

ANNUAL REPORT  
**2002 · 2003**

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### Ladies and Gentlemen, Dear Friends of Creditreform,

In times like these, bearers of bad news from the world of business are far from rare. Gloomy predictions have swollen to form a chorus. Anyone bringing further ill tidings and augmenting this chorus is met with resignation or, at best, with indifference. Nevertheless, I, too, see no alternative to first subjecting the state of our economy, and in particular the crisis in the Mittelstand - small and medium-sized enterprises - to a closer examination.

I would like to begin this by citing from an analysis published for the first time at the beginning of this year by Creditreform in cooperation with the KfW, the DtA, the Institute for SME Research, and ZEW, the Centre for European Economic Research. Entitled "Mittelstandsmonitor", this analysis focuses on the Mittelstand as the backbone of the economy.

Against the background of an economic environment that exhibits little dynamism either nationally or globally, the activity of SMEs has slowed down significantly in the past three years. Traditionally oriented as it is to local or at most regional markets, the Mittelstand has suffered particularly from the weak level of domestic demand. In 2002, the key economic indicators for SMEs were at their lowest levels for several years. The economic weakness extended across all the main business sectors. Construction and retailing have been especially hard hit, but manufacturing, wholesalers and, not least, the services sector have also suffered.

Nonetheless, I would like to add a dash of colour to this "grey in grey" picture of the Mittelstand. Towards the end of the year, the level of economic activity among SMEs did show signs of stabilisation, even though at a low level. The situation has bottomed out, but that means that we now at least have firm ground under our feet, with indications that things are stabilising slightly.



**Thomas Glatzel, President and Chairman of the Joint Board of Verbandes der Vereine Creditreform**

Creditreform also felt the impact of the generally difficult economic climate but all the same, 2002 was another year of growth for us. The sales revenues of Creditreform in Germany rose from 372 to 392 million euros, more than five percent up on the year before. The Creditreform Group as a whole, including Creditreform International and the subsidiaries now concentrated in Creditreform AG generated sales of 428 million euros (prior year: 410 million euros).

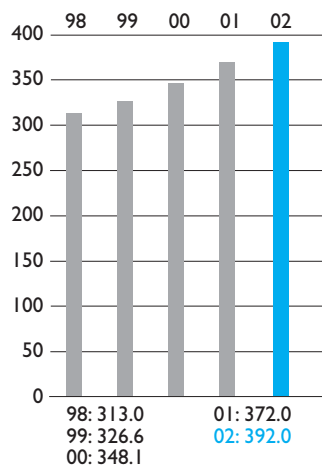
Creditreform in Germany – that means 3,250 staff in 130 Vereine Creditreform. In Europe, the Creditreform Group employs 3,700 people in 165 companies and offices.

The link I have made between the Creditreform figures and my remarks on the overall economic situation is deliberate. After all, our performance shows that although Germany is not yet feeling the strong wind of an upturn, there can be no talk of stagnation. There can be no doubt that commercial reports and receivables management are a direct reflection of economic activity, since only those actually engaged in business require the services which we provide.

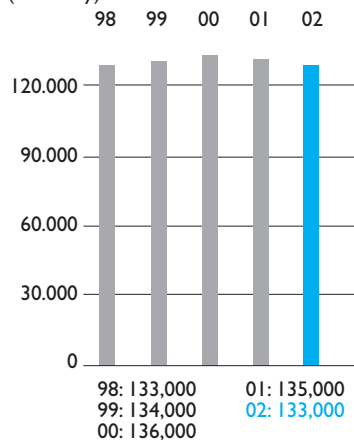
The decisive factor in our success even in such difficult economic conditions is our competence in our traditional core spectrum: commercial reports and debt collection. By competence, I mean above all the ability to adapt our wealth of expertise and experience in credit protection to the current demands of our clients. We do so by tapping the possibilities offered in the field of credit-worthiness checks and claims handling by modern data processing. The way we speed up the communication of credit-related information and the differentiated range of evaluation options we offer are adapted individually to the systems of our clients and members.

That, though, is just one aspect. Another important benefit for our clients is the fact that we are extending and rounding out our entire range of services. It is a range oriented to the workflow of customer relations management. Our address and residential environment data helps members to open up new markets and find new customers. In the next phase, we provide the answers to vital questions concerning the credit-worthiness of new customers - and of course of existing ones as well. And then comes the final phase, when our debt collection and factoring services provide support in getting invoices settled and creating liquidity. In 2002, we founded Creditreform AG, as an umbrella company for our subsidiaries and joint ventures. In

Creditreform turnover  
(in Mio. Euro)



Number of Creditreform members  
(Germany)



line with the CRM workflow I mentioned, these extend from the firms bedirect and microm to CEG and on to Creditreform Rating AG.

Risk management, credit protection – these are among the terms that make our key priority clear: security for our clients and members.

Security is a "product", delineated nowadays among other things by questions concerning the further development of the economy and the structure and stability of the business environment. I hope and believe that the answers to such questions are positive. My confidence is based on the Mittelstand itself and the private enterprise system. Both belong together. Without a free market economy, the owners of small and medium-sized companies would lack any scope for movement, would be unable to deploy their innovative capacity and flexibility. And without prosperity, without the jobs and the added value which you create, our economic order and indeed our democracy would be endangered.

Germany's history of success in the second half of the last century will strengthen our self-confidence and enable us to stand up to the challenges which the future will bring.

Yours

*T. Glatzer*

# Good information is indispensable

The Internet has improved many business processes. At Creditreform, online commercial reports are increasingly important: last year, the number of such reports on business firms obtained via our Internet portal rose by 297 percent on 2001. A growing range of companies have recognised the advantages of this fast and uncomplicated way of acquiring information. Compared with 2001, the number of members' numbers issued for access to the Creditreform Internet database rose by 17 percent.

## More and more online users

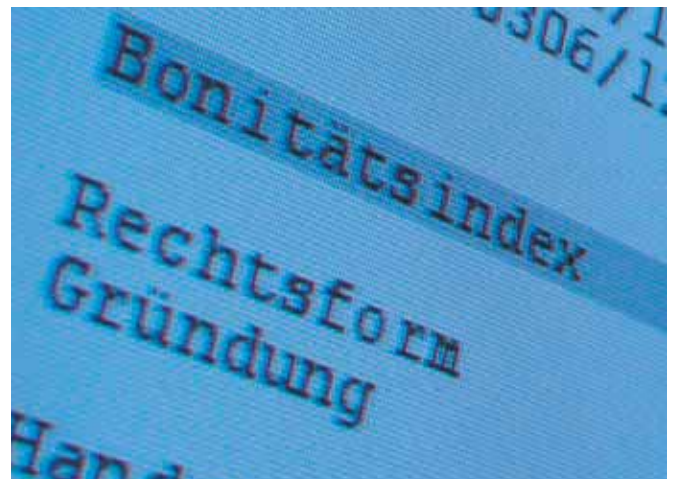
There was also considerable growth in the use of other online solutions such as CREFOsprint for SAP or the network-capable CrefoScore. Today, more than half of all inquiries from commercial reports are met by such new forms of access as CREFOsprint and CrefoScore. The number of calls on CREFOsprint rose by 133 percent on 2001; in the case of CrefoScore, the rise was all of 420 percent.

One trend is definitely evident: many member companies like to be able to integrate information from Creditreform into their own business data. To meet this demand, the data exchange aspects of CREFOsprint and CrefoScore have been systematically refined. Clients with large-volume requirements are aware of the advantages of these software solutions. Clients requiring smaller quantities of commercial reports obtain them via the Internet.

## Checking credit-worthiness

The key feature of any commercial report is the credit-worthiness information that sums up all data connected with the solvency of the subject company. As well as

manner of payment and the credit status index, this includes a credit verdict. Once they have obtained a commercial report, members are kept informed on any



important changes during the following year. Of course, commercial reports can still be obtained by fax or letter as well as via the Internet,

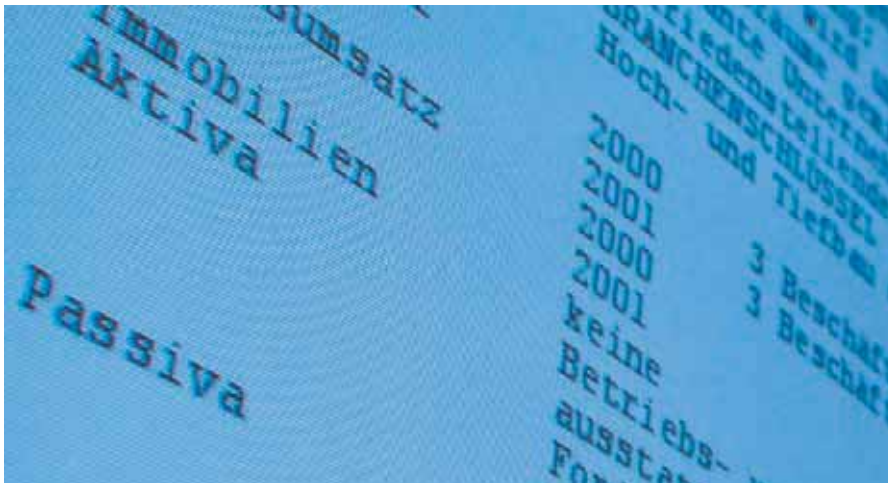
Basel II shows banks the way ahead when it comes to criteria for lending money. But the new Accord should also motivate SMEs to think more closely about protecting themselves against risks. With its credit status index, a commercial report is an ideal tool for keeping a check on customer credit and securing risks against default.

## Consumer credit-worthiness

Commercial reports on private individuals are also becoming more important. After all, indebtedness in private households is on the increase. It is estimated that around 2.8 million households in Germany owe more money than they can pay back.

Against this background, there was a strong demand for consumer reports last year. Those companies which make less than 5,000 inquiries a year took advantage of the services of Consumer. In the course of the year, around 10 percent of all

information on payment conduct, existing insolvency proceedings or such negative features as statutory declarations. The individual items on the commercial report are then condensed into a credit verdict and allocated to a risk class. With the

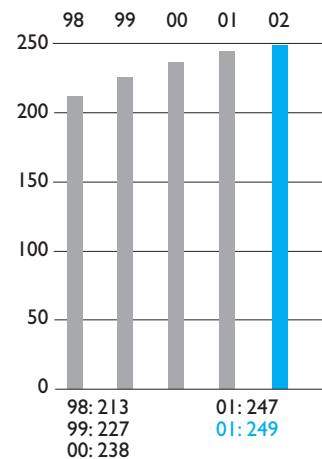


Creditreform members will be cleared for this product, which – in view of the great demand – is to be extended and improved.

Creditreform commercial reports on private individuals offer important

help of this information, customers can check a private individual's credit-worthiness before the start of any business relationship – and thus protect themselves from bad debt default.

Commercial Reports Germany  
(Index 1990 = 100)



# Optimising chances and risks

With its data, systems and advisory services, Creditreform supports marketing, credit-risk and receivables management. Our extensive credit-risk management services, combined with direct access to the expertise of all the companies in the Creditreform Group, ensure optimum help and assistance for our members, with tailor-made solutions for analysing and monitoring chances and risks throughout the cycle of customer and supplier relations.

## Services

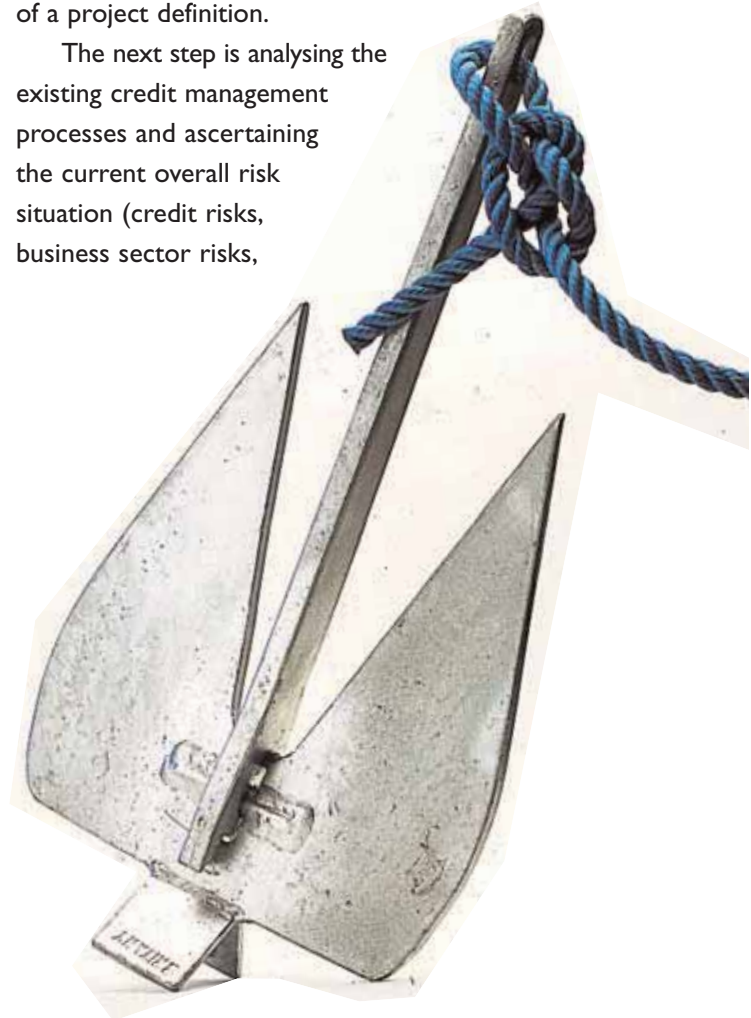
In credit-risk management, our focus is on risk consultancy, risk analysis and business process optimisation, including the integration of decision-support systems running under Windows and SAP/R3. Creditreform can handle the entire CRM business process: from risk-oriented selection of target groups and the identification of potential new customers, to assessing customer risk factors (credit-standing index, risk classes) in existing business relationships, optimising a company's present customer appraisal systems (score cards, internal rating systems) and through to ongoing, active credit portfolio management with the early identification of insolvency risks. The integration of customised system solutions provides backing for time-critical business processes and makes risk assessment more objective.

Our comprehensive information on business sectors, markets and business companies helps to ensure the quality of our work. Thoroughly researched findings, a wealth of experience in advisory services and our know-how in on-the-spot data collection and processing round out the Creditreform spectrum.

## Consultancy and concept design

Together with current and period-related information on the business partners concerned, all this forms the basis for very professional risk management consultancy and concepts, geared to minimising time-critical, error-prone and cost-intensive credit assessment processes within the client company and maximising procedure automation. Everything starts with fact-finding discussions and the establishment of project objectives. Then the specification profile is given concrete shape in the form of a project definition.

The next step is analysing the existing credit management processes and ascertaining the current overall risk situation (credit risks, business sector risks,



portfolio-related risks). This forms the basis for the provision of advisory services, drawing on the know-how and extensive range of products offered by the Creditreform Group.

### **Application phase**

In the application phase, the Creditreform specialists work in close cooperation with the client company to discuss and draw up organisational and methodological guidelines and suggest possible solutions. This phase includes the preparation of a catalogue of required measures (manual) and supplementing the available master data by any external information that may be needed, either to fill gaps or to facilitate implementation. Parallel to this, the Creditreform consultants develop a scorecard geared to the company's specific objectives and provide assistance in introducing an appropriate software solution with support for decision-making processes.

### **Implementation phase**

Implementation covers the installation of the risk management software in the client's present system and integrating the solution in its entirety into the client's business processes. All relevant systems are afterwards monitored for some time, allowing

the client company and the Creditreform consultants to conduct a critical analysis as to whether the defined objectives have been achieved. This makes it possible to carry out any necessary modifications quickly and easily.

Other prior or subsequent services in the field of marketing, credit risk or accounts receivable management, such as external ratings, consumer-oriented credit management consultancy, debt collection measures or systematic portfolio expansion taking risk factors into account (marketing services), can be implemented in cooperation with the relevant companies in the Creditreform Group.

# Right and due

Last year, Creditreform received more than a million new debt collection orders involving cases in Germany or abroad. The success rate is high: in over 70 percent of all cases, a full or at least partial out-of-court settlement is reached. One reason for this: before the dunning procedure is commenced, the chances of obtaining payment are checked with the help of the Creditreform database and the measures to be taken are tailored to the debtor's specific situation.

Creditreform – always operating in a businesslike manner – functions as a "neutral" intermediary between creditor and debtor. This enables both sides to preserve the basis for good relations in future. Another advantage for our members: by relieving the strain on their own bookkeeping, they free up capacity and can thus focus better on their core business.

Constant development and refinement of Creditreform's debt collection software makes it possible for organisational procedures to be largely automated, permits end-to-end handling and provides a number of different evaluation procedures, which can be varied as required. The new IT options used in debt collection have been developed on the basis of practical experience in order to offer staff optimum support in their work. Dunning letters are "customised" in line with the individual debtor. After all, it is an established fact that the more personal and individual the approach, the greater the prospects of obtaining payment.

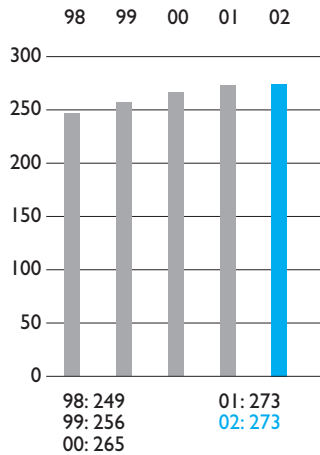
## Individualised debt collection

But the new software releases provide more than just internal benefits in the form of faster and more streamlined handling – creditors also profit directly from the

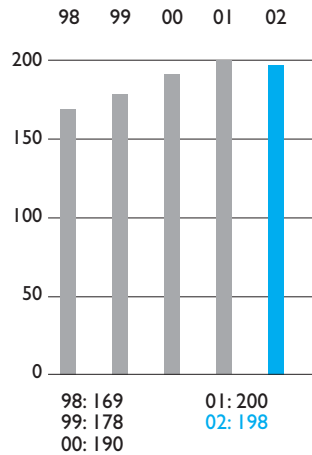


innovations. All procedures are made more transparent and creditors can always obtain an up-to-date detailed picture of the status of all "their" debt collection cases. Specific evaluations can be conducted and individual statistics produced to optimise the methodology even further. Surveys on payment behaviour in different business sectors can be called up: how quickly do my cus-

**Debt collection orders Germany**  
(Index 1990 = 100)



**Debt collection orders International**  
(Index 1990 = 100)



tomers in the building industry settle their invoices? What form of reminder is the most effective? How many reminders does a particular customer have to be sent before he pays up? What are the success rates?

### Debt collection - online

Nowadays, completing a debt collection order by hand has become more or less superfluous. Many Creditreform members handle this electronically, in the form of a file on a data-carrier or online via the Internet. In future, members will also be able to monitor progress via the Internet. All they need is their membership number to obtain information on the status of all the cases they have entrusted to Creditreform. This ensures that they remain in control every step of the way.

### Joint venture picks up speed

And that is also true of the clients of acoreus Collection Services GmbH – aCS, the joint venture between Acoreus AG and Creditreform AG. This can now look back on a successful first full year of business. aCS, which provides specialised debt collection services for call-by-call, Internet-by-call and value-added service-providers already handles over 150,000 files. In 2002, aCS performed extremely well and is already in the black. And the outlook for aCS is also very promising: in addition to generating growth with existing clients, it has been able to acquire a number of other well-known companies in the telecommunications sector as new customers.

# No long waits

In 2002, Creditreform continued the steady expansion of its factoring business. It now has ten units providing business firms with this particular form of receivables management. During the course of the year, three new units were established – in Duisburg, Neuss and Bonn – each with large catchment areas. The others are centred on Hamburg, Bremen, Hanover and Berlin, Solingen, Pforzheim and Aschaffenburg.

They all provide a complete receivables management service for business firms. Following a check on the credit status of the debtor, Crefo-Factoring takes over the relevant invoices, pays the creditor and assumes any default risk that may be involved. At least 80 percent of the total amount of the invoices is paid out immediately, after the deduction of the factoring charge, and the rest is paid as soon as the debtor has settled the invoices, which as a general rule means within 150 days at the latest. The service also includes customer monitoring, invoice dispatch, sending reminders, and claims enforcement.

Receivables management can be very time-consuming, leaving a firm less time to develop its business and sell its products or services. So outsourcing the entire receivables management function by means of factoring enables companies to concentrate on their core activities – which are what earn them money!

## Factoring generates liquidity

Moreover, factoring turns current assets – the accounts receivable – into liquidity. And in view of the chronic equity ratio weakness of German SMEs and the discussion on the new capital adequacy provisions of Basel II, the instant financing function is one of the biggest advantages that

factoring offers. At the same time, the improved liquidity makes firms less dependent on lenders.

But as well as this liquidity function, the security guarantee, and the service range provided, factoring has



other benefits to offer. For example, enabling the creditor firm to take advantage of any discounts offered for fast settlement of its own liabilities or for volume purchases. Administration costs are cut and the firm's position in any negotiations with suppliers, competitors or banks is strengthened.

**Crefo Factoring Nord GmbH**  
HAMBURG

Responsible for the following regions: Hamburg, northeast Niedersachsen, Schleswig-Holstein, Mecklenburg-Vorpommern.

**Crefo Factoring Nordwest GmbH**  
BREMEN

Responsible for the following regions: North and west Niedersachsen and Bremen and Bremerhaven

**Crefo Factoring GmbH Regionales Factoring für den Mittelstand Consulting Center Hannover**  
HANNOVER

Responsible for the following regions: Hannover, Celle, Hildesheim and environment

**Crefo Factoring Westfalen GmbH**  
MÜNSTER

Responsible for the following regions: Westfalen.

**Crefo Factoring Berlin-Brandenburg GmbH**  
BERLIN

Responsible for the following regions: Berlin and Brandenburg (except Cottbus).

**Crefo Factoring Rhein Ruhr GmbH**  
DUISBURG

Responsible for the following regions: Aachen, Duisburg, Emmerich, Essen, Geldern, Krefeld, Mönchengladbach, Mülheim/Ruhr, Oberhausen, Velbert, Wesel, Wuppertal.



**Crefo Factoring Düsseldorf Neuss GmbH**  
NEUSS

Responsible for the following regions: Düsseldorf, Neuss.

**Crefo Factoring Rhein-Wupper GmbH**  
SOLINGEN

Responsible for the following regions: Solingen, Haan, Leichingen, Langenfeld, Monheim, Leverkusen, Burscheid, Remscheid, Wermelskirchen, Hückeswagen and Radevormwald.

**Crefo-Factoring Rheinland GmbH**  
BONN

Responsible for the following regions: Köln, Bonn, Gummersbach, Ahrkreis, Erftkreis, Kreis Euskirchen, Oberbergische Kreis, Rhein-Sieg-Kreis, Rheinisch Bergischer Kreis and Märkischer Kreis.

**Crefo Factoring Pforzheim GmbH & Co. KG**  
PFORZHEIM

Responsible for the following regions: Southwest Germany

**Crefo-Factoring im Freistaat Bayern GmbH & Co. KG**  
ASCHAFFENBURG

Responsible for the following region: Bayern.

In Germany, factoring has been in use since the late 1950s. Small and mid-sized firms in particular appreciate the advantages offered by Creditreform factoring. Up until recently, only companies with annual sales upward of five million euros drew on the services of factoring firms. Now, though, thanks to Creditreform, factoring can also benefit start-ups and firms with far lower turnover, in the range upward of 250,000 euros.

### **Business customers as prerequisite**

In principle, manufacturers, traders and service-providers can make use of factoring. The prerequisite is that the accounts receivable are based on flawless performance for purely business customers.

As a Creditreform company, Crefo-Factoring has access to a stock

of data on 3.5 million German firms. The Creditreform creditstanding index permits fast and reliable appraisal of any customer's credit-worthiness – which is obviously a big advantage for a factoring service.

# Priority: East

Last year, Creditreform International concentrated on building up and extending its activities in Eastern Europe. Following the opening of a business office in Riga, Latvia, national associations were established in Tallinn (Estonia) and Vilnius (Lithuania). That means that Creditreform is now represented in all the candidate countries for EU membership.

In 2002, Creditreform Germany, together with ten Creditreform national companies in Central and Eastern Europe, issued over 1.6 million commercial reports on this region. In developing its activities, Creditreform – in line with the organisation's structure – pursues a decentralised approach, i.e. setting up independent national associations with partners from the countries concerned who normally also assume management responsibility. This makes us more flexible regarding specific on-the-spot requirements, but at the same time demands greater technical input.

The Russian market in particular performed positively last year, with the business offices in Moscow and St. Petersburg further strengthening their market position. Following successes in Slovenia and Croatia, Creditreform is now planning to extend its activities to the other parts of ex-Yugoslavia.

## Something new in the West

At the business office in Luxembourg, which was opened in 2000, the number of commercial reports on companies has grown substantially and now, since last year, Creditreform Luxembourg has made online access to its database available to all clients: commercial reports can be obtained directly online or placed in a mailbox. The reports are available in German, English and French. This makes

Creditreform the first vendor in Luxembourg with a comprehensive and up-to-date online spectrum of this kind.

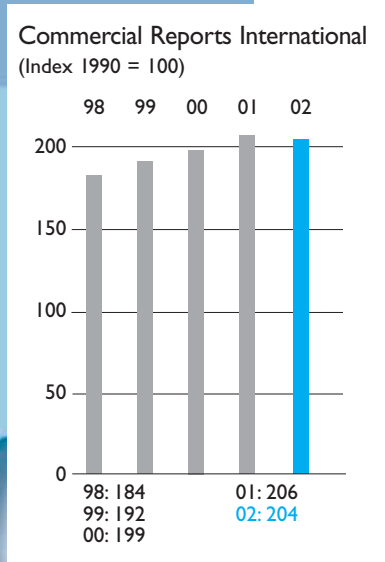
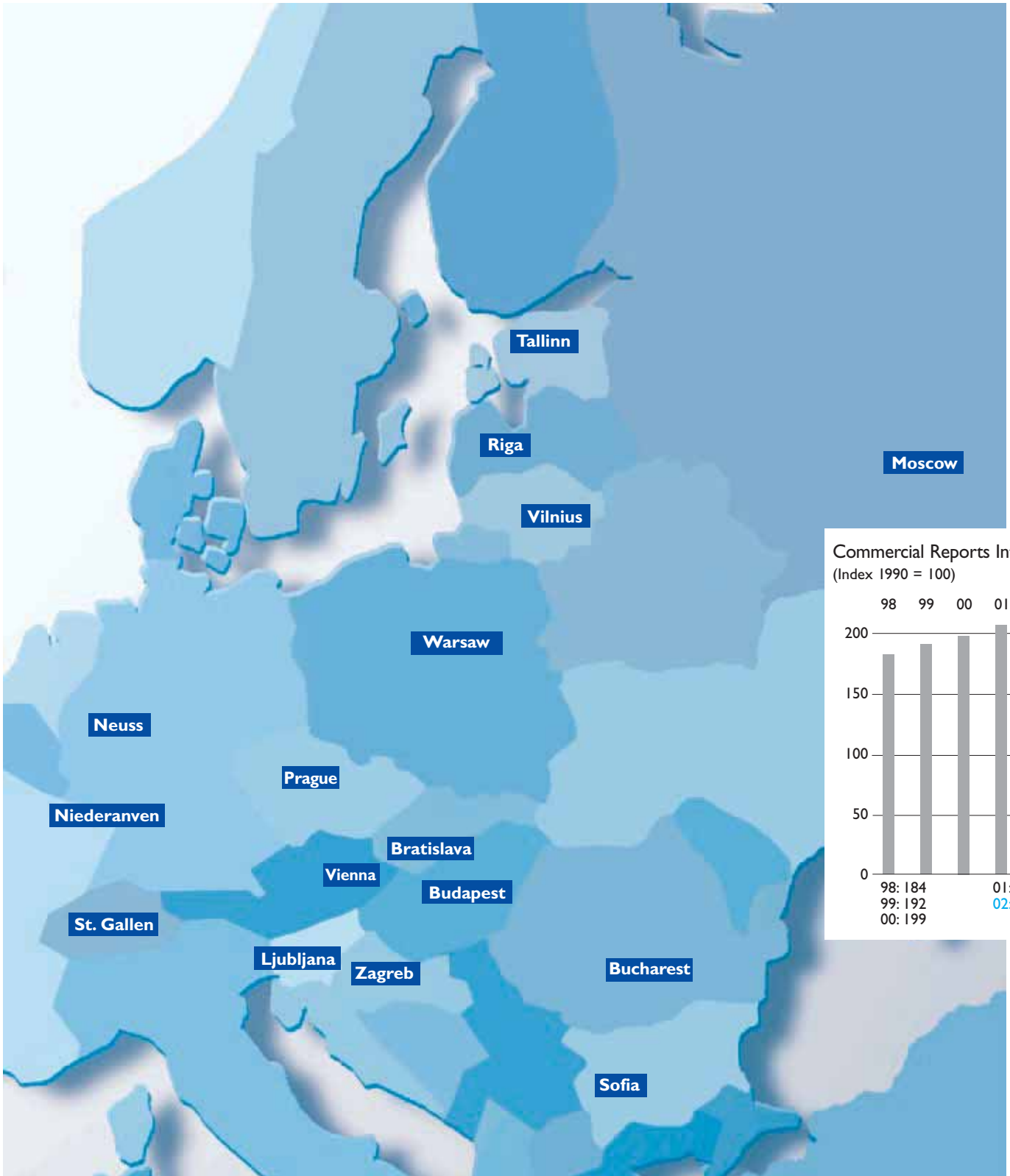
## Austria and the floods

Creditreform Austria has had to struggle with the sluggish level of economic activity in Germany – but it has come out on top. At the beginning of last year, there were signs of imminent growth, but then the US economy – and with it the global economy – sagged, and this did not leave Austria unscathed. In the second half of 2002, the climate became a lot duller, something also due to the massive damage caused by the flood catastrophe. All the same, Creditreform Austria bucked the overall trend and posted sales growth of six percent.

The changes in lending regulations in connection with Basel II have been attracting press attention, and in Austria, as elsewhere, they have led to an increased need for information. Creditreform reacted by offering more than 30 conferences and seminars on financing in the context of Basel II. Organised in cooperation with competent partners, these have proved very popular, attracting several hundred participants. This in turn helped Creditreform Rating AG in the good positioning of the external rating procedure that it has been offering in Austria since the beginning of 2000.

## Swiss developments

Switzerland, too, was affected by economic problems in 2002. For the first time since 1997, business failures in the Alpine country increased – by 11 percent on the year before. In view of the troubled climate, Creditreform's own development must be seen as good. Although the



number of members stagnated, the sales volume was stepped up slightly. One reason for this stable development in such unstable times is the Swiss organisation's enlarged Inter-

net spectrum that has now been placed at the disposal of members. In November 2002, with the trunk release for national access to Germany and Austria, a future-oriented

improvement was implemented, enabling Swiss firms and private persons to obtain credit-related information more quickly.

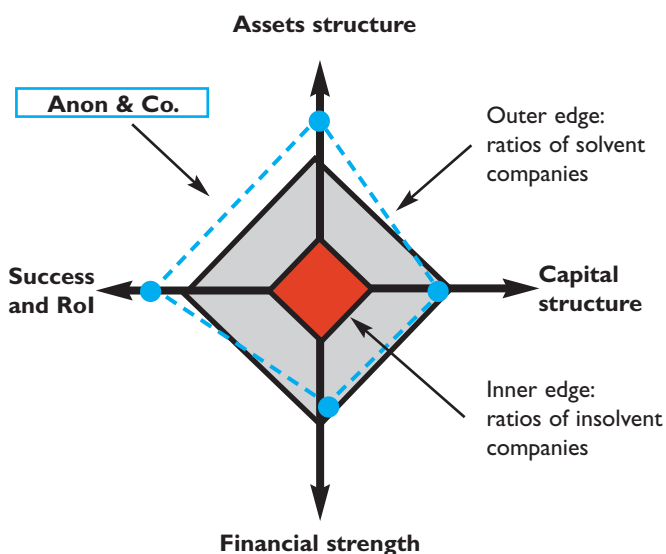
# Success through balance sheet rating

What does my balance sheet say about my company's credit-worthiness? This is a question many business-people ask themselves. Against the background of new rating procedures and stricter lending policies on the part of most banks, finding the right answer is often made a matter for the person at the top.

Within the framework of their annual credit-status examinations, banks increasingly appraise the financial statements of their business customers on a standardised basis, using key balance sheet indicators and carefully defined weighting methods to determine the solvency of their individual business customers. This means that nowadays it is not just tax factors which make the form and contents of a balance sheet important. Typical indicators or key ratios used in credit examinations are assets, capital, liquidity and earnings situation, shown in the illustration as four different dimensions.

Why do banks examine and evaluate company balance sheets in the first place? Their prime aim is to assess the probability of default. Experience shows that certain indi-

cators can highlight the threat of negative developments up to two years before these developments actually occur. Weaknesses on the financial or earnings front may well be early harbingers of an insolvency. And a systematic balance sheet analysis enables these to be evaluated.



## Converting weaknesses into strengths

The rhombus illustrates the relationships involved. For each of the four dimensions – assets, capital resources, financial strength/liquidity and earnings situation – a comparison is carried out with the typical patterns generated by firms with specific levels of solvency. The outer rhombus shows the indicators for solvent companies, the inner, red area the patterns found among insolvent firms.

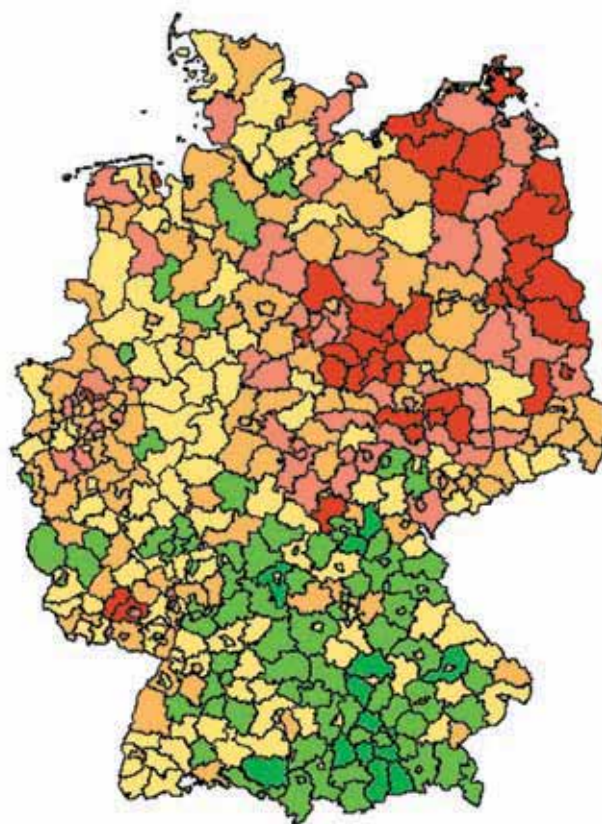
Solvent firms have better indicator attributes for return on total assets and equity ratio than distressed firms, so the attributes for healthy companies are positioned on the outer edge.

The basis for the Creditreform approach to balance sheet rating has been derived from empirical research on insolvency, and the approach has been verified and optimised by cross-checking it against the annual financial statements of tens of thousands of firms with varying degrees of credit-worthiness. In 2002, many companies made their balance sheets available and commissioned Creditreform to conduct a rating. With a grading system like that used in German schools (with I as the best grade), the level of solvency revealed by a balance sheet is assessed; the rating procedure also shows how this has developed over time.

PD stands for "Probability of Default" as determined from the balance sheet. The Creditreform balance sheet rating is rounded out by comparing a number of different indicators with the figures from comparable businesses or business sectors. A Creditreform balance sheet rating enables small and mid-sized enterprises to prepare themselves thoroughly for credit discussions with their banks and also to gradually optimise their balance sheet policies. Such firms quickly learn which particular key ratios play a decisive role in any appraisal of their particular credit status.

## Solvency atlas

The "Credit Status Atlas Germany" is a joint product of Creditreform Rating AG and ExperConsult Wirtschaftsförderung & Investitionen GmbH & Co. KG. By depicting the insolvency scene nationwide, it can serve as a pointer to the risk structure of firms in all the main regions, towns and cities in Germany. It enables the danger potential for individual companies or business sectors in different parts of the country to be identified, thus highlighting any threat of such insolvency-related consequences as credit defaults, tax revenue shortfalls or personnel cut-backs.



### Risk classes for all German administrative districts

- |                         |                          |
|-------------------------|--------------------------|
| ■ very low default risk | ■ increased default risk |
| ■ low default risk      | ■ high default risk      |
| ■ medium default risk   | ■ very high default risk |

The picture of Germany presented by the atlas repays closer, more detailed examination. In addition to considerable differences between the West and the East of the country, there is also a marked North-South gradient. In all, of the 439 German local districts and autonomous towns and cities, only 13 (3 percent) are in Risk Class I, the most favourable category, where the default rate is under 1.5 percent. On the other hand, almost one district in every three is now in Risk Class 5 or 6, with a default rate of more than three percent overall. In 2002, the nationwide default average was 2.6 percent.

# Value added Marketing

Micro-marketing and geo-marketing are becoming increasingly important. It is widely recognised that consumer demand is now more individualised than it was even just a few years back. So addressing consumers systematically is a basic prerequisite for achieving a competitive edge – and this gives target group demarcation growing significance.

In this context, more and more companies – in banking, services, power, commerce, industry, telecommunications, transport, administration and insurance – are discovering the role that can be played in the planning, coordination and control of their sales and marketing activities by carefully evaluated data based on locational criteria.

Virtually all data on customers and potential customers can be related to a specific residential location. At microm, the figure is generally over 95 %! Merging internal company data with external data permits precise appraisal of customer structures. Enhancing such data to provide useful information can help to provide an answer to a vital business question: Where, and where not, are my marketing efforts successful?

## Knowledge is power

With its spectrum of services, microm is of interest to companies which in future want to concentrate even more strongly on accurate address-related and locational market and sales analyses and thus require meaningful information on their customers and their markets. Up to now, geo-marketing was used mainly for running sales forces; now, though, microm offers not just micro-geographical facts and figures but above all individualised customer score data such as present situation, response, mailing, location, market and penetration analyses. This provides the requisite criteria for business decisions on the sales front and in marketing.

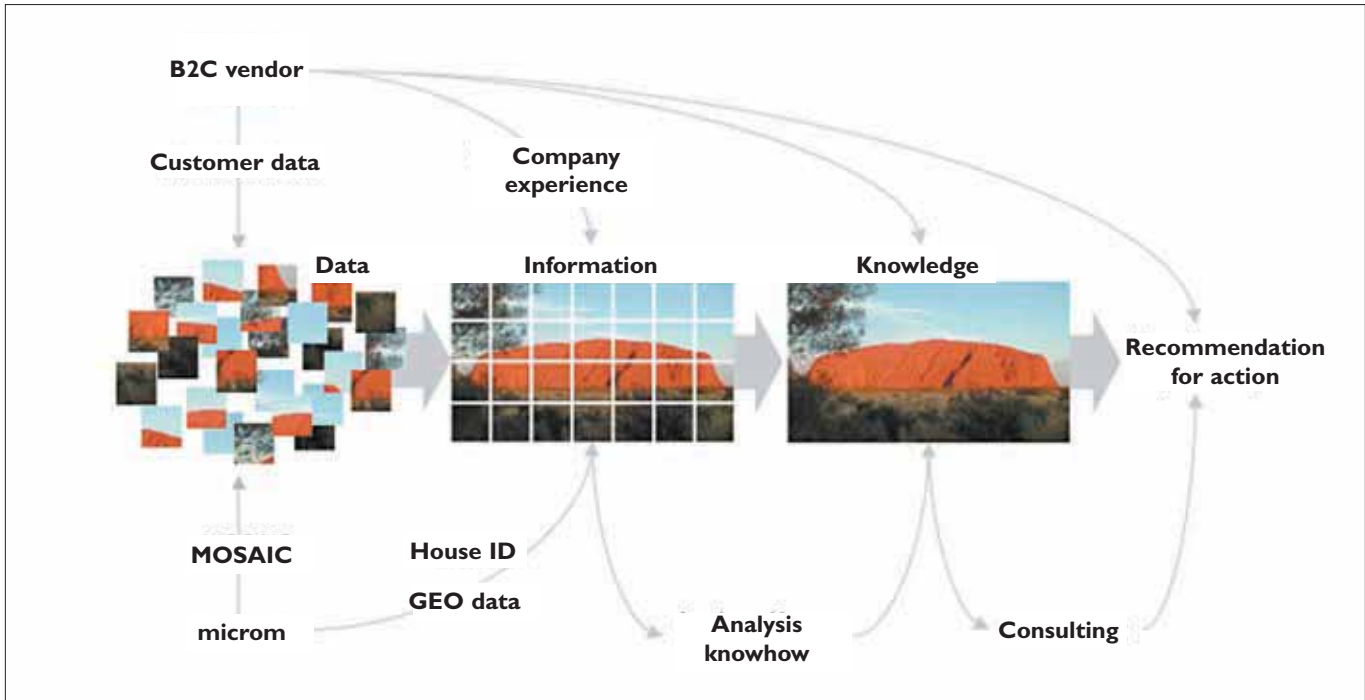
In such analyses, a key factor – in addition to the depth of information and the quality of the data – is the individuality of the solutions provided. Together with each client, microm "tailors" the ideal way of finding an answer to every question. The combination of microm's own analytical expertise and a company's experience with its own clientele enables truly customer-individual scores to be developed,

In a number of project stages, the knowledge available on a company's customer base is steadily refined to enable sub-marginal customers to be excluded. This can save time and money when it comes, for example, to reactivating



former customers or identifying unprofitable potential in the acquisition of new business.

Other analyses examine both the demand conduct and the payment morale of customers and potential customers per branch or outlet. The information obtained in this way, together with the relevant locational data, enables, for instance, the product or service range offered by any single business unit to be put together independently of



a centralised list. Banks, say, can then use such locational analyses of customer structures to select the best possible sites for their branch offices or cash dispensers. Risk analyses enable mail-order companies to evaluate differing delivery and payment terms right from the start. This speeds up response times.

### Focused know-how all from one source

Today, there are a good many companies engaged in the field of applying and marketing micro-geographical data and systems. They range from those which offer just software solutions or data through to firms which provide customised consulting services on the basis of geo-data, followed by project implementation and quality analysis.

With the steady growth of this market, the wealth of expertise on different business sectors is expanding. At the same time, though, client companies are becoming more demanding, more discriminating. They are now no longer interested in stand-alone solutions; increasingly, they are looking for an integrated, interdisciplinary approach to the use of address-related and locational data, and for refined market analyses on their customers. And they also want support and advice on how to utilise, adapt and implement these.

Cooperative ventures between specialists of different disciplines to develop solution-oriented and thus benefit-generating offers form the basis of the microm network. microm can definitely claim to meet today's more sophisticated requirements and provide the services that companies really want and need.



# The more you know, the safer you are

Information can be a great help in ensuring optimum service for existing customers or in acquiring new business. What counts, though, is not so much the quantity as the quality and the appropriateness of that information. Practical experience shows that successful data management is only possible if the data itself is first class.

## Updating present customer data

Companies write regularly to their customers and often to former customers as well. But in the course of time, response rates decline and the proportion of mailing shots that cannot be delivered rises. It becomes apparent that firms have moved or even no longer exist. But for cost and capacity reasons, most firms are not in a position to carry out any internal check of their entire customer base.

Many companies invest a lot of time and money in gaining new customers, and then they make sure that the relevant data is accurate. But the information they have on customers with whom there is no longer any regular contact very quickly becomes outdated. As a result, old contacts cannot be reached and sales opportunities are lost.

But with the help of bedirect, this problem can be avoided. Using a reference key, for example the Crefo Number, bedirect links the client company's stock of customer data with its own database. This enables addresses to be confirmed and indicates any changes. And it provides access to additional profiling information (such as business sector or number of employees). This reduces wastage – and supports sales.

## Target groups for new business

An example: to acquire new business, a company uses both mailing shots and telephone marketing. For this purpose, it employs address CDs and data from traditional address list publishers. But it soon discovers that the results achieved by the mailing shots that are based on the leased addresses do not meet up to expectations.

One reason can be the fact that conventional address list publishers acquire their own stocks by centralised evaluation of a whole host of different sources. So the quality of the address material naturally depends on the sources used – and this can vary considerably. Another drawback is that these sources give no indication as to whether a firm is actually still in business – but one that isn't is most unlikely to require goods or services!

Business information services operate differently. They invest a great deal of time and effort in their own research, Creditreform, for instance, checks out many thousands of data sets every day in 130 business offices in the course of its credit assessment work, and these data sets contain information that is highly relevant to marketing and sales efforts.

## What counts is the data basis

As a company owned jointly by AZ Direct and Creditreform, bedirect is the only firm in Germany that combines the research quality of a business information service with the experience of an address publisher.



Creditreform carries out its research decentrally, on the spot, and thus obtains far more content and more up-to-date information. Its commercial reports on business firms contain facts and figures that can play a key role in assessing sales opportunities. Its ability to access this information enables bedirect to offer marketing-oriented clients data of an exceptionally high quality.

The advantages are self-evident. The data can be used for selecting target groups according to such criteria as business sector or size of firm. And bedirect can provide the address file in any required format, ready to use. Linking the customer database with a reference number is the prerequisite for enabling non-current information to be eliminated and the data stock to be kept up to

date. Each data set can also be enhanced or supplemented as needed. In this way, optimum service for existing customers and target group-specific acquisition of new business can be guaranteed.

# Certainty – fast!

In 2002, election year in Germany, the financial situation of private households deteriorated. Some 2.8 million households are regarded as over-indebted, an increase of 300,000 on the year before. This means that statistically, one household in every 13 owes more money than it can



currently repay. One reflection of this: in the first half of last year alone, the number of orders for remands in custody rose by all of 11.3 %.

## **BoniMobil: Anywhere - anytime**

Against this background, credit-worthiness checks are growingly important. Where application and order processing is handled on a centralised basis, for example in call centres or with online shopping, such checks have

long since been indispensable standard practice. In decentralised organisations where customer acquisition is via sales staff, the situation is different. As a general rule, the first credit assessment is carried out back at head office, i.e. at a time when a contract has apparently been concluded, thus generating processing costs and claims for commission.

This is what prompted CEG last year to establish a possibility for checking credit status on a mobile basis via WAP mobile telephones. With the new solution, called BoniMobil, an assessment can be obtained right away, as soon as the customer data has been entered via the keyboard. Within seconds, credit status is displayed in the form of a graded categorisation and written text. This means that potential new customers can be checked out at an extremely early stage and an offer made in line with the results of the appraisal. The big advantage is obvious: since information is available much earlier, costs can be saved.

## **Person@address – Where does my debtor live?**

One recurrent task in the day-to-day business of credit assessment is checking whether a person does actually live at a given address. Above all in mail-order business and e-commerce, questions have to be answered urgently: does the person named actually exist at the address given? Will the goods arrive? And what about the invoice? After all, both an identity and an address can be faked. The more anonymous the business, the greater the risk.

In everyday business, dealing with such matters often requires a high input of manpower and money. The procedures used are generally not geared to volume work, so companies have to make do with random checks or spotting suspicious circumstances.

In 2002, CEG created an electronic tool to help. In future, the commercial report will include access to an up-to-date telephone file with around 36 million entries. Any inquiry made to CEG results in an automatic examination of this file and the result is entered in the report: for example whether there is third-party confirmation that the person being reviewed lives at the address given. This examination is completed in real time. If there is confirmation, the telephone-data is augmented and issued. If the queried person cannot be confirmed, for example because he or she is not the owner of the telephone connection, the search is automatically extended in an effort to obtain confirmation that a household with the given surname is to be found at the address, and the findings are forwarded.

This process of data-enhancement provides confirmation, or otherwise, that the delivery and invoice address is correct. At the same time, it is a valuable addition to the company's own data stock, for instance for active customer telephone service. The enhanced data can also be used as proof of delivery in dunning procedures. And, as a step prior to a post office or residents' registry office inquiry, helps to save costs.

### **Keeping an eye on existing customers**

At a time like this, when consumption is down and numbers of new customers are falling, customer relations and prompt and appropriate reaction to changes affecting present customers are increasingly important in securing revenues. The aim must be proactive



rather than reactive response. And this makes it vital for new information to be available as soon as possible and, ideally, with no need for any input by the business company concerned.

The monitoring system Alert, launched in 2002, meets these requirements. The customer base or the stock of existing inquiries is checked regularly for new or changed features, and findings are supplied electronically. The factors examined range from changed names or addresses, new negative credit features and current consumption activities through to new or changed accounts with regular payment obligations. If required, notification can be provided if persons under review take on new financial engagements. Possible preventive action varies in line with the type of business and the level of the customer relationship, but can include a

halt to deliveries, demanding cash on delivery or other assured means of payment and/or amending terms or the scope of services (a roaming block, reducing the credit line) or modifying instalment payments or repayment periods.

CEG's data stock is multi-sectoral and dynamic, and compared with post-facto notification systems can produce a time gain of several months, especially in the event of poorer payment response. This time can be used for precautionary action, thus avoiding the kind of damage that occurs when the reaction comes too late.

# SMEs in the doldrums

In Germany, more than 99 percent of all business firms belong to what is called the Mittelstand: small and medium-sized enterprises which are often still family-owned and family-run. Together, they employ 70 percent of the working population and produce just on half of the real value added in the corporate sector. The term Mittelstand embraces the huge host of micro and mini-firms as well as sizeable companies with several hundred employees. They operate in a very wide spectrum of business sectors and that fact, combined with their size-range, contributes significantly to economic stability in Germany, facilitates structural transformation, promotes innovation and ultimately helps to generate higher growth and greater prosperity.

## Not enough attention

Despite all this, official statistics do not provide a clear or well-defined picture of the Mittelstand's business situation. Only a few institutions have sufficient statistical information of their own to enable them to report regularly on issues concerning SMEs. In fact, though, there is a great need for reliable data and unprejudiced, empirically based information to permit a more objective study of – and, if necessary, argument on – the central issues involved here.

## Concentrated competence

This is why Creditreform, Deutsche Ausgleichsbank, the Institut für Mittelstandsforschung Bonn, the Reconstruction Loan Corporation (KfW) and ZEW, the Centre for European Economic Research – as the most competent institutions in this sphere in Germany – have for the first time just published their MittelstandsMonitor, launched as an annual report on the economic and structural issues affecting small and medium-sized enterprises.

## Exclusive data stocks

The core idea is to compile, merge and cross-check the results of different expert studies and present them to the general public in focused form. The exclusive data stocks of the project partners supplement one another and ensure that the new MittelstandsMonitor has a broad, empirically founded base. One regular part of the report will be an assessment of the economic situation of SMEs and of activities on the start-up and liquidation front. Other articles will deal with specific SME concerns against the background of the overall economy. The first issue is devoted to "SME Financing Undergoes Transformation" and "Innovation – The Challenge for the Mittelstand".

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## MITTELSTANDSMONITOR 2003

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## Lacklustre economy

Against the backdrop of weak growth in the past three years, the level of economic activity among SMEs has slowed down. Most SMEs are oriented to the domestic market and so have been severely affected by the weak level of demand in Germany. The key economic indicators used by the partner institutions (KfW's SMEs and the Economy indicator, Creditreform's Survey of Orders Situation and Sales Climate) were last year at their lowest point for a considerable time. In the West of Germany, there was a marked downturn, while the Eastern part of the country remained relatively stable, although at a low level. This year, the partner institutions expect the situation in the Mittelstand to stabilise.

## Decline in start-ups

Since 1999, the number of start-ups has been falling. Although there is still a positive balance between the number of start-ups and the number of liquidations, it is significantly worse than it has been. It is notable that, despite the sluggish economy, the number of start-ups in high-tech sectors is still almost as high as it was in the mid-90s.

## Equity ratios must improve

German SMEs have a relatively low equity ratio, and in the wake of the structural transformation in the financial markets, this needs to be improved significantly. Alongside internal financing, the most important financing instrument will remain traditional bank loans, with modern rating procedures making it possible to set interest rates in accordance with the credit risk in each case. SMEs themselves will in future have to show more openness and demonstrate greater transparency vis-à-vis credit institutes.

## Reinforcing innovation

Innovation in Germany centres far more on manufacturing than is the case elsewhere. Around a quarter of all R&D expenditure in Germany, for instance, is geared to the automotive industry. This out-of-kilter situation



makes it clear that SMEs will have to attach more importance to broadening their efforts in this field. But before that, the smaller companies in particular will have to overcome the obstacles that hold innovation back – and these include a lack of own resources.

# Flood of insolvencies by private individuals

The strong rise in the number of insolvency applications filed by private individuals in Germany in 2002 (up 285.2 percent) was due largely to the new opportunities offered by the relevant law.

## **New insolvency law impacts on statistics**

In December 2001, the insolvency law in force since 1999 was amended. Most of the new regulations concern the proceedings governing consumer bankruptcies, introduced in 1999. The consumer insolvency proceedings enable private persons and small firms to file for insolvency and undergo bankruptcy proceedings – with the aim of lasting debt clearance.

## **Deferment of court costs**

In the original version of the law, one controversial point was how to deal with private individuals who are so indebted that they cannot raise the costs of the proceedings. In the amended version, this problem has been solved by enabling the court costs to be deferred. So if a person is not in a position either to settle their creditors' claims or to raise the court costs, the money for the latter is advanced by the public purse. Payment of these costs can be demanded for up to four years following the granting of residual debt clearance. After that, they lapse.



### **Period of good conduct, residual debt clearance and zero plan**

Consumer bankruptcy proceedings are followed by what is called a good conduct period, lasting six years. During this period, everything earned by the debtor above the seizure exemption threshold must be passed to a trustee. Court costs are settled before creditors' claims. At the end of the six-year period comes "residual debt clearance" – the bankrupt individual is freed of all the debts accumulated before the opening of the insolvency procedure.

Another debtor-friendly rule is the recognition of so-called "zero plans" in those cases where the lack of any assets means that a bankrupt cannot offer the repayment of any of his debts.

### **Rules governing the formerly self-employed**

Together, these new rules last year helped to generate a flood of applications for bankruptcy. Many consumers

took advantage of the chance to obtain lasting debt relief, but so, and above all, did people who had previously been self-employed – people forced to file for bankruptcy for themselves and their business. Since the business collapse raised the issue of personal liability, they applied for a private bankruptcy, too, as a way of ridding themselves of all their debts.

In 2002, 22,900 consumers underwent insolvency proceedings, an increase of 69.8 percent on the year before. Among the formerly self-employed, the rise was even steeper: the number of cases totalled 21,800, equivalent to an increase of 500.6 percent.

# From association to joint-stock company

2002 saw the founding of Creditreform AG as the umbrella company for the central operating units of the Verband der Vereine Creditreform e.V., the subsidiaries and joint ventures. This means that Creditreform AG is the holding company for aCS (acoreus Collection Services), bedirect, microm, CEG, ECOFIS, e-crefo and Creditreform Rating AG. It is these companies which are actively present in the market, while Creditreform AG itself is not involved in operational business. The newly incorporated company is owned 90 percent by the decentralised Creditreform agencies and 10 percent by the central Verband der Vereine Creditreform e.V.

The above-mentioned Creditreform AG subsidiaries and joint ventures round out Creditreform's traditional spectrum of services in the field of business information (commercial reports) and debt collection.

CEG, for instance, was formed to handle credit-status assessments and business information regarding private individuals. It offers credit-granting companies in the German market dynamic consumer information. In combination with integrated risk management solutions, it helps to provide greater security and dependability in granting credit to final consumers. Based on the idea of pooled information, it brings together data from all the participating companies on the payment conduct of customers and consumers, making reliable and up-to-date facts and figures available to all the members of the pool.

aCS, a Creditreform AG and Acoreus AG joint venture is a debt collection company that conducts receivables management for call-by-call und Internet-by-call vendors.

aCS has specialised expertise in handling electronic debt collection on a volume basis for these particular business sectors.

Our activities in the field of marketing information, drawing on the Creditreform database that covers 3.5 million firms and ten million private individuals, have also been brought together under the umbrella of Creditreform AG. These activities are handled by bedirect on the one hand and microm on the other. Backed by its database on business firms throughout Germany, bedirect - jointly owned by Creditreform and AZ Direct (part of the Bertelsmann Group) - offers tailored-made system solutions for supplementing, updating and precision tapping of business customer data stocks. microm focuses on local markets, offering micro-marketing systems and consultancy services. It develops system solutions for innovative target group marketing based on precise data. In the past decade, microm has evolved into a leading specialist for micromarketing and target group marketing services right across the business spectrum.

ECOFIS und e-crefo are two further suppliers of high-end products under the umbrella of Creditreform AG. ECOFIS GmbH, a joint venture with DIHK, the German Chamber of Industry and Commerce, offers a first-class portfolio of services in network management, IT security, hosting and web technologies and cooperates closely with its clients in developing customised solutions. e-crefo GmbH concerns itself with the development of the Internet as an electronic marketplace. It identifies market players and by providing credit status assessments on an automated basis helps to create greater security for Internet business transactions.

Then, finally, there is Creditreform Rating AG. It is geared to helping business firms, especially SMEs, to meet the requirements created by Basel II in the field of credit-worthiness appraisals and in respect of the lending policies of banks. Creditreform has over a hundred years of experience in assessing and evaluating business companies and so it was only natural to offer German firms an external rating system tailored not just to the present situation, with the transformation of the banking scene, but also, and especially, to the financing structures of mid-range enterprises.

The founding of Creditreform AG, and particularly the ongoing development of the operating units it comprises, represent natural steps in the evolution of Creditreform's traditional identity as an organisation geared to responding flexibly to the changing requirements of markets and clients. From credit status infor-

mation as support for marketing measures to optimising volume debt collection for specific business sectors and areas of the economy, the goal always is to provide full service aligned to the client's workflow. The individual modules represented by these new services and companies now have a new home within the Creditreform Group: Creditreform AG.

**acoreus** collection services

*be* **direct**

**CEG**

**Creditreform** Rating

**ECOFIS**

**ecrefo** :

**microm**

# Insolvencies on new record level

Insolvencies in Western Europe reached a new peak in 2002. Over 240,000 business companies and private individuals filed for bankruptcy, a rise of 21.7 percent on the year before and the third increase in succession. The strongest growth in the overall number of insolvencies was registered by Germany, with 82,400. However, all of 44,700 of this total was accounted for by private bankruptcies. The number of business collapses also rose substantially, though, by 16.4 percent to 37,700.

Other countries with particularly marked increases were Spain (up 33.7 percent), Norway (20.8 percent) and Portugal (20.7 percent).

## Only three countries report lower insolvency figures

The only countries defying the general trend and registering a decline in insolvency totals were Greece (down 13.4 percent), Ireland (11.2 percent) and Luxembourg (minus 7.3 percent).

It was the biggest European economies which reported the highest insolvency totals last year. After Germany came the United Kingdom with 50,988 insolvencies, France with 38,688 and Italy with 15,600. So together, these four countries accounted for three-quarters of the Western European total.

## Germany tops the list

The list of Europe's biggest corporate insolvencies in 2002 is dominated by German companies. Germany accounts for seven of the top ten. Heading the list is construction giant Philipp Holzmann, followed by Babcock Borsig,

KirchMedia and Gontard & Metallbank of Frankfurt. The first non-German company comes in fifth place: Albert Fisher of the United Kingdom. Then comes German automotive supplier Peguform. In seventh place is France's biggest bankruptcy, IT company Metrologie. Next is KPNQwest of the Netherlands, followed in ninth and tenth places by two more German companies Fairchild Dornier and construction materials wholesaler Mühl.

Even though 2002 brought the demise of more large companies than ever before, it is small and medium-sized firms which are chiefly affected by insolvency. In Germany, almost two-thirds of firms going bankrupt employ at the most five people – and only 1.6 percent of all insolvency applications come from companies with over 100 employees.

## Services sector worst affected

More than 40 percent of all company failures in 2002 were in the services sector, fuelled above all by the collapse of firms providing consumer-related services. Services firms were hit by consumer reticence much more severely than retailers.

The increased number of insolvencies impacted on the European labour market, bringing the threat of unemployment to 1.6 million people in bankrupt firms. This was around 200,000 higher than the year before.

## The economic climate and financing problems as main causes

As well as the influence of the sluggish economy, SMEs – the chief victims of the insolvency wave – also had to

## Insolvencies in Europe 1997 - 2002

Countries	Absolute						Chances in Percent				
	1997	1998	1999	2000	2001	2002	97/98	98/99	99/00	00/01	01/02
Belgium	7,700	6,925	7,150	6,791	7,062	7,121	-10.1	3.2	-5.0	4.0	0.8
Denmark	1,800	1,800	1,586	1,732	2,189	2,472	-0.0	-11.9	9.2	26.4	12.9
Germany	33,398	33,977	33,870	41,780	49,510	82,400	1.7	-0.3	23.4	18.7	66.4
Finnland	3,611	3,136	3,080	2,908	2,793	2,904	-13.2	-1.8	-5.6	-4.0	4.0
France	61,068	55,000	41,186	37,449	34,876	38,688	-9.9	-25.1	-9.1	-6.9	10.9
Greece	1,300	871	694	636	591	512	-33.0	-20.3	-8.4	7.1	-13.4
Great Britain	37,000	37,500	46,900	47,404	48,397	50,988	-1.4	-25.1	1.1	2.1	5.4
Ireland	550	686	815	344	427	379	24.7	18.8	-57.8	24.1	-11.2
Italy	14,878	15,000	14,760	15,000	15,200	15,600	0.8	-1.6	1.6	1.3	2.6
Luxembourg	425	423	545	597	750	695	-0.5	28.8	9.5	25.6	-7.3
Netherlands	5,547	5,031	3,920	3,726	5,832	6,358	-9.3	-22.1	-4.9	56.5	9.0
Norway	3,300	3,347	3,342	3,576	3,541	4,276	1.4	-0.1	7.0	-1.0	20.8
Austria	6,400	7,319	8,934	9,006	8,777	9,023	14.4	22.1	0.8	-2.5	2.8
Portugal	621	783	999	1,308	1,594	1,924	26.1	27.6	30.9	21.9	20.7
Sweden	11,000	9,200	7,261	7,301	8,012	8,387	-16.4	-21.1	0.6	9.7	4.7
Switzerland	9,190	8,850	8,490	8,300	8,145	8,802	-3.7	-4.1	-2.2	-1.9	8.1
Spain	1,135	896	620	602	335	448	-21.1	-30.8	-2.9	-44.4	33.7
<b>Total</b>	<b>198,923</b>	<b>190,744</b>	<b>184,152</b>	<b>188,460</b>	<b>198,031</b>	<b>240,977</b>	<b>-4.1</b>	<b>-3.5</b>	<b>2.3</b>	<b>5.1</b>	<b>21.7</b>

cope with financing problems. Serious difficulties in maintaining liquidity levels, which is one of the chief drivers of insolvency, are caused, among other things, by the poor payment conduct of many customers. In particular in Italy, France and Belgium, getting an invoice settled can involve a long wait, with anything from 39 and 66 days between the stipulated payment period and actual settlement.

Financing remains the Achilles' heel of SMEs in Europe. The combination of a low equity ratio, liquidity bottle-

necks, lower profits and increased difficulty in obtaining outside capital as the result of Basel II often leads straight to bankruptcy. On top of all that come unfavourable fiscal and economic policies.

# Pisa and Basel

The Creditreform Academy has a three-part structure. It provides internal training for its own employees, organizes specialised conferences with external speakers for members and other interested parties, and offers a comprehensive range of seminars for members regarding all aspects of financing for small and medium-sized firms.

2002 saw the continuation of the series of conferences introduced the year before on Basel II and the new law of obligations and the amended insolvency legislation, under the heading "What Now, Creditor?" SMEs demonstrated particular interest in Basel II and its consequences - and in view of the fact that the new rules will become harsh reality in three years at the latest, this is understandable.

## Investing in training

Creditreform's training programme for its own staff has a threepart structure. There is the Academy programme with a total of more than 45 seminar topics and over 150 events. For entry-level executives and future managers, what is called the Management Academy has been developed, in cooperation with external experts and professors. This is an intensive course of study lasting nine months, offering advanced training in all business management and IT matters and familiarising participants with their future duties within the Creditreform organisation.

One new development last year was the launching of the Creditreform Managementforum. This is geared to conveying expertise and practical experience. The one-day sessions are led by well-known lecturers and addressed by experienced practitioners. One priority is providing time for an exchange of views among the participants

themselves. The Managementforum is held twice a year exclusively for senior Creditreform executives.

## Know-how succinctly packed

The external training programme – the seminars and conferences for Creditreform members – has been thoroughly revised and updated. In respect of both subject matter and speakers, the programme is geared to people who own or work for SMEs. The trainers are selected accordingly. Creditreform has been able to acquire the services of two new very competent people to run the seminars entitled "When Customers Go Bankrupt" and "Accounts Receivable Management in Small and Medium-sized Firms". One, Dr. Martin Gogger, is a judge at Würzburg local court and the Bamberg upper regional court specialising in insolvency, civil and company law. Since he has also long been involved in the training of lawyers, Dr. Gogger is not just an insider but also knows how to get his expertise across.

His seminar looks at ways of securing debts prior to any bankruptcy by a customer and deals with the rights of creditors in insolvency proceedings and the most appropriate form of reaction if a debtor should suffer a financial crisis.

## Debtors watch out!

The seminar on "Accounts Receivable Management" is presented by Martin Winter. Before joining Schwabe, Ley und Greiner (Treasury Consultancy and Training) in 2001, he was a project manager for a number of large companies in the fields of cash, liquidity and risk management.



He focuses chiefly on handling and processing receivables. Participants learn how to speed up the settlement of their invoices and minimise bad debts. In addition, Martin Winter outlines the main functions of an accounts receivable manager and emphasises the importance for SMEs of effective control in this area.

The seminars given by Professor Bernd Weiss – "Early Identification of Insolvency Risks among Customers – And How to Avoid Them" and

"Analysing and Appraising Balance Sheets Appropriately" – have been updated to take recent legislative and business developments into account. At the end of his seminars, participants are given a diskette with a programme enabling them to apply what they have learned.

Lawyer Dirk Schott is again running the well-established seminar "Debtors abroad". In reaction to increased demand, the focus is now on Europe. This permits detailed

depiction of the situation in the most important countries for SMEs involved in crossborder trade on the continent.

The subject addressed by Professor Klaus Kampmann is "Handling Bank Relations Successfully". He looks at ways in which small and medium-sized firms can improve and strengthen their relationship with their bank. And against the background of Basel II, this is a highly topical matter.

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