

# Extending Credit – To Or Not To

## *Evaluating The Financials and Non-Financials Of Your Customers*

by Peter Fong



Decide with Confidence

### INTRODUCTION

Selling ... if you have your way, you would most certainly want to do so on a cash basis. In practice, however, adopting such a policy is very often not possible and, indeed, may not even be desirable.

Extending credit to buyers is part and parcel of doing business. But, there is a cost in extending credit and it also involves taking some measure of risk.

While risk is inherent in all credit transactions, it is not good business practice to reject all risks. The transaction to be avoided is not the one with some element of risk but the one that has an abnormal and dangerous amount of it.

Extending credit, effectively done, can help to enhance and grow your business. On the other hand, hazardously done, it can cause a lot of harm and may even threaten its survival.

On completing this program, participants will:

- Appreciate the impact of extending credit on the operations of your business
- Learn to work out the cost of extending credit to decide whether you should do so or not
- Appreciate the importance of having a Credit Policy and learn to write one for your company
- Know the risks to be evaluated when considering requests for credit from your customers

### FOR WHOM

All personnel involved in credit management including Financial Controller, Administrator, Credit Manager, Sales Executive, Credit Analyst and Credit Controller.

### COURSE OUTLINE

#### Introduction

- The turbulent business environment - the role of credit in business impact on the trade receivables
- Re-look at your credit management process - credit portfolio - managing the credit portfolio - acquiring the credit portfolio - maintaining the credit portfolio
- Some credit principles

#### Credit functions

- what is involved - the process
- Getting the essential documents for assessment
- Credit checking - credit companies

#### Credit methodology

- 7 Cs of credit extension
- Credit references - how to assess the customers effectively
- Field visitation – what to look out for – evaluating the non-financials
  - operations
  - marketing
  - management
  - infrastructure
  - the business environment etc
- Financial evaluation - Analyzing customer's financial statements – approaches / tools
- Financial projections
  - profitability
  - cash flow
  - financial position
- Setting Credit limits

#### Outsourcing the credit function

- limitation of credit reports

#### Risks mitigation

- Risks associated with extending credit
- Ways to mitigate your credit risks
- Effectiveness of Personal Guarantee, Corporate Guarantees, Letter of Comfort, Letter of Set off etc

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### ABOUT THE TRAINER – MR PETER FONG

Peter Fong is the Managing Director of SBF Integrated Business Centre Sdn Bhd (IBC). Prior to this, he was the Assistant General Manager in a local Trading Company and has also held many positions with foreign and local financial institutions.

Peter has wide experience in credit control management. As Credit Manager and Loan Supervision Manager in the financial services industry, he was responsible for the developing strategies, implementing collection systems and plans for the attainment of the overall credit performance of the companies.

Peter is currently very actively involved in assisting SMI operators resolve their credit and financial problems. He regularly conducts courses for the SBF Group, Dun & Bradstreet, Federation of Manufactures Malaysia, Institute of Certified Public Accountants Singapore AsiaEduFinance (Indonesia) etc.

He also conduct training for SMIs and multinational companies like Intel, Hewlett Packard, Teradyne, Halliburton Asia Energy Sdn Bhd and local financial institutions including quasi-government institutions. Peter is an Associate of the Chartered Institute of Bankers, London and an Associate Member of the Malaysian Institute of Management.

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**Date:** 11<sup>th</sup> & 12<sup>th</sup> January 2010, 9am – 5pm  
**Venue:** Amara Hotel Singapore

**Fee:** [ ] S\$640 for D&B Subscriber [ ] S\$720 for Non-subscriber  
(Includes materials, refreshments and lunch)

- Approved for SDF Funding (eligibility criteria apply) – Applicable only for Cheque/GIRO payments
- Up to S\$4 per training hour SDF funding for SMEs (eligibility criteria apply)
- Up to S\$2 per training hour SDF funding (eligibility criteria apply)

**EARLY BIRD – Fax in your registration before 11<sup>th</sup> December to receive a 10% off regular fee**  
**Or, GROUP SAVINGS – Send 2 or more participants to enjoy a 10% off regular fee**

**Fax the completed registration form to 6778 3853**

### Participant(s) Information

**Name 1:** \_\_\_\_\_ **Job Title:** \_\_\_\_\_  
**Email:** \_\_\_\_\_ **(DID):** \_\_\_\_\_  
**Name 2:** \_\_\_\_\_ **Job Title:** \_\_\_\_\_  
**Email:** \_\_\_\_\_ **(DID):** \_\_\_\_\_  
**Name 3:** \_\_\_\_\_ **Job Title:** \_\_\_\_\_  
**Email:** \_\_\_\_\_ **(DID):** \_\_\_\_\_

### Company's Information

**Name of Company:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **(Postal Code)** \_\_\_\_\_  
**Telephone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_  
**Liaison Officer:** \_\_\_\_\_ **Job Title:** \_\_\_\_\_  
**Email:** \_\_\_\_\_ **(DID):** \_\_\_\_\_

### Payment Information

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### Cancellation Policies

1. A seat will be reserved upon receipt of completed registration form, and confirmation of seat upon payment received
2. A substitute participant is welcome at no charge should you not be able to attend. Please provide the necessary details. Only cancellation made 14 working days before commencement is entitled to full refund of seminar charges. No refund thereafter including no show during day of commencement. A complete set of materials will however be sent to you.
3. D&B reserves the right to postpone or cancel the seminar for reasons whatsoever. In such a case, D&B will provide a full refund to registrants who have made payment towards the event and such registrants shall have no claims against the company
4. D&B reserves the right to change venue due to unforeseen circumstances.

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