BRAINSTORMING FOR ANTICIPATING BUSINESS BANKRUPTCY

Voting

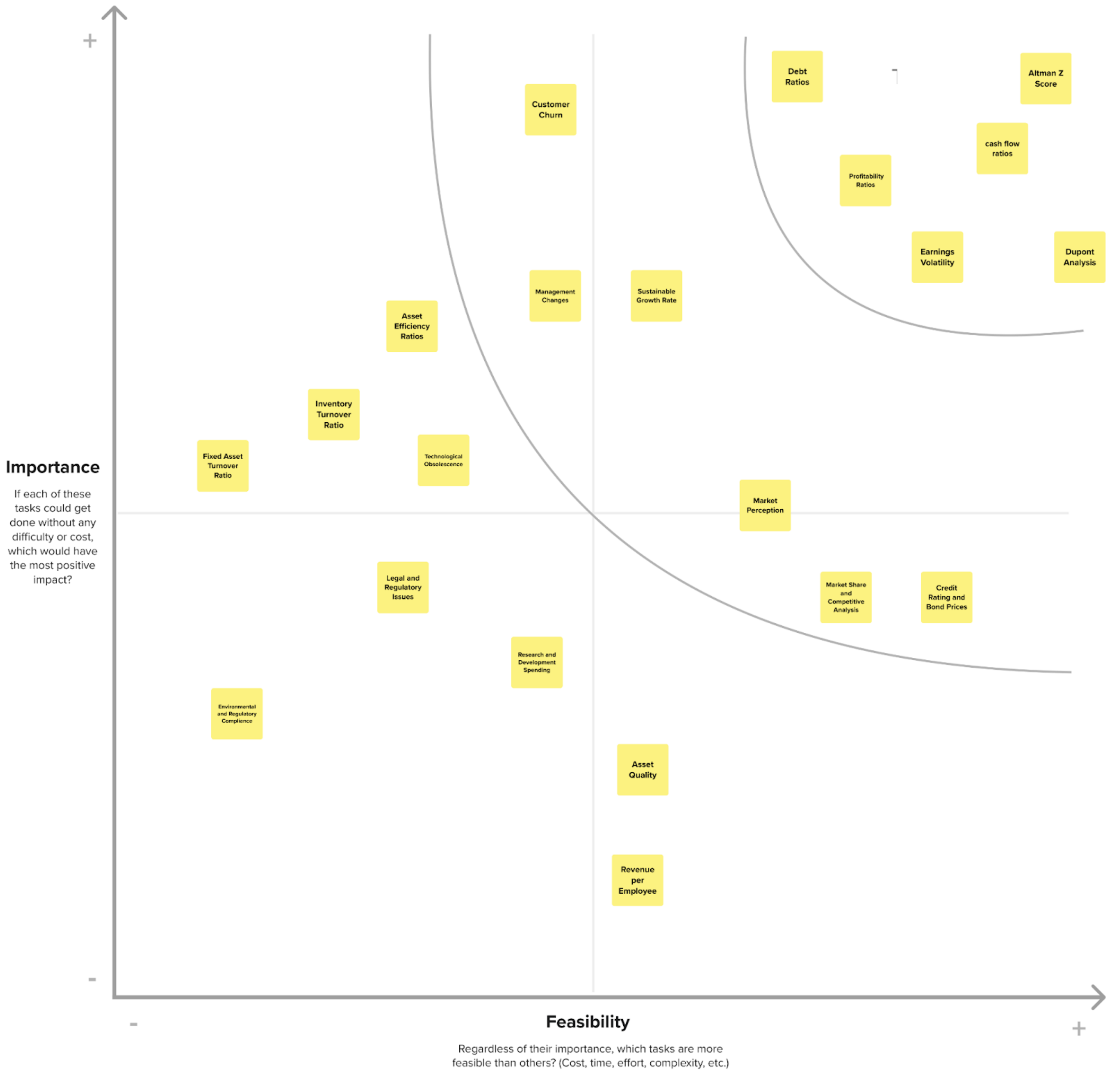
Statistical Analysis:

1. Debt Ratios 👍🏽👍🏽👍🏽👍🏽👍🏽
2. Altman Z Score 👍🏽👍🏽👍🏽👍🏽👍🏽👍🏽
3. Cash flow ratios 👍🏽👍🏽
4. Profitability Ratios 👍🏽👍🏽👍🏽👍🏽
5. Earnings Volatility 👍🏽👍🏽👍🏽👍🏽
6. Dupont Analysis👍🏽👍🏽

Non Statistical Analysis

1. Customer Churn 👍🏽👍🏽👍🏽
2. Market Share and Competitive Analysis
3. Technological Obsolescence
4. Revenue per Employee
5. Asset Quality 👍🏽👍🏽
6. Research and Development Spending
7. Legal and Regulatory Issues 👍🏽
8. Sustainable Growth Rate 👍🏽
9. Market Perception
10. Credit Rating and Bond Prices 👍🏽
11. Asset Efficiency Ratios
12. Environmental and Regulatory Compliance
13. Inventory Turnover Ratio
14. External Economic Factors 👍🏽

Idea prioritization



Statistical analysis, particularly the Altman Z-Score, liquidity ratios, and debt ratios, stand out as more effective indicators for predicting business bankruptcy for several reasons:

Quantitative Rigor: These indicators rely on quantitative data and specific financial ratios, providing a systematic and structured approach to assessing bankruptcy risk. This makes them less subjective and more objective compared to qualitative indicators.

Historical Validity: The Altman Z-Score, in particular, has a long history of successfully predicting bankruptcy and is widely acknowledged for its accuracy. This historical validation lends credibility and reliability to its predictive power.

Comprehensive Assessment: These indicators cover fundamental aspects of financial health, including solvency, liquidity, and leverage. The combination of these factors offers a more comprehensive evaluation of a company's financial stability and ability to meet obligations.

Standardized Benchmarks: These indicators often come with predefined benchmarks, making it easier to interpret results. For example, a Z-Score below a certain threshold suggests heightened bankruptcy risk, providing a clear reference point for decision-making.

Comparative Analysis: These indicators enable easy comparisons, not only over time but also against industry benchmarks and peer companies. Comparative analysis enhances the assessment's context and helps identify outliers.

Wide Acceptance: These indicators are well-recognized and widely used by financial analysts, investors, and creditors. Their familiarity and acceptance in the financial community make them a common language for discussing financial stability.

While these statistical indicators are indeed effective in assessing bankruptcy risk, it's important to note that