

Assessing Credit Risk

1 Day RAW

OVERVIEW

This highly practical workshop will improve delegates' ability to choose appropriate techniques to assess credit risk, show them how to apply those techniques, and improve their skill at spotting the warning signs that payment may be at risk.

Every day, businesses make decisions about how much credit to extend to customers. A systematic and balanced approach to these decisions can reduce the risk of non-payment and save significant amounts of money and inconvenience.

DESIGNED FOR

Suitable for credit managers, finance managers and senior credit control staff with responsibility for setting credit limits for short-term, business-to-business credit sales. Also suitable for sales people who need an understanding of financial risk when closing business. Prior knowledge of company accounts would be helpful - whilst covered on the programme it will not be from the absolute basics.

LEARNING OUTCOMES

By the end of this course participants will be able to:

- Understand the importance of assessing risk when setting a credit limit.
- Know where to find relevant information and how to approach new customers' credit applications.
- Understand the make up of financial statements, what they can learn from them, and their limitations.
- Identify the key ratios for making trade credit decisions and understand how they are calculated.
- Recognise the more general signs that a customer may be unable to pay its debts.
- Take short-term trade credit decisions with more confidence and competence.

TOPICS COVERED

The Need to Carry out Risk Assessment

- Why we assess risk
- The principles of credit assessment
- Who should carry out the risk assessment?

New Customers - Sources of Credit Information

- Using commercial credit agencies
- Establishing the facts about company status
- Trade references
- Interpreting 'bank speak'
- Gathering 'soft' information

Assessing Ability to Pay

- The make up of a set of financial statements
- Understanding what we can learn from financial statements
- Recognising the limitations of financial statements
- The key ratios for trade credit management
- Where to find informal information and how to use it

Setting a Credit Limit

- The reasons for business failure
- How to calculate the credit limit
- Put your learning into practice

Reducing the Risk

- Examine the options open to you
- Security, guarantees and insurance: where can they be of the most use to you

Spotting the Warning Signs

- Analysing and interpreting trends
- Using feedback from sales and accounts staff
- What you can learn from the press
- Learn how to spot the subtle signs about changes in a company's health
- The warning signs of immediate problems
- Drastic warning signs - it may be too late!

EXTRA NOTES

An equivalent course is available in Arabic. Please call us for details.