AR CREDIT LIMITS

agrē is very flexible when dealing with customers with credit limits and cash customers. You get to decide what your company defaults are for handling cash customers and for credit customers who have reached their limit. You can set different behaviours for different customers and you can allow certain agrē users to override the defaults.

What you'll find:

What is a Credit Limit?

The customer credit limit is the highest dollar amount the customer is *allowed* to owe you.

Is a Credit Limit the same as a Line of Credit?

No, Lines of Credit recorded in the Banking Information section of the Customer Account are FYI only. They are not included in any credit limit calculations.

How Does agrē Decide How Much a Customer Owes You?

agrē doesn't decide – you do! agrē calculates how much a customer owes you based on the Company Level Credit Config Options that you select. If a customer has prepayment money left, you get to decide if this amount is part of the customer's balance or not.

Credit Limit Behaviours

What are Credit Limit Behaviours?

Credit Limit Behaviours determine *how* agrē checks a customer's credit limit, and *what it should do* when a customer reaches his credit limit. agrē needs to know if you want to include the customer's prepayment funds as part of their credit limit, and if it should be including unbilled loadout tickets as part of the customer's account balance. When a customer reaches their limit, agrē needs to know if it should come to a dead stop until the customer makes a payment, or if it should provide just a warning.

1. **When checking credit limits, use chargeable balance** (i.e. exclude prepayment credits from consideration)

    • This will use the customer's regular Chargeable Balance instead of the Net Balance whenever checking to see if they are over their credit limit – basically, having prepayment dollars on account won't increase their available credit.

2. **Prevent LOTs when customer is at or over credit limit** (unless all purchases on the LOT are linked to a prepaid work order line)

    • **"on"** is a dead stop for LOTs when the customer is at or over

    • **"off"** is a warning only

3. **Force immediate payment** on save of invoice when customer is at or over limit.

    • **"on"** will require an immediate payment of the entire amount of the balance that is over the credit limit (otherwise you won't be able to save the invoice)

    • **"off"** is a warning only

4. **Prevent adjustments** that increase customer balance when already over credit limit

    • **"on"** will prevent you from making adjustments to increase the chargeable balance

    • **"off"** will allow it, but with a warning

5. **When warning** about a customer approaching/at their credit limit, **include** the estimated value of **unbilled LOTs** when determining current charges

    > **Note**:   this behaviour does not affect ' full stops', only warnings

    • **"on"** will add up the *estimated* value of unbilled LOTs when determining whether or not to warn of approaching limit

    • **"off"** will use just the actual current outstanding balance

Where are Credit Limits set?

Usually you have some general company-wide policies that apply to most customers. You would set these as defaults at the Company level. Then there are the exceptions. Each location can have its own credit limit behavior defaults, but not its own credit limit and range. For customers that need something different from the company or location defaults, make changes to their account at the Customer level. Each customer can have a different limit, range, and behaviours. You can also allow agrē users to override the default credit behaviour settings.

Company Level Credit Config Options

Set your Company defaults to what will be applicable to *most* customers. The default *Limit* and *Range* determine what a new customer receives as starting settings on the Manage Customers > Credit Info tab. You can always change an individual customer's credit limit and credit behaviors if theirs should be different from the defaults.

These are your Company-wide Credit Limit Defaults. The settings here should be applicable to *most* customers.

Customer has a limit of $X and prepayment remaining $Y. How much is he *allowed* to owe? If it's $X, check the box. If it's $X + $Y, leave it blank.

Do you want to include unbilled LOTs as part of his chargeable balance?

If he's already over his allowable chargeable balance, do you want to prevent him from taking more?*

If he's already over his allowable chargeable balance, do you want to force him to pay immediately for what he takes?*

If he's already over his allowable chargeable balance, do you want to prevent any adjustments that will increase his balance even more?

* can be overridden at the user level

Note: these behaviours apply only to customers with with a stated credit limit (including $0). They do not apply to Cash Customers.

these two items define at what point your company says a customer has reached their credit limit

checked prevents creating another LOT if it would put the customer over his defined credit limit - that's called a "hard stop", **unchecked** will give you only a warning - that's a "soft stop"

checked prevents saving an Invoice if it would put the customer over his defined credit limit ("hard stop") unless an immediate payment is taken; **unchecked** will give you only a warning ("soft stop")

Location Level Credit Config Options

At the Location level, you can specify different credit limit default behaviors regarding the saving of LOTs and Invoices. These will override the Company defaults only for the locations you specify. You cannot specify different ranges and limits for just one location, but you could do that for the individual customers at that location.

To specify Location specific credit limit behaviours, set them under *File > Config Options > Locations*.

Customer Level Credit Info Tab

The Customer level credit settings offer more flexibility than the location behaviors. These options work the same as those for the Company, but will **override** those of both the Location and the Company.

1. Make customer **specific** exceptions in the *Customer Account*.
   - For each customer you can set a *credit limit*, *credit range* and *interest rate*. If you decide to specify a *Credit Limit*, it must be a positive number or zero.

> **Note**   For *Cash Customers* there are business rules associated with the option *Allow prepayment deposits and prepaid work orders*. If the customer has existing prepaid work order detail rows and/or a current prepayment balance, you will not be allowed to save your changes if the second option is unchecked.

   - **"For LOTs and Invoices, treat this limit as"** is a drop down list (*warning only, full stop, follow defaults*). Selecting **"warning only"** elicits a warning the customer has reached or exceeded their limit. Selecting **"full stop"** is a dead stop – you will not be allowed to continue the transaction that would push the customer over their credit limit (e.g. saving the LOT or invoice).
   - **Interest rate** must be a positive number between 1 and 100.

- When **Save** is clicked agrē checks if the **interest rate** has changed. If so, you'll be asked if the change of interest rates should also be applied to outstanding items, or used on a go-forward basis only.

2. When asked about changing interest rates on existing invoices, click Yes or No.

- **"Yes"** will change the chargeable interest rate on all existing outstanding Invoices, Adjustments, and Interest Items.

- " **No"** will leave the rate on those items as they are, but the new rate will be applicable to any new ones created from now on.
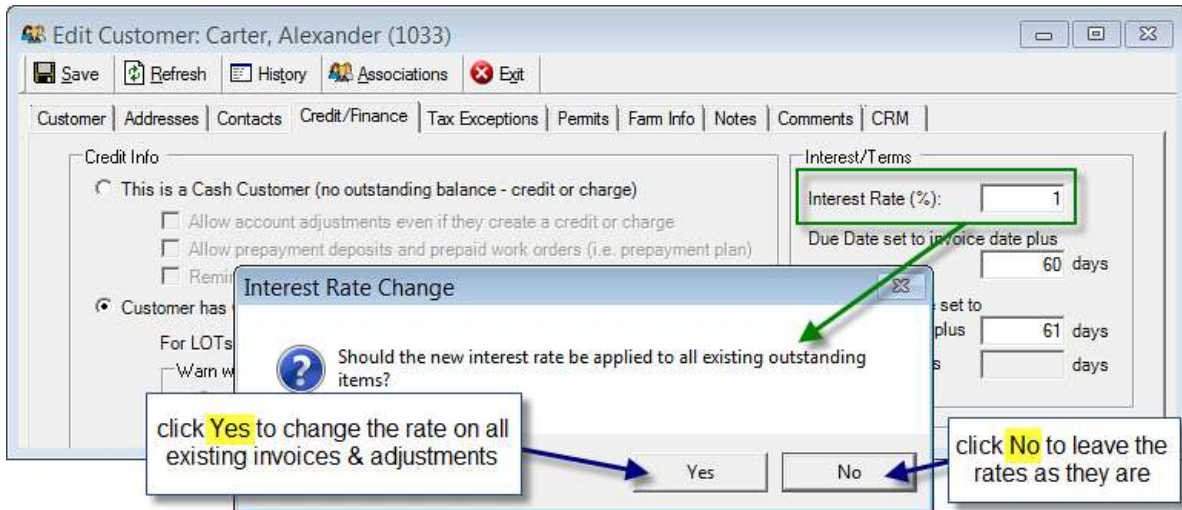
> **Note**: When you're asked if you'd like to apply the new rate to **"all existing outstanding items"** and you click **"yes"**, agrē will apply the new rate to every item that you see when you click the **Manage Outstanding Items** button. It will not go back and recalculate any interest that has already been charged.

Example Customer Settings

You're really dealing with two kinds of customers:

- credit customers (customer allowed to carry a balance)
- cash customers (customers who aren't)

A customer with a **$0 credit limit** is **not the same as** a **cash customer**.

> **Caution**   Product returns from Credit customers with a $0 credit limit are handled differently than returns from Cash customers.
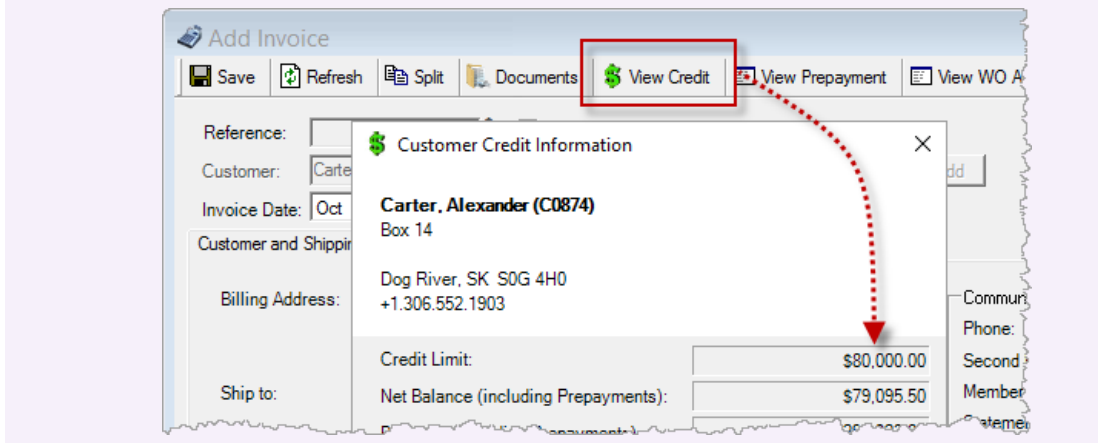
Settings for Credit Customers

Customer accounts with a specified credit limit can carry up to their allowable chargeable balance. You get to decide what happens when they hit that amount – do you want just a warning (you know they're good for it), or do you want to come to a full stop (prevent them from taking more)? When Credit customers return product, you have the option of flagging it as prepaid. If flagged as prepaid, the funds will be added to their remaining prepay amount. If not flagged as prepaid, the funds become an unapplied credit. You could also return their funds, but agrē won't force you to.
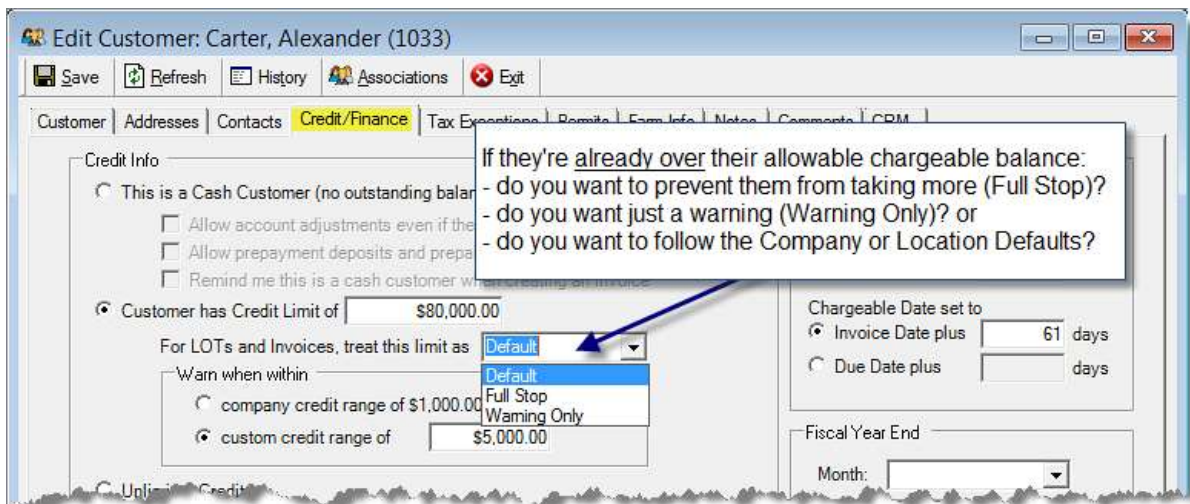
> **Note**:   You probably don't need to classify any customers with a $0 credit limit. You'd likely turn them into a cash customer of one form or another.

When creating an invoice, click *View Credit* to quickly view a customer's Credit Limit

Settings for Cash Customers

There are two types of cash customers:
- those you know
- those you don't

Counter Sales *(cash customers you don't know)*

These are the classic "cash customers" that walk in off the street. You might not know their names, and maybe you never will. You may have one account per location that you use to record counter sales [like "Cash Sales (Kelowna)"]. These customers are going to have to pay every time for what they take. If they return product, you'll need to give them a refund (accept an immediate payment for a negative dollar amount), because these accounts cannot carry a credit chargeable balance.
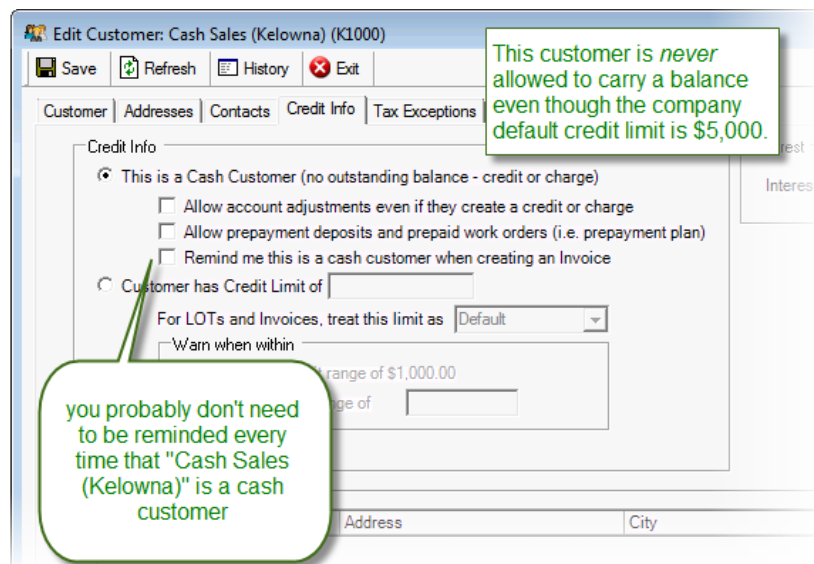
"Credit-less Customers" *(cash customers you know)*

These are customers that have an account in their own name; they just don't happen to have any credit with you. They likely have their own account because they setup prepayment plans, but you're not letting them carry a chargeable balance over and above their remaining prepayment funds. If they return product, you would need to flag it as prepaid or return the funds (accept an immediate payment for a negative dollar amount) because the account cannot carry a credit balance.
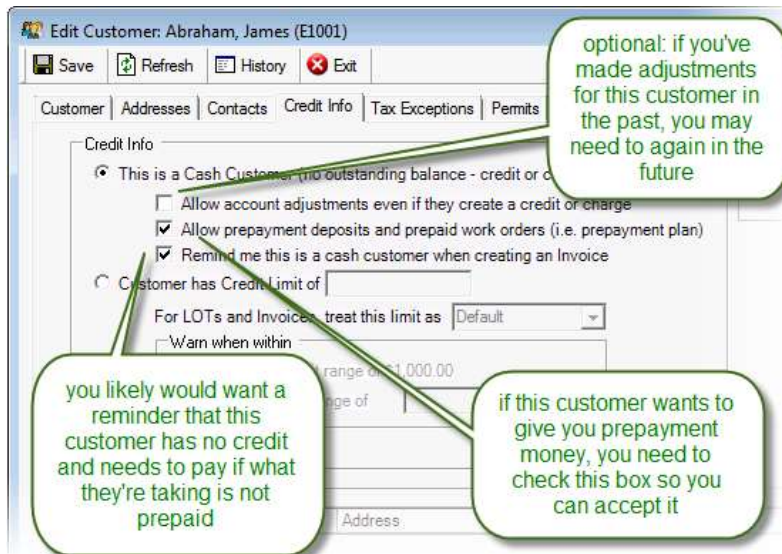
Batch Update of Customer Credit Limit Details

If you frequently change customer credit limit details, or you're setting up specialized customer credit details for the first time, it's much easier to update them all at once but you'll need security access to the batch update form first. As with all new features, we don't presume to know who should have access to it and who should not, so we leave that up to your local company security administrator.

Batch Updates of Customer Credit Limits

1. Start the batch update process from **Accounts Receivable > Manage > Customer Credit & Interest Settings**. A search form opens up so you can select which customer(s) should be edited. Choose all your customers, or a choose subset by location or characteristic.

2. Set the details for each customer and **Save**.

Can I Override the Default Credit Behaviours?

You sure can! You can allow agrē users to override the location or company default settings or specific customer settings. You could decide that only the Counter Sales Supervisor will be allowed make the decision to override the defaults and save an invoice or LOT even if it would push the customer over their credit limit. The override users would still receive the same warnings that the customer was close to, or over, their credit limit as other agrē users would receive.

| Caution	*User Config Options* **override** *all* Company, Location, or Customer settings! If you don't want to allow your users to change these settings themselves, you may need to change your security setup.

For agrē users who are allowed to override default settings, change their *User Config Options*.
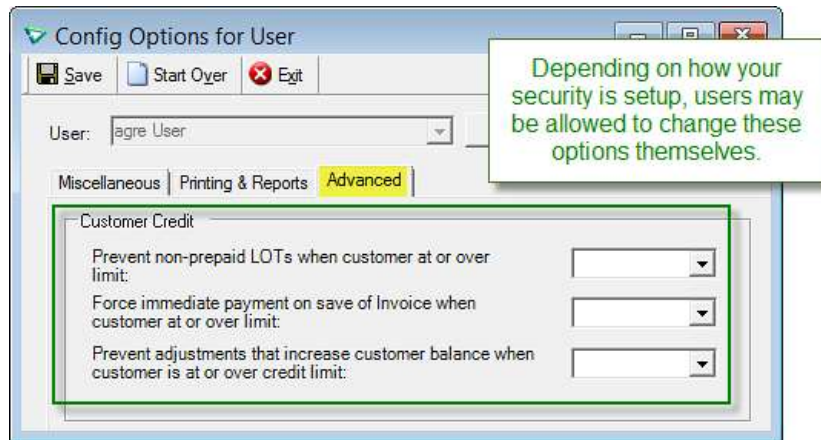
Security for Credit Limits

> **Note**:   Security settings are managed by your local company security administrators. With new features, we don't presume to know who should have access and who should not, so we leave that up to them.

To allow, or to not allow, users to change (or even see) Customer credit limit details and interest rates, set the *Edit Credit Limit* and *Edit Interest* Rate flags on the *Accounts Receivable tab* accordingly in *File > Security > Manage Roles*.
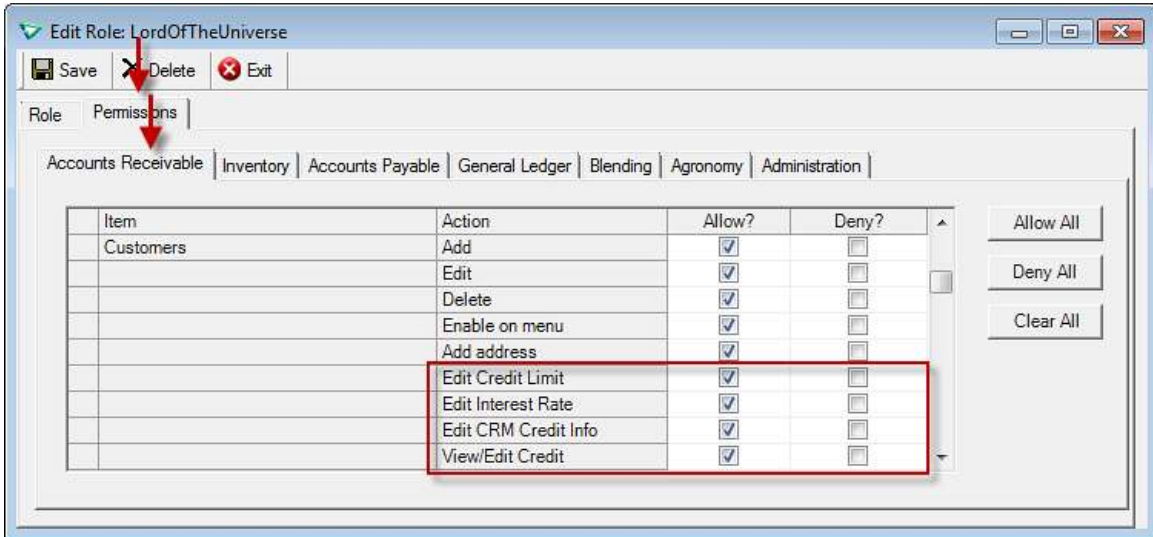
To allow, or to not allow, users to change to override Company or Location credit limit behaviours, set the *Config Options User > Enable on Menu* and > *Manage* flags on the *Administration tab* accordingly in *File > Security > Manage Roles*.
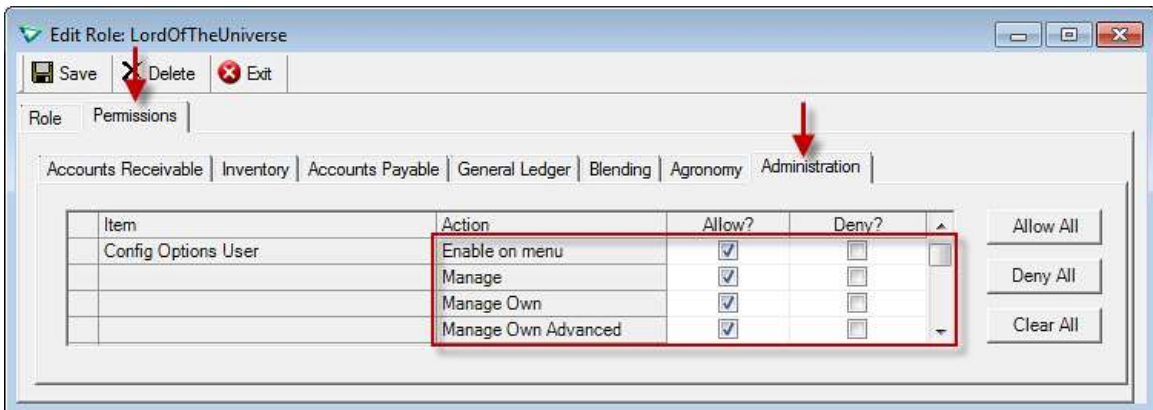
Grant permission to the batch *Customer Credit & Interest Settings* form under *File > Security > Manage Roles* by checking the *Allow* checkbox next to the corresponding item.