

The Power of Credit Workshop – Oxford 2006 – Programme Detail

Sunday May 7:

Participants arrive in Oxford and check-in at the Old Parsonage Hotel. The afternoon and evening may be spent at leisure enjoying the unique ambience of this historic city.

Monday May 8:

08:30

Registration:

Introductions

Safety & Comfort

Anti-Trust Guidelines

The theme for Monday will be 'non-financial analysis of credit risk'. If we cannot trust the numbers, or they are no longer relevant to the present situation, or we have no traditional financial information to hand, how can we make competitive credit decisions without compromising future liquidity?

Current Developments in Credit Analysis:

A brief review of the credit profession's predictive track record in the recent past

Scenario Planning I - Introduction:

Understand how creating 'stories of the future' enables more effective and flexible planning, thus empowering you and your organisation to survive and prosper while others, being unprepared, fail.

10:00 BREAK TO 10:30

Means, Motive and Opportunity to Pay (M²O):

Granting credit is like granting an option not to pay.

In what circumstances will debtors choose to pay rather than default?

Credit management is not only about financial analysis and collections; it's also about human psychology, economics, law, logistics, administration, tactics and strategic planning ...

Considering a different approach to credit risk analysis. An approach based on the strategic drivers that determine whether a business will succeed or fail. The group will challenge traditional concepts of credit analysis.

Scenario Planning II – Predicting Corporate Failure through Understanding the Future:

After discussion the group will agree the question or questions that need to be answered about the future in order to better predict which companies will fail to pay.

Identifying the Driving Forces and Scenarios:

Identify predetermined elements and critical uncertainties through an environment scan.

Then merge all the critical uncertainties into two or three alternative scenarios.

13:00 LUNCH TO 14:30

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Scenario Development within Sub-groups:

Sub-group discussions followed by presentations to the whole group of the scenarios developed.

Your opportunity to begin the habit of thinking through trends and imagining a plausible future. The future is where we will be paid or not, as circumstances dictate!

16:00 BREAK TO 16:30

The Strategic Magic that creates Creditworthiness:

An interactive discussion around:

- Determining which customer's are most likely to survive and pay in the long term, based on the strategies they are adopting today.
- Identifying key unknown factors, and how we should react if they materialise.
- Other relevant aspects important to corporate survival.

18:00 BREAK TO 19:30 DINNER

Dinner hosted by **Infospectrum Limited**. Transport provided.

Tuesday May 9:

08:30

Understand the concepts that imbue this 21 Century approach to credit management with qualities that could inject significant competitive advantage into your business.

Portfolio Management of Accounts Receivable:

Concepts and associated tools will be introduced and explained. Examples will be studied and discussed.

10:30 BREAK TO 11:00

Portfolio Management – Continued:

Portfolio Management case studies will be discussed.

13:00 LUNCH TO 14:30

Cash flow cycle analysis is a simple yet powerful tool that is as useful in the absence of financial statements as it is in cases of full disclosure.

The Cash Flow Cycle Analysis:

Learn and practice the theory and art of Cash Flow Cycle analysis. Apply this technique to various cases to reveal for yourself its magical decision supporting power.

16:00 BREAK TO 16:30

Cash Flow Statements are either ignored by analysts or accepted as reflecting the truth. Cash flow holds the key to repayment so it is vital that Cash Flow Statements are understood for what they represent; imperfect portents of the future.

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An Introduction to Cash Flow Statements:

How GAAP and IAS conforming cash flow statements are constructed.

- The cash flow statement is far more important than either the balance sheet or the income statement in revealing information about a company.

18:00 BREAK TO 19:30 DINNER

Dinner hosted by **FCIB**. Transport provided.

Wednesday May 10:

08:30

Check out of the Hotel.

09:00

Sweep aside all the lies found in many annual reports, and focus on the real story, the story many CEOs and CFOs do not want us to read. Learn to detect and anticipate deteriorating cash flow quality and quantity. Interpret the impact of key cash drivers. Find out how to predict deteriorating debt capacity.

An Introduction to Forensic Cash Flow Analysis:

Review GAAP and IAS conforming cash flow statement theory.

- Practice creating cash flow statements based only on balance sheet and profit and loss statement information, in order to consolidate understanding of the theory.

Learn how to mislead analysts using a conforming cash flow statement.

- Revenue from discontinued operations provides fertile ground for subterfuge.
- Taxes paid are a serious means by which to deceive.

10:30 BREAK TO 11:00

- Capital expenditure – what an opportunity!
- Trading Securities (occasionally) is perfectly acceptable, or is it?
- Tax breaks on employee stock/share options exercised in the USA, what a gift!

A number of examples will be presented and discussed. A worksheet providing a step by step guide to Forensic Cash Flow analysis in practice will be supplied and explained.

12:30 WORKSHOP ENDS

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Text Book (Supplied)

Wells R K (2004) *Global Credit Management – an Executive Summary*, published by John Wiley & Sons Ltd, Chichester, UK (for details see <http://www.barrettwells.com/gcm.html>)

The organisers reserve the right to change the programme and/or the faculty member(s) without notice.