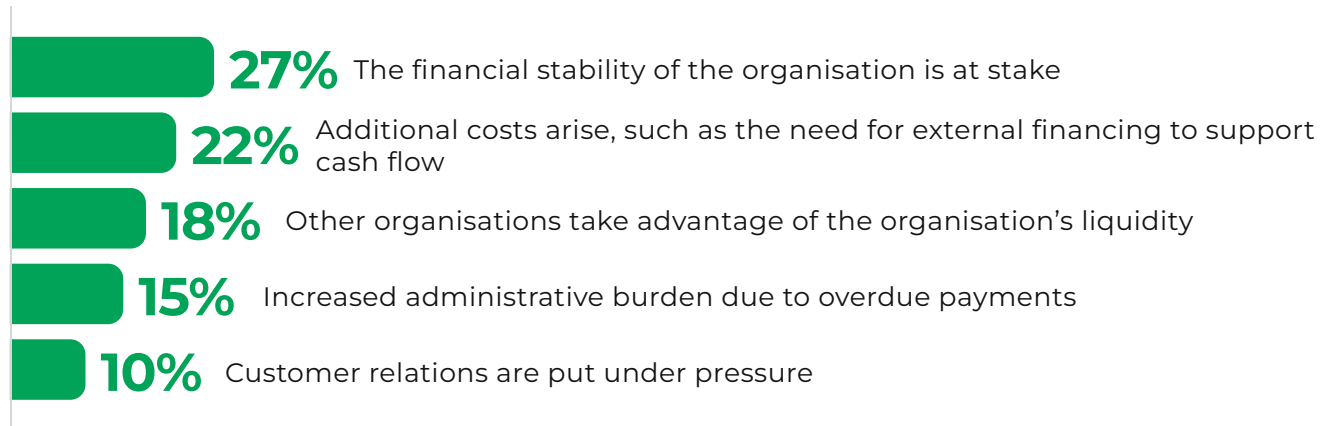
As for those organisations that do assess their policies, they do seem to acknowledge that there is still significant room for improvement. Almost half (**49%**) rate their policies as “average”. What does this mean? That, while aspects like invoicing and debtor monitoring are often well set up, there are still opportunities for improvement in areas such as risk assessment, proactive communication during payment delays and employee training in customer-centric debt collection.

“Organisations indeed recognise the value of credit management: **53 percent** see it as an important factor for the financial health of their organisation. In fact, **24 percent** consider it the most important influence”



Risks of weak financial processes

Evaluating your policies is critical. Why? Because weak policies mean risks, such as inefficient and inadequate mechanisms for managing risks and debtors. These are the main consequences of a weak credit management policy according to the finance professionals surveyed:



Adriaan:

"A weak policy has major consequences for your organisation. Besides incurring additional costs and reducing financial stability, it also affects organisations around you. Customer relations, for instance, can be considerably strained. Therefore, a first step towards CFR starts with gaining insight: you need to know where your organisation stands. Look beyond mere financial metrics, like how quickly you get paid. Make sure to also include the non-financial aspects, like customer satisfaction or complaint rates. This will guide you towards a more socially responsible credit management policy."

Why should organisations opt for a social credit management policy?

Here is a given fact: A traditional or weak credit management policy can lead to financial issues, like late payments, strained liquidity, and rising costs. Simply enforcing stricter collection efforts often falls short, especially when many customers are facing their own struggles. This is where CFR comes into play. CFR does not eliminate risks, but it does help organisations to adopt more humane and effective credit management policies. But what benefits can a social approach bring to your organisation?

1. You build trust

The way you handle your customers' payment issues says everything about your values as an organisation. An honest, transparent approach makes you a reliable partner. You set clear conditions, communicate openly and look for solutions when customers are unable to pay. This shows that you value the customer relationships as much as the revenue. And this trust always pays off in the long run.

2. You become more effective

Trust and effectiveness go hand in hand. When clients feel heard, they are more open to collaborative solutions. By truly listening, you can tailor your approach to what works: quick responses, switching faster, making appropriate payment arrangements and taking timely action without damaging the relationship. This way, you avoid unnecessary costs and retain valuable customers. Social strategies are not soft, they are strategic.

3. You limit risks

Adopting a social credit management policy allows you to manage risks on multiple fronts. Not only do you safeguard your own cash flow, but you also prevent legal disputes and social backlash.

4. You contribute to a healthy ecosystem

Every payment arrangement you make affects more than just your own organisation. Social credit management keeps the whole chain financially healthy. By taking responsibility, you inspire others to do the same. This creates a chain of organisations that look beyond their own micro-world and focus on mutual wellbeing.

5. You make a lasting impact

Organisations with vision pursue sustainable success. A social policy reflects what you stand for and attracts customers, partners and talent. It signals that you prioritise long-term benefits over immediate gains. It shows a commitment to creating lasting value.

“Trust, resilience and responsibility: Social credit management strengthens not just you, but the whole chain.”

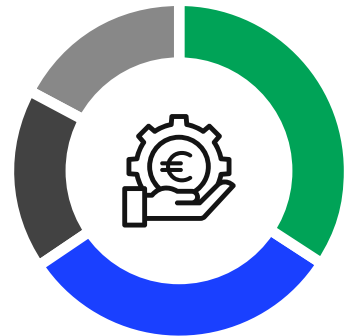
What steps are organisations taking towards CFR?

The benefits of adopting a social credit management policy are clear. However, in practice, progress can be challenging. So, how far have Dutch organisations actually stepped towards social credit management?

Organisations are currently not prioritising widespread improvements in their credit management policies, with only **37 percent** taking active steps. And when they do work on improving, they mainly focus on enhancing their own financial status, such as ensuring faster payments.

Here are some changes organisations have implemented in their credit management policies:

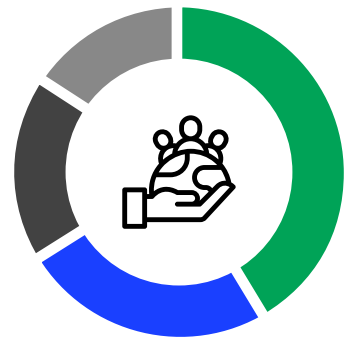
- **32%** have integrated software
- **29%** use a different payment term
- **16%** follow up on unpaid invoices faster
- **16%** consider the financial health of potential customers before engaging with them



Fortunately, some companies do leverage the opportunity to improve their credit management policies to a more social focus. For instance, there is a significant emphasis on nurturing customer relationships: **66 percent** of finance professionals report that their policies are deliberately aimed at fostering long-term relationships with customers and suppliers. In addition, **59 percent** actively discuss how their policy can best support customers. Finally, **48 percent** employ a different process for organisations that they have worked with for a longer period (several years).

This is what organisations deploy to shape the social impact of credit management policies:

- **32%:** Offering flexible payment arrangements to their customers
- **19%:** Applying tailored policies to different customers
- **14%:** Requesting feedback on policies from customers
- **12%:** Training employees on social credit management policies



“The first step to social credit management is often smaller than you think. But its impact is big.”



Credit manager's dilemmas: profits vs values

Even organisations that get moving soon with this run into areas of tension. After all, how do you combine social responsibility with pressing financial interests? Credit managers face difficult choices: focusing on today's hard financial reality or nurturing tomorrow's long-term relationship? Organisations are no longer shying away from these questions.

As many as **76 percent** of finance professionals feel responsible for the impact of their credit management policies on other organisations. At the same time, **48 percent** say their own financial health takes priority, if it impacts customers negatively. Meanwhile, **61 percent** find financial interests and ethical responsibility equally important, while **63 percent** say ethics play a significant role in their credit management policies.



Adriaan:

"Choosing to move forward with a social credit management policy also brings dilemmas: how do you stay true to social responsibility, without compromising your own risks? The desire to find this balance is widespread, but how do you put it into practice? These questions invite for a discussion. Credit management requires clear processes, objective risk assessments and compliance with agreements. Of course, there are always exceptions. What if a customer is temporarily in dire straits, but is fundamentally healthy? Do you deviate from the norms and customise solutions or adhere strictly to established paths? These tensions show the complexity of the playing field but also contain the catalyst for forward-thinking action. Organisations that embrace these dilemmas and make conscious choices in this regard build resilience, trust and results."

"The real power of credit management lies in the art of balancing empathy with efficiency."

Social credit management requires accountability

Credit management is no longer just about mere collection and risk mitigation. The figures and insights in this vision paper clearly indicate one thing: organisations stand at a crossroads; balancing efficiency with empathy, and liquidity with loyalty.

Social credit management starts with taking responsibility: for your choices, your customer relationships, and the impact your policies have on your stakeholders. This requires a proactive culture -one that is not fixed in rules but adapts to the world around you. In which you are open to change and consciously consider the consequences of your financial choices. And in which you adjust your approach as situations demand. In practice, social credit management is not a vulnerability, but a strategic advantage.

Want to take a first step tomorrow? Start by mapping out your standard operating procedures. Ask yourself: where are we strict and where can we offer flexibility? Initiating this conversation is crucial to acting more consciously, person-centeredly, and future-oriented.

“Those who dare to take responsibility build more than financial stability. They build real values.”

About the survey

The survey was commissioned by Onguard and conducted by market research firm Markteffect. 101 CFOs and 218 finance professionals participated in this survey

About Onguard

Onguard speeds up payments and improves cash flow for organisations through smart credit management. With our solutions, you gain insight into payment behaviour, minimise financial risks and improve communication about unpaid invoices. The result? Faster payments, less write-offs and lower customer turnover. With years of experience, we facilitate optimised working capital and offer valuable time with your customers by handling daily activities.

Onguard is a Visma company with more than 30 years of experience in facilitating optimised working capital through smart credit management. Bottom line, we provide valuable time with your customers by handling day-to-day operations.

Want to know more?

Do you have questions about this solution or how you can optimise the credit management process within your organisation? Please contact us, we're happy to help you.

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