Interview Glen Bullivant

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Title (suggestion): **Interview Glen Bullivant: Brexit will not over seriously impact business in Europe**

On 23 June 2016 the British voted to leave the EU and the shock waves that came with that vote seemed to have calmed down quite a bit. Is this the proverbial silence before the storm or will the situation normalise? Since Theresa May has been appointed prime minister, Brexit seems to be off the political agenda. However, it probably is a matter of time before Brexit will hit the headlines again. The question is what will Brexit ultimately mean and in particular for credit managers. In this interview I talk with Glen Bullivant, president of FECMA, who shares his personal opinion on the potential effects of Brexit for credit managers in Europe, developments in Europe and the impact on the future role of the credit manager.

What could be the biggest impact of Brexit on credit management?

Glen:"In my opinion I don't think that there will be many changes. I say this for two reasons. One, there has been sound trading relationship between companies in the United Kingdom (UK) and companies in Europe (EU) for many, many years. Even before the days of the EEC. So I don't see any reason why these relationships will suddenly not continue. The only thing that may be different after a post Brexit is the paperwork involved, but the principle of open account is established. The political risk in the UK and Europe is quite minimal, so companies do not have much to worry about in that respect.

The second point is that the UK has solid trade relationships with companies from outside Europe, such as Canada, the United States, Australia and other countries for many years. Again, I expect there will be more paperwork, but business between UK companies and non-European companies will continue as usual. I do not see business as a political issue, but just as export. Of course, there are "trade deals" between countries and regions, but they only facilitate trade, thet do not necessarily create trade – I have something you want to buy, that is trade!

What we don't know, and that is the crucial point, is that once Article 50 has been triggred by the new prime minister (Theresa May) there will be two years of negotiations and we don 't know what will be agreed in that timeframe. Theresa May was a Remain supporter, but she wasn't exactly one hundred percent 'red hot' Remain. She had her doubts about certain aspects of the European Union, but she is a very principled person. I think she will negotiate the best deal for both the UK and the EU. I think the problem lies more with the EU than with the UK.

In short, as I said, I think Brexit will not bring many (radical) changes. Most changes will have an administrative character. The principles of doing business will basically remain the same . Besides, many standards in the UK are more or less the same in the EU, like standards related to CO2 emissions, standards related to the environment, health and safety and so on. "

What is your opinion about a potential new banking crisis in Europe, in particular with regard to the situation in Italy. How should credit managers mitigate this potential risk?

Glen:"There are two aspects here. One, this is a Euro Zone issue and as far as the UK is concerned, I expect that we will be quite immune from problems that arise in respect of the Euro. In case the banking problems in Italy should escalate, we (UK companies) would deal with it the same way as we have tended to deal with similar problems in Greece. Depending on the level of exposure, we would make an exception to trading on open account and look for some degrees of security, regardless whether it is bills of exchange, letters of credit or any other kind of formalised form of export trading. However, that would be a worst case scenario. One should keep in mind that many people still do business with Greece on open account. And in many cases people think that the situation has not over seriously impacted their business. Another big issue that takes place is that there has been a modest growth in things like barter. "

Now you mentioned Greece. What is your opinion on the current situation and (potential) bailouts? Will Italy face the same kind of problems?

Glen: "I think there is a much more fundamental issue here. The Greek situation has not and will not go away and it has not and will not be resolved in the way as it is being done. The same thing could well happen in Italy. The Italian situation is second only to Greece in terms of GDP/debt ratio. Besides, the fundamentals of their economy do not offer a lot of potential for high growth. In that sense, Italy is on par with the situation in Greece. The only successful bailout that has taken place – and worked – is the one with Ireland. Why? Simply because they rolled their sleeves up and accepted that they have to work till 65 or 70 and that they cannot afford full pensions at the end of their working life."

What do you think about the economic situation in France?

Glen: "One of the countries I am currently a bit worried about is France. The French economy is in a bad way and they have to face the fact that they have to buckle down. France has a culture of protests and strikes when they don't like economic measures. I have my doubts whether they can make the necessary changes (in mindset and behaviour) in time. "

If we look at Brexit from the historical perspective of the euro and the relationship between Britain and Europe. What is your vision on the future of the Europe and the euro?

Glen: "Although I firmly believe we should have stayed in the European Union, there is something fundamental to the whole Brexit scenario. There is an old Shakespearian phrase that we use in the UK: "There is something rotten in the State of Denmark". As far as the euro is concerned, at the time that the euro was launched Britain did not qualify, so Britain did not join. Only four countries actually qualified at that time: Italy, France, Germany and the Netherlands. Politically, however, that was not good enough for the EU commission. So they amended the rules, to allow more countries to join the euro. From the day the euro started it wass – in my opinion – a bubble waiting to burst and it is now vert close to bursting. In the long term there are major problems that credit managers across Europe will have to face and that is the whole question of the currency. I don't think that this will go away.

Britain leaving the EU implies that Britain is (still) part of the EU. Where did things go 'wrong' between mainland Europe and Britain?

Glen: "I wouldn't say that things have gone wrong between Britain and mainland Europe. What Europe tends to forget is that Britain was never one hundred percent in the EU. We have always retained a very strong transatlantic based economy rather than a transeuropean one. We did not join the euro. At first because we did not qualify and also because we recognized the weakness of the structure. We never joined Schengen and we never ever shared the ambition to politically integrate. Britain has had its own ways of doing things for many decades: we have miles, not kilometers; we have pounds, not kilos and we drive on the 'correct' side of road (laughing). In that sense, leaving the EU is no big deal. Physically, however, we are still the rain soaked island 21 miles away from France. Key to the whole issue and the ratification of Article 50 will not be the matter of free trade, but more about the matter of free movement. If Theresa May can negotiate some kind of cross –border agreement about who can freely enter or exit Britain, the outcome must be focused on opening up the market as far as British companies are concerned. However, neither of us know what is exactly going to happen and we are still much in the area of speculation. "

Ultimately Brexit is about politics and perception on politics. What is your opinion on this from an UK point of view?

Glen: "One should not forget that the British haven't trusted politicians since Winston Churchill in 1940 and that was very much on a "needs-must" basis. They certainly do not trust Juncker. Although we (the British) have negotiated a good deal with the EU, which is why I wanted us to remain inside the EU, I think a lot of the British people thought "Ok, we negotiated a good deal, but that lot over there are not representing our interests and we have to find all sorts of ways of seeing it through". I think that is partly what happened. A typical example of political expediency (and neglect of the interests of the taxpayer) is the second seat in Strasbourg. In the UK we have always called the railway line between Brussels and Strasbourg the 'gravy train'. Strasbourg soaks tax euros, but it is absolutely pointless – the UK perception is that it is ineffective and the real power is in the European Commission, which is unrepresentative."

What do you think of the future role of automation in credit management?

Glen: "I don't think automation is going to make a great difference. Automation has speeded up the way in which we can make decisions and speeded up the way in which we can obtain information, but the decision process and the things we have to do as credit manager at the heart of our business is the same now as half a century ago. It is in principle not different. The role of the credit manager is to promote the highest volume of profitable sales over the shortest period of time with a minimum of bad debt. The emphasis is on the word "profitable". It is the credit manager's job to find a way of profitably saying yes. Automation, such as electronic payment, customer segmentation and automated cash allocation will definitely contribute to higher efficiency, but there is a downside to this. We have to make sure that in this process we do not lose the person to person contact with the customer. Personalised customer contact, especially in business to business, is absolutely vital in our profession and we have to be very careful not to let electronic developments rule us, but rather us rule them."

What is your view on trends and developments in credit management in Europe? What can we expect?

Glen: "I clearly see a growth in the professional status of the credit manager and this will continue to increase. I think this trend is being led by the UK, in particular by the CICM (Chartered Institute of Credit Management). We notice a fairly substantial , not rapid, growth in the requirement of companies for people in credit positions to be professionally qualified. In various countries in Europe, professional credit management qualification is increasingly seen as an essential requirement for taking the role. Secondly, the role of the credit manager is going to be much more customer service focused. It is more and more being recognised, that customer satisfaction is at the centre of a company's operation. At the centre of customer satisfaction is the credit department, whose job it is to join all the different parts of the company together to achieve one aim: to achieve a satisfied paying customer. I see this development not only taking place in almost all West European countries, but also in Eastern Europe. We see the need to focus on the heart, which pumps the blood around the body, similarly it is the credit department which pumps the cash around the company.

As a final word. What would you like to say to the readers of Credit Expo Netherlands and Credit Expo Belgium?

Glen: "As president of FECMA one of the things that I am very keen to see post-Brexit is that the European credit management organisation continues to grow and prosper. In practical terms this means that the credit manager in the Netherlands or Belgium has the same access to that network in the UK, Germany, Spain or wherever, that he or she had before the UK decided to leave the EU. In other words: nothing changes. As such I think it will become more important for Dutch (Belgium) credit managers to become members of the Dutch credit management association VVCM (for the Credit Expo Belgium: IvKM) in order to maintain that unbreakable connection that the profession has established, regardless of borders, regardless of EU.

Would you like to learn more and/or meet Glen Bullivant in person? Glen will be a speaker at both the Credit Expo Netherlands (Thursday 3 November, Nieuwegein) and Credit Expo Belgium (Thursday 20 October, Brabanthal Leuven). Go to www.creditexpo.nl or www.creditexpo.be to learn more and we hope to meet you there in the Netherlands and/or Belgium.