

## Will Your Banker Be There for You When You Need Them?

The media and many political leaders have been waging an all out assault on the banking industry of late. Some of it is certainly justified given the current state of our financial system and many of the excesses that have been uncovered. However, to vilify all banks and bankers is simply wrong. The blame for the problems should not be spread equally to all banks.

The relationship you maintain with your bank and your banker is very important. This relationship has never been more important than today. Banks are running scared and have clamped down on their lending criteria. There is also a lack of liquidity in many banks. However, there is some money to lend for borrowers that qualify. Banks want to, and need to, lend money to businesses with strong results and a good credit rating. It is critical to their success to do so. Lending may be tight today, but it will loosen up and you want to be in a good position to take advantage of it when you need to.

Banks are looking to reduce their credit exposure and risk in order to clean up their portfolios. Rest assured that if you have borrowed money, they are watching your business closely for signs of trouble. If you have not borrowed but may need to do so in the future, then building or maintaining a strong relationship today will improve your chances of being approved later.

Think about your business and the role your bank and your banker play in your business. The bank provides necessary services – both lending and deposit accounts – to keep your business running. Your banker should be looked at as a partner that can help you weather the bad times and provide the services you need in the good times.

Your specific financial needs and the availability of money create an atmosphere of security or potential risk depending on your present situation. Here is a list of the seven things you should do to keep your banker close and build their confidence in you and your business so they will be there when you need them.

1. **Create a business friendship with your banker.** People do business with people they know, like, trust and believe in. Meet your banker for breakfast, lunch, or dinner. Take in a ball game or set up informal meetings to keep in touch. Help them to get to know you. This will lead to trust which is an important component in the banking relationship.
2. **Make sure your banker knows and likes your business.** Show passion and enthusiasm about your business to your banker. When you schedule a meeting hold it at your business, not their office. Let them see how your business operates and what you do. If they need to defend a credit application to an underwriter, they will be in a much better position to do so if the banker understands your

business and can speak to what you do and how you do it.

3. **Keep them informed of financial developments in your business.** Be proactive and provide them with financial statements at agreed upon intervals. If there are positive improvements in your sales and profits, make sure to point these out to your banker. If there are significant changes in financial obligations, like leases or debt, let them know. Make them feel as though they are an integral part of your business and its success.
4. **Borrow money before you need it.** Never wait until your business must borrow money to ask for it. Establish a business line of credit or borrow for working capital while the business is in a position not to need it. Then when the time comes that you need the money to manage cash flow you will have it available. The worst time to borrow money is when you are in desperate need of it. As your business grows ask for your credit line to be reviewed and increased.
5. **Be very strategic about when and how you ask for a loan.** When you apply for credit don't just call up the banker and ask for the money. Meet with the banker and present a marketing plan and a repayment plan along with your credit application. Show them you have already determined your needs and how you will use the money to create cash flow to repay the loan. Bankers tend to discount the pie-in-the-sky projections in business plans, so instead show them in no uncertain terms how this money will be put to work to grow your business.
6. **Pay on time, all the time.** Especially in turbulent times like in today's economy, be sure to pay all your obligations on time. Banks are paying close attention to your industry and to your business. If they get the slightest hint that something may be going wrong they will probably act. This may mean a suspension or reduction of your credit line. It also will make it much harder if not impossible to borrow more money when you need it. Sloppy payment history is simply not tolerated in difficult times like these.
7. **Make referrals to your banker.** Give them leads as often as you can. If you believe in your bank and your banker then tell your business friends. Once a month arrange a breakfast or lunch to introduce your banker to a prospect. Bankers love to get referrals and the more you give them the more valuable your relationship becomes to the bank.

Developing and maintaining a mutually beneficial relationship with your banker will pay big dividends for you and your business. Too many business owners take their banker for granted and only pay attention to them when they want something. If you have the attitude that your banker is the only one who needs to work on the relationship, then now is the time to change your perspective. Make it a win / win situation for both of you and the financial management of your business will be much stronger.