CreditLab® Small Business Advanced

CreditLab®: Small Business Advanced will take your understanding of small business lending to new and dramatically different levels. The course will deepen your knowledge of industry best practices and tie all of your actions to the real world of managing profits and losses to meet business objectives.

The course will provide a rigorous exploration of the assessment of credit risk against the cost of the assessment; understanding the advantages of spreading financials for large exposures and the disadvantages of spreading financials in a cost-conscious and competitive marketplace. We will dive deeper into cash flow and financial analysis and examine ratios that can strengthen the risk assessment process. And we will examine the role of analytics in making critical decisions and evaluating the impact of those decisions.

Your new knowledge will be tested daily through detailed simulations. You will work with your team in a competitive testing environment. Your goal: Win the game by maximizing your profits, minimizing your losses, and maintaining customer satisfaction. It is in this team environment that you will expand your worldview, identifying all skills needed to win, meeting and working with your peers that can bring those skills to bear to solve these and future business problems.

Target Audience

Small Business:
- Credit and Risk Heads
- Line of business managers and team leaders
- Marketing managers
- Product managers and portfolio managers
- MIS and reporting managers
- Underwriting managers and unit heads
- Operations and Compliance managers
- Credit policy manager and Unit Heads
- Credit operations manager and Unit Heads
- Marketing and risk analytics managers
- Corporate Analytics and finance team
- Finance managers small business counterparts
- Call/contact centre manager
- Branch and Customer Service manager
- Collections managers and Collections Heads
- Candidates who attended Small Business Fundamental™ or nominated by manager

Sample Agenda

Day One	Day Two	Day Three
The SME Marketplace, Clients and Their Needs	Lending Principals and Portfolio P&L	Activity: Building Account Management Strategies
Business Risk Assessment	Activity: Calculate P&L	Collections Management
Business Risk Analytics	Account Acquisition	Analytics for Collections
Activity: Identifying Key Risk Indicators	Analytics for Acquisitions	Activity: Building Collections Strategies
The Value of Financial Analysis	Activity: Building Acquisition Strategies	Managing in an Economic Downturn
Activity: Advanced Identification of Key Financial Ratios	Account Management	Activity: Identifying Key Reports for Lifecycle Stages
Simulation Game: Underwriting	Portfolio Analytics	SME Market of the Future
	Simulation Game: Retention	Simulation Game: Account Management

Course Module Learning Objectives

The SME Marketplace, Clients and their Needs	• Explore defining the small business for your region and determine how the economy impacts small business • Evaluate the similarities and differences in decision making compared to retail/consumer banking • Define the potential benefits to bank from a growth, regulatory and competitive perspective • Identify SME customer needs including product, access and applicability • Define the SME Value Proposition for the business, the business owner and for the employees
Business Risk Assessment	• Understand the key drivers of SME credit risk as reflected by the business owner(s) and by the business • Evaluate other sources of risk that could impact the performance of your SME portfolio • Data used to evaluate risk come from many potential sources. Learn what data are available internally and potentially externally • Balancing costs against your ability to do a sound risk assessment can be confusing and difficult. Learn how to define the optimal expenses necessary for sound risk management for various segments of your decision base
Business Risk Analytics	• Learn about the fundamental tools in your toolbox for risk assessment including segmentation, scores, calculations, ratings, and data • Understand how to apply calculations of ROI to strategies, technologies and data • Explore reporting and documentation required to support your decision making process • Define how portfolio monitoring can help you track performance of scorecards and segments of your portfolio to enhance future decision making
Activity: Identifying Key Risk Indicators	• Each team will identify all risk indicators that could impact decision making process across the portfolio lifecycle
The Value of Financial Analysis	• Understand your SME customers financial needs • Learn how to verify the reliability of information provided by prospective and existing SME customers • Understand the importance of cash flow and identify the key features of cash flow analysis and financial forecasting. • Discover how to interpret key characteristics from SME

	financial statements and how to analyze SME financial statements to assist with sound credit risk appraisal • Identify key ratios to capture and calculate for risk assessment in an automated environment
Simulation Game: Underwriting	• Underwriting: Our underwriting decision is a combination of our use of credit policy and underwriting standards. The players need to try different strategies in order to create the best portfolio mix that returns profitability and capital efficiency.
Lending Principals and Portfolio P&L	• Learn how to articulate corporate risk appetite and related metrics and how this risk appetite ultimately impacts line of business goals • Understand the overall SME Business risk/reward trade-off • Discover how the development of a comprehensive credit risk policy ultimately helps or hinders the management of the SME portfolio within established risk standards and exposure limits • Explore the importance of reserve calculations, based on historical performance, to the corporate bottom line • Learn how the balancing of various costs, exposure and relationship in a compensatory decision making environment impacts the calculation of P&L
Activity: Create P&L	• Learn to identify and understand components of cost (infrastructure and losses) and components of revenue (fees, revenue, interest). Understand how these impact profitability for each portfolio of interest as measured by P&L
Account Acquisition	• Understand the overall process including credit risk policy, strategy and structure for direct marketing and originations: • Market understanding is important. We create an audience of interested credit applicants though marketing. Explore how well-spent marketing dollars result in a good portfolio in terms of revenue and risk, along with balancing concentration risk • Learn best practices for underwriting, how to manage underwriting standards and verification standards within our acquisition strategies • Explore how pricing and exposure can contribute to a competitive advantage as you strive to acquire good performing SME customers and control the exposure and risk of higher risk SME customers

	• Identify the regulatory considerations that can hamper your best efforts in acquiring SME customers • Explore details of the strategy feedback loop and its effective use in strategy management and compliance
Analytics for Acquisitions	• The usefulness of analytics is highly correlated with data. Its cost, capture, retention, and quality are more complex in the small business space. Explore how to make the most of your data strategy in managing costs and quality of decision • Learn about standard analytics that should be applied to all aspects of the acquisition process and how to use these to your advantage • Learn about advanced analytics that can take your account acquisition practice to a whole new level
Activity: Building Acquisition Strategies	• Each team will assume responsibility for one portfolio (business card, term loan, line of credit, etc.). They will discuss all steps in the acquisition process from pre-screen to reporting identifying exclusions, inclusions, segmentation, business rules or scores used, product and pricing assignments and will present their decision and rationale to the entire group
Account Management	• Understand best practices in developing strategies to manage your SME portfolio • Learn how to use data, scoring, ratings and business rules to develop of decision trees • Account management must balance many decision areas in a consistent manner to minimize losses, maximize profitability and minimize attrition. Learn about the many decision areas and common mistakes portfolio managers make in renewals, cross-selling, retention, delinquency management, line and pricing management • Define the many regulatory considerations that may impact your ability to manage your SME portfolio • Understand how to monitor the SME portfolio. Learn about the key reports that facilitate meeting business and compliance goals • Learn about early warning triggers that can enable you to take early, accurate action to control losses and stem attrition
Portfolio Analytics	• Explore account management basic analytics best practice, including performance monitoring, trending, benchmarking,

	vintage analysis and forecasting
	• Advanced analytics in account management can lead to a competitive advantage or analysis paralysis. Explore advanced techniques such as optimization, stress testing and custom model development and how they can lead to more in-depth focus on your decision making process
Simulation Game: Retention	• Retention: Understand the impact of retention on portfolio performance metrics and P&L
Activity: Building account Management Strategies	• Each team will assume responsibility for account management activities for one portfolio. Decision areas will be assigned. Each team will identify exclusions, inclusions, segmentation, business rules or scores used, action assignment, and preferred tracking mechanisms. Teams will define the process from initiation to completion
Collections Management	• SME customers in financial difficulty are likely failing on multiple fronts, both business and consumer. Learn how your bank can compete for limited funds available
	• Determine if and how your organization can use data, scoring, ratings and business rules in collection strategies
	• Explore how you can synch strategies across account activities for consistent interaction with SME customers, to foster good customer loyalty, to improve customer service and to control total exposure
	• Define the various decision areas within collections and discuss how communication strategies can lead to improve collections and reduced call center complaints
	• Identify the role third party collections may play in the profitability of your SME collections center
Analytics for Collections	• Explore collections basic analytics best practice, including performance monitoring reports, trending and benchmarking, vintage analysis, resource forecasting, third party collection performance and call center metrics evaluation
	• Advanced analytics in collections can lead to a competitive advantage or analysis paralysis. Explore advanced techniques such as custom model development and customer value segmentation development
Activity: Building Collections Strategies	• Each team will be assigned one portfolio and will be responsible for developing a comprehensive collections strategy including exclusions, inclusions, segmentation, business rules or other tools used, action assignment, tracking mechanism. The team will report out their process

	flow from beginning through recovery, their strategies, and their rationale for completion
Managing in a Downturn	• Study the impact of macroeconomics on customer behaviours: delinquency, revolving credit usage, credit payment priorities, and credit seeking activities • Identify early warning indicators that a downturn is pending • Learn what performance monitoring reports (trends, vintage analysis, model management activities) can be used to spot potential downturns and how to use the information to adjust strategies accordingly • Explore potential analytics that can be used to identify economic changes and changing SME customer behaviors
Activity: Identifying Key Reports for Lifecycle Stages	• Each team will brainstorm the types of reports and analytics they would need to help identify an economic downturn or change in customer behaviors for a given portfolio. They will identify data, business rules or scores to be used and justify the cost. They will recommend analytics and report summarizations to be provided and they will recommend a communication methodology to senior management.
SME Market of the Future	• Learn about the current SME market and future trends • Articulate the challenges and recommendations that could be expected in future. How will these change your processes, infrastructure, data capture, and compliance activities? • Explore anticipated changes such as relationship lending, use of non-traditional data, micro-lending practices and conduct risk
Simulation Game: Account Management	• Account Management: Understand the impact of balancing lifecycle decisions on portfolio metrics