7Cs of Credit

Worksheet

Consider and answer candidly the following 7 “C’s” of Credit before you apply for a loan. Work with a business partner/friend.

1. Capacity

|  |
| --- |
| 1. Do I have experience running a business?
 |
| 1. Have I had this business for more than one year?
 |
| 1. Do I know this industry well?
 |
| 1. Do I have a good team working for me?
 |
| 1. Is the business operating well?
 |

2. Cashflow

|  |
| --- |
| 1. Is my business profitable?
 |
| 1. Do I have a bookkeeping system that will allow me to demonstrate this to the bank?
 |
| 1. Can I produce financial statements from this data?
 |
| 1. Is my cash flow enough to make the loan payments?
 |

3. Capital

|  |
| --- |
| Do I have enough reserves, or other people who could invest in the business, should unexpected problems or hard times arise? |

4. Collateral

|  |
| --- |
| Do I have collateral (business and/or personal) which I can offer? Is the property I own mine, or do I share it with my wife/husband or family? |

5. Character

|  |
| --- |
| 1. Can I show the bank that I am honest, and keep my promises?
 |
| 1. If I've had a loan or supplier credit before, did I always pay on time?
 |
| 1. Have I always paid my personal bills on time? Can I prove this to the bank?
 |
| 1. Do I have good references?
 |

6. Conditions

|  |
| --- |
| 1. Is the industry that I am in a good one?
 |
| 1. Do I have a unique product or service which makes me different from my competitors?
 |
| 1. Is there growing demand for my products?
 |
| 1. Does a loan make sense for my business?
 |

7. Commitment

|  |
| --- |
| 1. Am I committed to working hard so that my business will succeed?
 |
| 1. Do I really want it to grow?
 |
| 1. Have I put my own money into the business?
 |