

## MPW Industrial Services Relies on CreditRiskMonitor to Pinpoint Risk in Troubled Industries



Lee Tompkins isn't your typical credit manager. He's heard this repeatedly throughout his financial career, and now, as Credit and Collections Manager at MPW Industrial Services, his unique approach to managing 500 customer accounts—including many in risky industries—illustrates just how true that is.

Founded in 1972, MPW Industrial Services is a privately held company offering industrial cleaning, facilities management and industrial water purification services to thousands of clients throughout North America. MPW experts develop technology-based services that get the dirtiest, most challenging cleanups done at lower cost and with less risk. The company is based in Hebron, Ohio, with more than 3000 employees in over 70 locations.

When Lee joined MPW in 2015, he brought 25 years of credit experience and an innovative credit philosophy that relies equally on accurate, real-time data and building strong relationships with key stakeholders, from customers to collections to sales.

*“Using CreditRiskMonitor is like getting out in the field and wearing a helmet. It's required to do this job effectively.”*

### STRUGGLING INDUSTRIES REQUIRE NUANCED CREDIT ANALYSIS

As a credit and collections manager, Lee says, “the same challenge is always there: you're trying not only to turn invoices into cash from a credit collection standpoint, but also to mitigate risk in a portfolio.” Yet it's not always so cut and dry. Financial conditions change fast, and MPW's portfolio includes many public companies in business sectors where accurately evaluating customer financial health can be difficult.

Industries like paper, steel, and energy have recently been challenged by slow economic growth, and in the case of energy, unprecedented liquidity problems. As a result, one-fifth of all of MPW's receivable dollars are tied to companies that have FRISK® scores in the red zone. Lee's job is to constantly monitor them and look for the “gray areas” so he can help the sales team make deals work.

In these troubled industries, relying only on an arbitrary credit score cut-off or the AI-

### AT A GLANCE

MPW Industrial Services, a growing, privately held industrial services company with 3,000 workers nationwide

#### User:

Lee Tompkins  
Credit & Collections Manager

#### Challenges:

- Manage portfolio risk in troubled industries
- Maintain a nuanced understanding of customer financial health to maximize profitable sales opportunities and inform MPW credit terms for financially challenged accounts
- Communicate timely, accurate data to CFO

#### Solution:

- Relies on CreditRiskMonitor as an essential tool in his credit information “toolbox”
- Contributes trade data to track risk across all MPW portfolio accounts
- Uses FRISK® score, all reports, and expert user skills to obtain the data his finance organization needs to approve orders and mitigate risks

#### Results:

- Employs creative credit solutions to enable sales that might otherwise be deemed too risky
- Alerts sales and CFO to material changes that may affect sales and credit policy



Altman Z-score can cause you to get too negative, too fast. To account for the industry-wide challenges many MPW customers face, Lee uses CreditRiskMonitor to take other factors—like their days past due, payment index and scores, and FRISK® score—into account. CreditRiskMonitor “is constantly monitoring your portfolio for changes, risks, solvency, upheaval, and liquidity concerns. Information that guides you in your day-to-day, and your quarterly or annual reviews, as it relates to extending credit and collecting money,” Lee says.

### **CREATIVE TERMS HELP MAKE THE SALE**

Lee has spent time in the field with the sales team, getting familiar with their challenges and building relationships. Trust, he believes, goes a long way toward helping you both manage risk and exploit opportunity. “When you’re the credit manager of any organization, you can have an adversarial relationship with sales, or you can have a very supportive one. It’s always been my style to explore every avenue that I can, to make a sale occur, and not say no,” he says. For good customers, this might mean increasing credit limits. For riskier customers, it could mean asking for a down payment or offering discounted terms in exchange for faster payment.

For instance, last year a client had receivables on the books deep into six figures. Planned seasonal services would have exposed MPW to hundreds of thousands of dollars more. Around the same time, the company acquired another struggling company and its risk of bankruptcy skyrocketed. Fortunately, CreditRiskMonitor alerted Lee in time.

To mitigate MPW’s risk, Lee offered the customer aggressive payment terms. As a result, when the company filed for bankruptcy approximately six months later, MPW’s risk exposure was in the low five figures, down from a high of over a half million dollars. “When I think of the money spent on CreditRiskMonitor as compared to what we could’ve been hit with,” Lee says, “the savings are huge.”

### **TRADE DATA PUTS MPW’S A/R IN CONTEXT**

As a trade contributor, MPW contributes trade files from

multiple divisions and receives customized reports on its dollar risk exposure based on CreditRiskMonitor’s analysis of that data. Lee says, “The thing that CreditRiskMonitor does, that has such value, is the slicing and dicing of your portfolio, not everyone else’s.” On top of that, trade data gives you “that ability to look at your hidden slow payers, predicted slow payers, and receivables at risk, and see the number of customers and dollars involved.”

### **CUSTOM REPORTS SIMPLIFY CREDIT REVIEW**

The Hidden Slow Payers, Receivables at Risk, and Receivables Snapshot reports are particularly valuable when Lee needs to provide his CFO with key metrics for understanding portfolio risk. He also appreciates being able to download customized data from CreditRiskMonitor into an Excel spreadsheet when he and his CFO review credit limits by customer. In addition to viewing all the necessary financial metrics, they can easily see historical and seasonal trends, and even relevant industry data by SIC code.

Lee also relies on CreditRiskMonitor data to create a special 1-page report that his CFO uses to evaluate credit limits beyond a specific credit granting authority. Lee’s customized snapshot depicts creditworthiness at a glance with a color-coded, graphical presentation of relevant data, including FRISK® score, Altman Z-score, Moody’s rating, days past due, key ratios, total revenue, net income or loss in previous year, and return on equity.

### **EXPERT ADVICE**

Lee recommends new users take a look at the tool for just a few days to “quickly see the added value of being able to support your finance and sales organizations. It’s not just risk mitigation; it’s growth, too.” Then experiment with how you can customize it to serve you best. “Using CreditRiskMonitor,” he says, “is like getting out in the field and wearing a helmet. It’s required to do this job effectively.”

We thank Lee for his loyal and innovative use of CreditRiskMonitor since 2008, and we look forward to supporting his team for years to come.

