




Online Small Business Lending Training Program





We offer you a low cost, effective, customizable and comprehensive on-line small business lending program. The program provides the core skills necessary to review and analyze small business lending requests. It gives participants the financial skills and confidence to ask appropriate questions to uncover financing needs. The result is an enhanced more profitable customer relationship.



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Overview

Online Small Business Lending Training Program



Offers the best cost / benefit advantage for a program of its type.



Puts the banker in the customer's shoes – What's important to them.



Incorporates the knowledge and expertise of seasoned small business lenders.



Reduces the opportunity costs and traveling expenses of a traditional classroom based program.



Can be tailored made for the specific needs of a financial institution.

Target Market

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The program is intended for:

Credit analysts

Credit officers

Relationship managers

Small business Lenders

Branch Managers

Loan Review Officers

Portfolio Managers

Program Description

Recommended Program of Study



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It takes between 14 to 16.5 hours to complete the entire on-line Small Business Lending program.

Students can proceed at their own pace to complete the course. Students have four months to complete the entire on-line Small business lending training program. Listed below is a recommended course of study to complete the entire program within a three month time span. This allows enough time for vacation, personal or work related issues that can interrupt the course of study.

Modules can be studied more than one time, however, the assessments at the end of each course should only be taken when the student feels he/she has mastered the material.

Week 1	Understanding your Small Business Customer
Week 2	Accounting Basics
Week 3	Tax Returns and Legal Structure
Week 4	The Balance Sheet
Week 5	The Income Statement
Week 6	Combining the Balance Sheet and the Income Statement
Week 7	Understanding Small Business Borrowing Needs
Week 8	Personal Financial Statements
Week 9	Review plus Video Clips
Week 10	Final Assessment

Module Highlights and Timeframes

Module 1

Understanding Your Small Business Customer

Time:
1 hour to 1 ¼ hours

When you have finished this module, you should be able to:

- Explain the characteristics of manufacturers, wholesalers, retailers, and service companies.
- Identify the advantages and disadvantages of firms in different stages of the industry life cycle including: emerging, growth, mature and decline stages.
- Describe specific types of industry risk including: buyer/seller concentration, cyclical, international, technology, and government regulation.
- Evaluate business risk factors including: operating leverage, competition, concentrations, distribution, products and services, and production.
- Discuss management success criteria such as experience, integrity, philosophy and style.
- Evaluate the interrelationship between business, industry and management risk factors, as well as their impact on the credit decision-making process.

Module 2

Accounting Basics

Time:
1 ¼ hours to 1 ½ hours

When you have finished this module, you should be able to:

- Describe the basics of financial reporting for financial statement and tax return purposes.
- Explain the basics of financial statement construction and how the income statement and balance sheet are linked through retained earnings.
- Describe how basic accounting concepts such as conservatism, revenue and expense recognition policies affect financial statements.
- Explain the difference between cash and accrual statements.
- Read and understand notes to financial statements.
- Explain compilations, reviews, and audited statements.

Module 3 Tax Returns and Legal Structure

Time:
1 ½ to 1 ¾ hours

When you have finished this module, you should be able to:

- Explain the form 1040 and related schedules.
- Explain the advantages and disadvantages of a sole proprietorships, C Corporations, S Corporations, Partnerships, Sole Proprietorships, and Limited liability entities.
- Explain the advantages and disadvantages of holding and operating companies.

Module 4 The Balance Sheet

Time:
1 ½ to 1 ¾ hours

When you have finished this module, you should be able to:

- Describe the history and purpose of the balance sheet.
- Define, classify and interpret balance sheet accounts, including assets, liabilities and net worth.
- Perform trend analysis on the major balance sheet accounts.
- Evaluate each asset's liquidity and its availability for loan repayment.
- Identify the terms and conditions of liabilities.
- Calculate and analyze liquidity and leverage ratios.

Module 5 The Income Statement

Time:
1 ½ to 1 ¾ hours

When you have finished this module, you should be able to:

- Describe the importance of the income statement.
- Analyze revenues to determine if they are real and sustainable.
- Analyze the trend in expenses to determine if they are well controlled.
- Calculate and evaluate key profitability measures including the gross profit margin, operating profit margin and net profit margin.
- Explain the significance of EBITDA.
- Calculate profit to payment obligations by calculating debt coverage ratios.

When you have finished this module, you should be able to:

- Analyze the relationship between the balance sheet and income statement and explain key ratios that connect the two statements.
- Explain the concept of the cash cycle.
- Calculate and evaluate receivable turnover ratios.
- Calculate and evaluate inventory turnover ratios.
- Calculate and evaluate payable turnover ratios.
- Calculate the cash cycle and evaluate the results.
- Explain the concept of working capital.
- Calculate and evaluate the sales to working capital ratio.

When you have finished this module, you should be able to:

- Explain how the operating cycle can vary from business to business.
- Match the needs of the customer to the appropriate loan product and explain the differences between seasonal and non-seasonal financing needs.
- Explain the concept of the capital investment cycle and determine the appropriate loan structure based upon the nature of the capital investment.

When you have finished this module, you should be able to:

- Describe the purpose of a personal financial statement.
- Explain why borrowers are asked to personally guarantee a loan.
- Explain the information one expects to find on a personal financial statement.
- Define a guarantor, his/her obligations and the process to assess the strength of a guarantor.
- Explain a third party guarantee and when one is needed.
- Explain how a guarantor is used in structuring a loan.
- Describe how personal financial statements are used to determine the guarantor's ability to make interest and principal payments.
- Analyze personal financial statements to help determine sources of cash that can be used for loan repayment.
- Evaluate the borrower's willingness to repay the loan.

Video Credit Clips

Time:
1 hour

Ensight offers short online videos (5 – 8 minutes each) that explain some of the fundamental concepts on commercial loan underwriting.

The topics of the videos are:

1. Liquidity
2. Accounts Receivable
3. Inventory
4. Adjusted or Net Working Capital
5. Cash Flow Coverage Analysis
6. Fixed Charge Coverage Analysis
7. Leverage
8. Balance Sheet Leverage
9. Cash Flow Leverage

Final Assessment

Time:
2 ½ hours