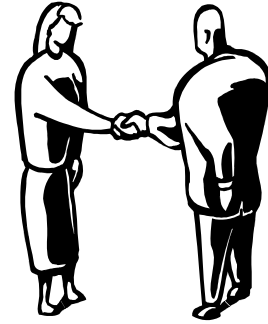


The Initial Interview

You talk to Christina about her business

Christina currently operates her clinic out of a back room in her house. The business is registered with the local authorities.

Christina has found a wholesale supplier of family planning products and other over the counter medicines who will allow her to purchase products at a lower price than the pharmacy in the municipality where she currently purchases them.



To get the lower prices, she must buy the products in larger quantities, more than 3 months worth of inventory at a time. She would like to borrow P40,000 for the initial purchase of products for resale and a new delivery set which is a set of tools needed for assisting deliveries.

She is not sure what her monthly income is from her business. She charges approximately P4,000 per birth, which includes prenatal visits and one post-natal visit.

She usually has between 7-8 births a month. In the peak season of August through September she will have as many as 10 or 12 births a month. In addition to deliveries, she earns about P2,000 a month from the sale of family planning products and services and P7,000 from the sale of over the counter medicines and vitamins, vaccines for babies, suturing services, pregnancy tests and ear-piercing.

Christina, as a midwife, runs a trust-based business. Most of her clients are word-of-mouth referrals from past or current clients who are pleased with her services.

Christina owns her house, which is where the clinic is located. She thinks that her husband has the tax documents to prove this ownership.

She also some things that she and her husband would be willing to use as collateral for the loan:

- *TV*
- *Refrigerator*
- *CD player (mini-component)*
- *Tricycle*

Equipment that she could use for collateral includes:

- *Birthing bed*
- *oxygen tank*
- *shelf*

- *Examination Table*
- *Medical Tools*
- *Stethoscope*
- *Baby scale*

Christina has a long-term goal of saving P100,000 to renovate the clinic, purchase equipment, and access training to achieve a “Birthing Home” certification for her clinic from the Department of Health. This would allow her to expand and equip a separate recovery room.

Once she has this certification, Christina will be able to perform maternal health family planning services such as pap smears and IUD insertion, which would compliment the current maternal and child health services and family planning products she provides to her patients.

After the renovation, her local midwife association has advised her that it could take several months to achieve the DOH certification. Without the ‘Birthing Home’ Certification Christina may continue to operate legally, but would only be able to assist normal spontaneous deliveries, provide family planning products and counseling, and administer vaccines and exams.

Also, without the Birthing Home certifications, her clinic would be unable to apply for PhilHealth accreditation, thus all patients can only pay in cash. She may also eventually apply for PhilHealth accreditation, which would allow here to take patients who are covered by PhilHealth and thus increase her client base and income sources.

Personal information about Christina

Christina is married to Jose Pena and they have 2 children, a 10-year-old girl and an 8-year-old boy. Christina’s mother watches the children after school, while Christina works. Jose has a job as a mechanic in a car repair shop in the barangway.

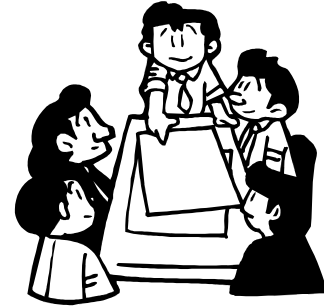
Christina has been living in the barangway for 12 years with her husband.

Christina has two sisters. One works as a home-aid in Singapore. The other is a nurse at the local government hospital.

Friends and family call Christina “Tina” as a nickname.

Group Exercise:

1. What information have you gathered in the initial interview?
2. Where can you use this information in your analysis?
3. In your groups, complete as much as you can of the Credit Analysis report and Cash Flow analysis.
4. Take note of what information you have left to collect.



a) Aside from the importance of completing the forms, why is this information important to your credit analysis?

b) Does it impact loan structuring?

Christina's Clinic Site Visit

Her clinic is located near the center of the barangay, and her bright blue and white sign is clearly visible to all who pass by. Christina's business registration is posted is posted above the door of her clinic.

As you enter, there are an older woman and a young woman with a baby in the waiting area. Christina's assistant is talking with them and getting out a chart. Christina greets you with a bright smile. She is wearing a clean white uniform. Her assistant is wearing neat, clean street clothes.



The clinic is clean and cheerful-looking. Near the door of the clinic on the wall are framed professional certificates: Christina's diploma from midwifery school and certificates of participation in clinical skills trainings such as family planning counseling, family planning clinical skills, and emergency obstetrics. The certificates are from reputable organizations such as the city hospital, her national midwife association, and Department of Health. On the wall you see her certification as a midwife, which has an expiration date of one year from now.

In this one-room clinic, there is a bench for women or children and a chair and desk for the midwife and her assistant. There is a small shelf with children's vitamins, painkillers and fever reducers for women and children, and boxes with vaccines and other pharmaceuticals. In the corner, behind a retractable curtain, is the birthing bed. In the other corner is the recovery bed. The floor is painted and clean. There is an adjoining comfort room. Christina explains that when a woman is in labor or recovering, others who need to come for appointments go to her home, which is adjoining.

Christina shows you the space in the back of the building where they would make the expansion and explains that they have found a contractor who will give them a discount on the work because her husband will help with the construction.

You talk to Christina about her costs and income from the business, and she shows you her utility bills and receipts from past purchases of supplies and drugs. She tells you about her income in the past period and what she expects she will earn after she purchases the new stock and tools. Christina doesn't keep formal financial records, although she does keep a stock inventory and her patients' records are in good order.

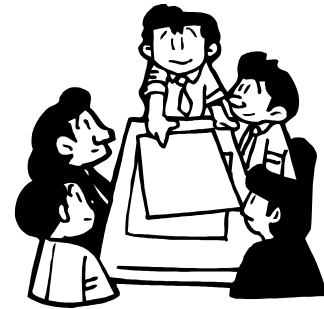
You ask her about tax documents. Christina shows you the income report that she submitted to BIR last year. She owed little or no income taxes in that period.

As you talk to Christina, her assistant prepares the baby for a vaccine, and Christina administers the shot. A pregnant mother comes in for a pre-natal visit.

Group Exercise:

1. What information have you gathered in the site visit?

2. Where can you use this information in your analysis?



3. What additional information would you gather at this site visit, if any? How would you gather this information?

4. Is there any other information needed beyond what you are able to gather in the site visit?