

Commercial Credit—Level I

Language of Business — *running the numbers in running a business* \$150 / 8 hrs

Concise review of debits and credits behind common business transactions, the accounting equation, the impact of incorrect accounting entries and a review of accounting principles, including the result of their omission or misuse.

Differences in Business Organizations — *when expenses aren't expenses and profit isn't profit* \$150 / 8 hrs

Understand differences in the financial statements for C Corps, S Corps, partnerships, LLCs and sole proprietorships, including key performance ratios and the impact of distributions and withdrawals.

Financial Statement Quality — *some numbers are better than others* \$150 / 8 hrs

Examine the analytical challenges of company prepared, compiled, reviewed and audited statements and explore linkages between the income statement and the balance sheet, the role of footnotes, and debt service implications.

Commercial Credit—Level II

Business Cash Flow Statements — *tracking the pulse rate and other vital signs of life* \$150 / 8 hrs

Explore the structure, composition, and analytical importance of the Uniform Credit Analysis (UCA) cash flow statement including borrowing causes and sources of outside cash required by the prospect or borrower.

Personal Financial Statements — *sifting through fact and fiction* \$150 / 8 hrs

Appreciate the difficulties in assessing the cash liquidation value of personal assets, the critical role of income tax returns, and similarities and differences between personal and business financial statements.

The Personal Cash Flow Statement — *life styles and cash demands on the business* \$150 / 8 hrs

A step-by-step construction of the personal cash flow statement, using income tax return and personal financial statements, to identify a realistic amount of personal cash flow available to support business debt service in a crisis.

Commercial Credit—Level III

Financial and Non-Financial Red Flags — *report cards and lurking disasters* \$150 / 8 hrs

Identify the handful of financial risk indicators that can provide unambiguous signals about shifts in a company's risk profile and assess the likely impact on business operations from specific non-financial red flags.

Profitability and Cash Flow — *what you see may not be what you get* \$150 / 8 hrs

Using specific measures for profitability and cash flow from business operations, establish a company's accrual and cash position on the Risk Grid and track shifts in its risk profile from period to period.

Sales Growth and Borrowing Causes — *why do they really need the money?* \$150 / 8 hrs

Identify the cash impact of sales growth and the cash impact of income statement and balance sheet management in properly identifying the operating borrowing cause or causes.

Operating Profit and Debt Capacity — *paying the owners or paying the lenders?* \$150 / 8 hrs

Determine the maximum amount of interest-bearing debt that business operating profit can support, which represents the maximum amount of operating cash flow a company has at its disposal for debt service.

Management Assessment and the Credit Decision — *the key to what was and what might be* \$150 / 8 hrs

A thorough assessment of management and the competitive forces that determine whether management can work effectively to guide a company through its competitive environment, organize itself internally and to provide, at a profit, the service that its client base demands.

Impact Courses




Credit Basics — <i>from zero to 60 in four exercises</i>	\$150 / 8 hrs
Screen prospects by identifying specific personal qualities, sources of competitive advantage and sustainable business success, statement composition differences, key ratios, quick cash flow and non-financial red flags.	
Getting Business — <i>listening and asking the right questions</i>	\$300 / 16 hrs
Identify specific personal qualities necessary for business success, sources of competitive advantage, statement composition differences, key ratios, quick cash flow and non-financial red flags. Master a systematic approach to business development, including the primary use of questions and listening.	
Credit Analytics — <i>essential tools for solving the credit puzzle</i>	\$150 / 8 hrs
Identify sources of competitive advantage and sustainable business success, convert reported profit to business profit, calculate quick cash flow, estimate debt capacity, and identify non-financial red flags.	
Key Credit Analysis Tools and Techniques — <i>everything you need to solve the credit puzzle</i>	\$300 / 16 hrs
Review business purpose, strategy, and the importance of competitive advantage. Understand the two necessary conditions for business success, key differences between income tax returns and financial statements, differences between business organizations, quick cash flow, management assessment, and guarantor support.	
Qualifying Prospects — <i>the people and the business they run</i>	\$300 / 16 hrs
Identify specific personal qualities necessary for business success, sources of competitive advantage, convert reported profit to business profit, calculate quick cash flow, estimate debt capacity, and identify non-financial red flags. Master a systematic approach to business development, including the use of questions and listening.	
Income Producing Properties — <i>the appraisal report, the investor, and the deal</i>	\$300 / 16 hrs
Explore the derivation and application of the cap rate, the sales comparison and income capitalization approach to valuation, break-even analysis, underwriting standards, the personal guarantee, the equity investor's rate of return and critical documents related to accessing the property or income stream in the event of default.	

Seminars

Analytical Failure Zones — <i>where mistakes may be fatal</i>	Please Call
Review pitfalls in analyzing owner occupied properties and cash-based business income tax returns as well as using reported EBITDA, reported net income, global cash flow, and traditional cash flow as underwriting standards.	
Cash Flow — <i>cash is king</i>	Please Call
Construct and interpret popular cash flow measures, e.g., EBITDA and UCA cash flow, focusing on borrowing causes, the cash impact of management actions, and the messages about financing needs and repayment sources.	

Quick Hits

Quick Hits are 60—90 minute training modules, often an extension and elaboration on a Credit Refresher topic. Five test questions are included. Associates can take the Quick Hits individually or work through them in a group setting.

<p>The ABCs of Cash Flow — <i>cash is king!</i> Explores the concepts, principles, and process required to construct and interpret the Uniform Credit Analysis (UCA) cash flow statement and identify borrowing causes, cash sources of interest-bearing debt service, financing requirements, and sources of financing for a borrower or prospective borrower.</p>	<p>\$50 / 1 hr</p> 
<p>Business Income Tax Returns — <i>where's the beef?</i> Examines the purpose and information content of business income tax returns for a C Corp, an S Corp, a partnership or LLC, and for a sole proprietorship.</p>	<p>\$50 / 1 hr</p>
<p>Business Profit — <i>is profit really profit?</i> Examines the adjustments for distributions and loans to shareholders necessary to estimate actual business profit in attempting to assess profit available to service interest-bearing debt.</p>	<p>\$50 / 1 hr</p>
<p>A Cash Flow Snapshot — <i>what really happened?</i> Examines the construction, use, and interpretation of a true operating cash flow statement and the essential information provided in that statement about debt service, borrowing causes, financing requirements, and risk.</p>	<p>\$50 / 1 hr</p>
<p>Credit Write-up — <i>form over substance or substance over form?</i> Explores the four fundamental issues that must be addressed in every credit write-up or underwriting memorandum,, examines cash flow in identifying the borrowing causes and the likely sources of repayment.</p>	<p>\$50 / 1 hr</p>
<p>Estimating Debt Capacity — <i>operating profit or cash flow...or both?</i> Explores the process and computations in estimating the amount of short and long-term interest-bearing debt a borrower can support from operating profit and subsequent cash flow.</p>	<p>\$50 / 1 hr</p>
<p>Market Value vs. Net Operating Income — <i>existing or "what if" cash flow?</i> Explore the essential issue of properly identifying and assessing property cash flow in reaching a credit decision — particularly when there is a significant gap between existing and stabilized net operating income.</p>	<p>\$50 / 1 hr</p>
<p>Related Party Cash Flow — <i>where's the cash cow?</i> Explores the cash flows among and between related companies with common ownership and among and between the companies and the owners and identifies likely pressures on future cash flows and debt service capabilities by reference to two related companies engaged in restaurant management and real estate development.</p>	<p>\$50 / 1 hr</p> 
<p>Revenue Recognition and Cash Flow — <i>cash flow without revenue or revenue without cash flow?</i> Explores the relationship between revenue recognition and cash flow and examines key balance sheet accounts such as customer deposits and billings in excess of costs and the factors that drive changes in those accounts.</p>	<p>\$50 / 1 hr</p> 
<p>Stress Test for Income Producing Properties — <i>stress to cash flow or market value?</i> Examines the derivation of the break-even vacancy rate in emphasizing the primacy of property cash flow – net operating income – as the critical source of debt service, especially in a slowing economy.</p>	<p>\$50 / 1 hr</p>
<p>Subprime Business Loans — <i>stress to cash flow or market value?</i> Subprime Business Loans examines several widely-used underwriting standards that, if consistently applied and promoted, may inadvertently result in subprime business loans.</p>	<p>\$50 / 1 hr</p> 
<p>Working Capital or Cash Flow? — <i>is working capital really cash flow?</i> Explores the business forces that determine changes in working capital and examines whether changes in working capital provide clear signals about a borrower's ability to service interest-bearing debt from operating cash flow.</p>	<p>\$50 / 1 hr</p> 