



Learning Express puts owners on notice

By Brent Felgner -- 5/23/2007

Specialty toy retailer sets late-paying franchisees straight

DEVENS, Mass.—For Sharon DiMinico, founder and CEO of Learning Express, Specialty toy retailer sets late-paying franchisees straightoccasionally taking a few minutes out of her day to call or email certain franchisees to urge them to pay their vendors is a means of protecting the brand.

DiMinico is working with the Credit Collective, interceding in the collections process before nonpayment alerts are sent out to the vendor-member base of the group, or worse. She became involved after some stores called her to complain that members of the Collective had said they would no longer supply them because of nonpayment.

Learning Express had negotiated terms with most vendors on behalf of its stores that included a net 60-day payment period. According to Credit Collective founder Ron Solomon, some Learning Express stores were running out as far as 120 days and not returning calls, at which point the alert process is triggered. The stores were not in financial trouble, Solomon insisted; rather he suspected they were paying larger vendors first.

"I was mortified," says DiMinico. "That's terrible, because we all share the same name. So even though we'll have 140 stores at the end of this year, all you need [are a few that create the problem] and that's just bad."

So DiMinico worked out a system with Solomon that, at the option of the vendor, creates a 48-hour buffer before an alert is issued on a past due account. Instead a notice is sent to DiMinico, who then emails or calls the franchise owner in an effort to shake the payment loose. "It seems to be working," she said.

DiMinico cited one example of the owner of a high-volume store who was embarrassed to hear from her. He called the vendor and sent a check out immediately.

Solomon says the issue rarely has to do with a retailer's financial woes. "I've worked with some retailers whose terms are net 30 and they've never paid me before 90 days for 10 years," he complains. "They're just not as worried about the small guys."