



2019 Boulder Microfinance Training (MFT) Course Syllabus

Course Information

Course:	Powerful Tools for Managing Growth, Profitability, and Impact
Faculty:	David C. Richardson
Dates:	Week 2 (July 29 – August 2)
Time:	Afternoon (2:30-5:30pm)
Language:	English

Course Description

As MFIs develop and become more complete financial intermediaries operating in highly competitive financial markets, key employees need to become more sophisticated financial managers. This class familiarizes participants with how to manage evolving financial structures, accelerated growth, volatile interest rate margins, and fluctuating operating costs, while at the same time, maintaining key financial disciplines which insure safety and soundness.

Participants learn how to quickly pinpoint and monitor their institutional strengths and weaknesses, and then, craft a business plan through a simplified, computerized version of the PEARLS Monitoring and Business Planning System. Key financial principles and practices will be covered to sensitize participants to the full gamut of variables so that they may project alternative 'What -If' scenarios which facilitate sound business decision-making.

This class combines lectures, participatory group discussions, and engaging case studies to achieve the class objectives. It is very practical and employs 'hands-on' tools that can be readily adapted into real work environments.

In order to make full use of this class, participants should meet the following requirements: 1) Basic understanding of accounting debits and credits, 2) Operational or supervisory management responsibilities for any MFI, 3) Access to a laptop computer with Microsoft Excel software.



Objectives

Participants will learn to do the following:

1. Reformatting techniques for financial statements that pinpoint strengths and weaknesses.
2. Key Financial Performance Ratios and Standards that make a difference
3. Making common sense out of complicated financial information
4. Simplified Business Planning Techniques that focus Management on key strategic decisions
5. Creating What-If Scenarios that quantify the impact of financial structure, growth, efficiency, and financial discipline on institutional performance in competitive markets

Prerequisites

- Basic understanding of accounting debits and credits
- Operational or supervisory management responsibilities for any MFI
- Access to a laptop computer with Microsoft Excel software

Audience / Participants

MFI Managers and/or other Senior Management Team employees or Board Members who are not intimidated by numbers. Regulators will find these tools helpful in monitoring and regulating wayward MFIs. Donors may also find this course helpful in structuring technical assistance programs that demand a high level of economic and social performance

Suggested Reading List

1. Deshpande, Rani (2007). "MFI Capital Structure Decision Making: A Call for Greater Awareness." <http://www.cgap.org/sites/default/files/CGAP-Brief-MFI-Capital-Structure-Decision-Making-A-Call-for-Greater-Awareness-Aug-2007.pdf>
2. Rosenberg, Richard (2009) "The New Moneylenders: Are the Poor Being Exploited by High Microcredit Interest Rates?" <https://www.cgap.org/sites/default/files/CGAP-Occasional-Paper-The-New-Moneylenders-Are-the-Poor-Being-Exploited-by-High-Microcredit-Interest-Rates-Feb-2009.pdf>



Outline

I. Monday, July 29, 2019

1. Differences between Legal Accounting vs. Analytical Financial Statements
2. TOOL #1: Financial Reporting Formats that facilitate a precise financial analysis
3. Linkages and Inter-relationships between Balance Sheet and Income Statement accounts
4. TOOL #2: PEARLS Financial Monitoring System Overview

II. Tuesday, July 30, 2019

1. TOOL #2 Continued – PEARLS Financial Monitoring System
TOOL #3: Prudential Performance Standards of Excellence that make a difference
2. Interpreting the Numbers: What do they really mean?
3. Work Group Case Study: Analyze an MFI who experienced a dramatic turnaround using PEARLS and Discuss Findings

II. Wednesday, July 31, 2019

(Bring Laptop Computers to Class or Share with Others)

1. TOOL #4: The 10 Questions of Business Planning and their consequences on financial performance and impact
TOOL #5: Business Planning Software (Excel Spreadsheet on diskette). How to prepare a concise business plan that links structure, growth, efficiency, and profitability together.
2. Managing Assets, Liabilities & Capital: How to use the software to do “What-If” projections and to develop strategies which show the financial impact of your decision-making.
3. Work Group Case Study – Using the Business Planning software on a well-known MFI, determine what actions would be needed to cut loan interest rate from 87% to 25%.



IV. Thursday, August 1, 2019

1. Workgroup Activity: Using all tools discussed in class, analyze an MFI in serious financial trouble and present a concise business plan, outlining strategies and showing projections which correct the weaknesses and improve financial performance

V. Friday, August 2, 2019

1. Workgroup Final Presentations: Each workgroup will present their diagnosis, strategies, and projected results to strengthen and improve performance of the weak MFI.
2. Instructor will review each presentation in class and will share his insights and tips, based on 30 years of practical experience. Open discussions will help students internalize the key principles and standards presented in class during the week. Many opportunities for sharing and discussing information with fellow students.
3. Final Summary of Lessons Learned for Managing Growth, Profitability, and Impact