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**Business Coach**  
*Lorem Ipsum Sit Dolor*

## Business Risk Main Component Scales








It is estimated that this company will have long-term and current operating period liquidity that will allow for satisfactory loan payment performance. See the following analysis to assess the estimated risk of loan payment performance.

### LONG-TERM LIQUIDITY COMPARATIVE PERFORMANCE SCALES

	<b>Return on Asset Investment</b> <span style="float: right;">★ ★ ★ ★ ★</span>
	Current performance shows that earnings on invested assets are well below the average for this industry and that this may lead to long-term lack of liquidity.
	<b>Spread Between Earnings on Debt and Cost of Debt</b> <span style="float: right;">★ ★ ★ ★ ★</span>
	Current performance shows that the spread between earning on debt and cost of debt is positive and this is likely to lead to long-term liquidity if this performance level is maintained.
	<b>Gross Profit Margin</b> <span style="float: right;">★ ★ ★ ★ ★</span>
	Current performance shows that the gross profit margin is near the average for the industry.
	<b>Assets to Sales</b> <span style="float: right;">★ ★ ★ ★ ★</span>
	Current performance shows that sales on invested assets are well below the average for the industry and that this firm is unlikely to have long-term liquidity.






## OPERATING PERIOD LIQUIDITY COMPARATIVE PERFORMANCE SCALES

	<p><b>Net Balance Position</b> <span style="float: right;">★ ★ ★ ★ ☆</span></p> <p>The estimated cash liquidity of the company is below the average for the industry and raises concerns about the firm's cash position during the next operating period.</p>
	<p><b>Age of Inventory</b> <span style="float: right;">★ ☆ ☆ ☆ ☆</span></p> <p>The age of inventory of this firm is well above the average for the industry and increases the risk of cash shortages.</p>
	<p><b>Collection Period</b> <span style="float: right;">★ ★ ☆ ☆ ☆</span></p> <p>The accounts receivable collection period of this firm is well above the average for the industry and increases the risk of cash shortages.</p>
	<p><b>Payment Deferral Period</b> <span style="float: right;">★ ★ ★ ☆ ☆</span></p> <p>The payment deferral period of this firm is in an appropriate range for the industry and should not create cash problems if current performance is maintained.</p>
	<p><b>Cash Conversion Cycle</b> <span style="float: right;">★ ☆ ☆ ☆ ☆</span></p> <p>The cash conversion cycle of this firm is well above the average for the industry and this increases the risk of cash shortages.</p>

**RISK SCORE: 45 %**

# Subjective Evaluation


## GENERAL EVALUATION PERFORMANCE SCALES



	<p><b>Management Team</b> ★★★★★</p> <p>How does the management team of the firm compare to leaders in the industry? If the firm is small, are advisors used to provide management functional area expertise? When evaluating the management strengths of the applicant, consider the following: Training and experience of key managers; The owner and/or top management; Are all functional areas of management covered adequately; The board of directors or advisors (successful companies use boards); The quality of the attorney and accountant used by the firm; The quality and compatibility of investors (if any); and, Equity or incentive plans to retain key managers; The use of consultants, especially peer consultants through organizations such as TEC.</p>
	<p><b>Market Viability</b> ★★★★★</p> <p>When assessing the market viability for the firm, consider the following: Is their a clear market definition both in terms of demographics and geographic area served?; Is the market segmented with a clear position for the firm?; Are there any environmental trends that may have an impact on the market?; and What is the market structure and position of the firm in this market?</p>
	<p><b>Product/Service Viability</b> ★★★★★</p> <p>Is there a clear product/service definition that identifies customer needs? Does the product/service have a sustainable competitive advantage? Does the firm have a demonstrated sustainable advantage when compared to competitors?</p>
	<p><b>Financial Management</b> ★★★★★</p> <p>When evaluating the financial management of a firm, look at the benchmarks to determine if financial performance has been demonstrated in the past. You also should look at the following: Does the company prepare sales forecasts, cost analysis, marketing and sales plans, pro forma income statements, pro forma balance sheets, pro forma cash flow statements, pro forma capital budgets, financial evaluations, animation from budget financial decision making. Is the company willing to use financial analysis and decision-making software?</p>
	<p><b>Risk Identification and Management</b> ★★★★★</p> <p>Has the company identified key risks, evaluated the risks and probability of occurrence, and made contingency plans for risk management?</p>

**RISK SCORE: 45 %**

# Industry Specific Subjective Evaluation

## INDUSTRY SPECIFIC EVALUATION PERFORMANCE SCALES

	<b>Location</b> <span style="float: right;">★★★★★</span> Proximity to markets and customers is important to the success of a manufacturing firm. Based on your experience, how does the location of this business impact on its competitiveness?
	<b>Manufacturing Assets and Capacity</b> <span style="float: right;">★★★★★</span> Compared to competitors, does this company have good base of assets and is capacity being adequately used with small excess capacity to meet demand fluctuations and for orderly growth?
	<b>Direct and Indirect Competition</b> <span style="float: right;">★★★★★</span> The intensity of competition has a major impact on the success of manufacturing businesses. Based on your knowledge of the market, how intense is the direct and indirect competition of this business (both current and projected)?
	<b>Gross Profit Margin Over-Time</b> <span style="float: right;">★★★★★</span> Successful manufacturing businesses are able to maintain or improve gross profit margin over years of operation. How has this business performed in terms of gross margins compared to the industry (see benchmark) and have these margins been maintained or improved over-time?
	<b>Information Systems</b> <span style="float: right;">★★★★★</span> To be successful in manufacturing, it is important to keep track of customer buying data, invoicing, collections, inventory, trend and cyclical data. How does this firm's information system compare to leaders in their industry?
	<b>Product Line</b> <span style="float: right;">★★★★★</span> To be successful in the long term, manufacturing firms must have a sustainable product line (be wary of single product firms) and know the inventory turns and marginal profits for each product and in aggregate and for each product category. Compare this company's days of inventory (benchmark) and knowledge of individual product item profits and turn compared to the leaders in their market.
	<b>Technical Expertise of Staff</b> <span style="float: right;">★★★★★</span> Most manufacturing businesses rely on the technical competence of their staff. How does the technical expertise of the staff of this business compare to leaders in the industry?
	<b>Changing Distribution Channels in Market</b> <span style="float: right;">★★★★★</span> Distribution channels are rapidly changing and manufacturing firms must understand this reality. Is this company supplying a market where distributions channels are stable or are they changing or under threat to change?

	<b>Supplier Mix</b> <span style="float: right;">★★★★★</span>
	Does this company have a healthy supplier mix that would allow for the loss of some suppliers? Does this business have good supplier contract protection (be wary of single source supplier situations)?
	<b>Reliance on a Small Number of Key Employees</b> <span style="float: right;">★★★★★</span>
	Successful manufacturing firms have multiple employees trained and experienced to perform all key functions. Firms are vulnerable if the owner or only a few key employees are relied on for critical functions of the company. Does this firm have multiple people trained and experienced in all critical areas of operation?

**RISK SCORE: 45 %**