



SELF-PACED  
E-LEARNING

**25-30**  
HOURS

# Commercial Loans to Small Business

Evaluate small business loan requests to make sound credit decisions

## OVERVIEW

When evaluating business loan requests, lenders must maximize opportunities and mitigate risks. This course provides the skills and knowledge required to perform an in-depth analysis of a small business credit request. Participants execute the entire credit decision process, including initial assessment of the credit opportunity, identification of key risks and mitigation strategies, and the final stage of loan structuring.

## WHO SHOULD ENROLL

Anyone with small business lending responsibilities, including lenders, credit underwriters, loan reviewers, and branch managers.

## RESULTS AND BUSINESS BENEFITS

Upon completion, participants will be able to:

- Improve relationships with small business owners through an informed understanding of their businesses
- Increase lending efficiency and competence by applying the Decision Strategy™
- Determine the business borrowing need and match it to the appropriate loan structure and support
- Assess industry risk, management quality, and the effectiveness of company strategies and goals
- Analyze financial statement trends, ratios, cash flow, and projections to evaluate repayment capacity

## LEARNING MODULES

1

Assessing the Opportunity

2

Identifying Borrowing Causes

3

Assessing Business, Industry and Management Risk

4

Analyzing Business Financial Statements

5

Analyzing Personal Financial Statements

6

Analyzing Cash Flow and Projections

7

Structuring the Loan



## E-LEARNING BY OMEGA PERFORMANCE

Omega Performance E-Learning courses, accessible online at any time, are developed to be highly interactive—maintaining high learner interest that enhances understanding and application of the material. Concepts are presented in conjunction with related definitions, explanations, formulas, and real-world examples to ensure that individuals of all learning styles find the subject matter accessible and user-friendly.



# Learning Module Descriptions

## 1 ASSESSING THE OPPORTUNITY

- Introduces the Decision Strategy™ framework for comprehensive risk analysis
- Demonstrates the components of the asset conversion cycle, including the operating and capital investment cycles
- Presents the legal and operational characteristics of most common forms of business organization
- Steps through a preliminary assessment, including assessing the current credit request or potential credit opportunity and gathering key documents

## 2 IDENTIFYING BORROWING CAUSES

- Identifies underlying reasons for business borrowing, including sales growth, operating cycle changes, and purchase of fixed assets
- Addresses the impact of borrowing causes on loan structure and repayment
- Explores the use of borrowing cause analysis to anticipate future borrowing needs

## 3 ASSESSING BUSINESS, INDUSTRY, AND MANAGEMENT RISK

- Outlines the risks related to the growth stage of the business
- Identifies basic industry types, market segments, and affiliated industries
- Examines economic, market, demographic, and other forces that impact a business
- Evaluates the ability of management to deal with risks inherent in the industry
- Addresses the interplay of the financial needs of the company and its owners
- Provides tools to assess the risks or benefits of a company's general characteristics

## 4 ANALYZING BUSINESS FINANCIAL STATEMENTS

- Explores the assessment of financial statements and business tax returns as a reflection of management acumen
- Examines effects of financial accounting methods on financial statements
- Addresses the benefits and methodologies of common-size analysis
- Identifies the key liquidity and efficiency ratios and explains their importance and analysis
- Analyzes trends and changes in profitability, and presents the ratios and methodology used to analyze debt service capacity
- Explores the impact of leverage on financial condition

## 5 ANALYZING PERSONAL FINANCIAL STATEMENTS

- Evaluates the impact of the business owner's personal assets, liabilities, income, and expenses on the owner's ability to guarantee the loan
- Assesses the use of individual income tax returns to verify income and expenses and evaluate assets
- Demonstrates adjustment of the personal financial statement to accurately reflect the current value of assets and the timing of liabilities
- Presents personal leverage and coverage ratio analysis

## 6 ANALYZING CASH FLOW AND PROJECTIONS

- Describes insights gained from analysis of cash inflows and outflows as an important part of repayment analysis
- Evaluates the ability of historical cash flow to meet future debt service requirements
- Presents three common formats of cash flow: Quick Cash Flow, Direct (UCA) Cash Flow, and GAAP Statement of Cash Flows
- Explores the impact of changes in sales, margins, turnover, and fixed assets on cash flow
- Introduces global cash flow concepts and calculations
- Leverages sensitivity analysis as a tool to predict future cash flow patterns

## 7 STRUCTURING THE LOAN

- Introduces the common types of credit facilities and their proper usage
- Identifies secondary sources of repayment, including collateral, guarantees, and subordination
- Addresses how risk characteristics of a loan should be reflected in price and loan structure
- Examines the purpose and content of loan agreements
- Describes how loan covenants mitigate the risks identified during the credit analysis, and provide an early warning system for lenders

## FIND OUT MORE ABOUT OMEGA PERFORMANCE TRAINING

For detailed course descriptions and to speak with an Omega Performance training consultant, please contact us at:

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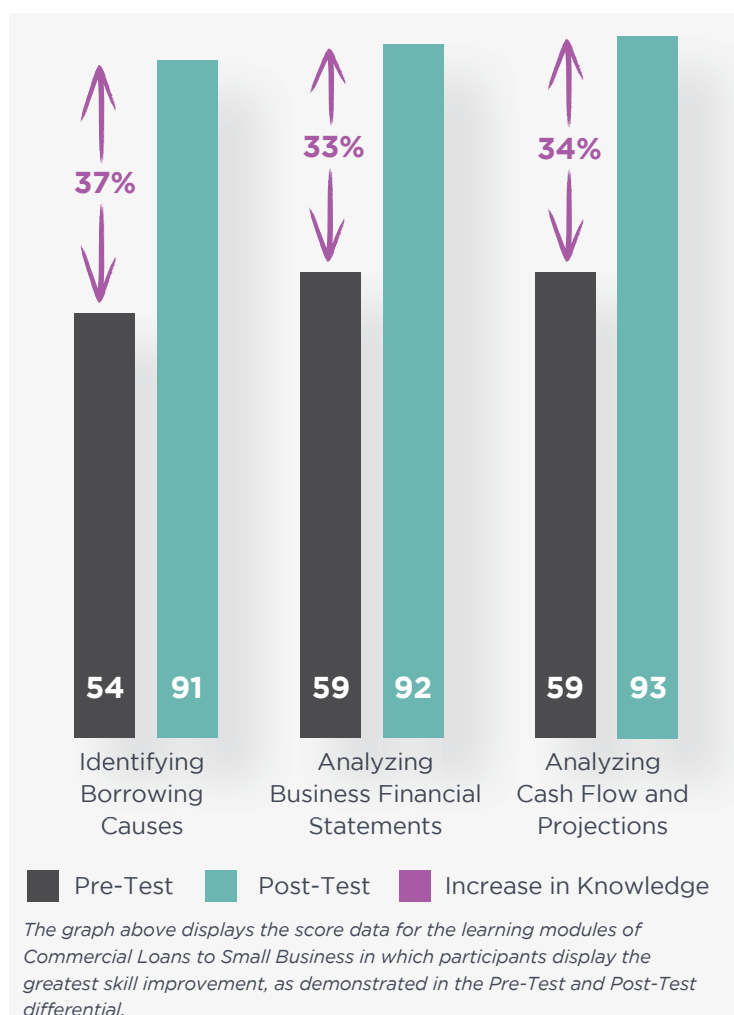
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# Training Effectiveness Benchmarking Report

## Commercial Loans to Small Business

Average Percentage Increase in Knowledge **31%**

LEARNING MODULES	PRE-TEST SCORES	POST-TEST SCORES
1. Assessing the Opportunity	69	93
2. Identifying Borrowing Causes	54	91
3. Assessing Business, Industry, and Management Risk	67	93
4. Analyzing Business Financial Statements	59	92
5. Analyzing Personal Financial Statements	60	91
6. Analyzing Cash Flow and Projections	59	93
7. Structuring the Loan	64	93



### Key Takeaways

**Pre-Training** Participants lacked critical Commercial Loans to Small Business skills that are necessary to recognize the connection between borrowing causes, loan structure, and repayment ability. Participants also lacked the ability to calculate and analyze financial ratios and cash flow.

**Post-Training** Post-Test results highlighted an average 31% improvement in key skills. Participants were able to identify underlying reasons for business borrowing (including sales growth, operating cycle changes, and the purchase of fixed assets), and match those to appropriate loan structures. In addition, participants were able to successfully analyze financial ratios and trends to identify risks to repayment, and evaluate the ability of historical cash flow to meet future debt.