

## Know Your Banker

If you're a small business owner, it's important to keep close ties with your banker. In good times and in bad, your bank plays a key role in the health and growth of your company. An important thing to know is that you shouldn't simply seek out your banker when you need financing. Whether it's business lending or even personal savings, it's simple to develop a strong working relationship with him or her.

There are many pieces to the puzzle when it comes to running a successful business. Often, nothing counts more than having adequate funding. That's where your banker comes into the picture. The hope of course, is that your small business is in the black and operating at full speed ahead. However, there comes a time even when the most successful business needs additional capital to launch a new product line, expand the physical operations or purchase additional equipment. There also comes a point when you'll need your banker to help you through the tough times. So, what's the best way to make the most of your banking relationship? Here are a few useful tips.

### **Be Attractive**

Your banker needs to know you're a good risk. Remember, you're not the only one who's in business to make a profit. So, make yourself an attractive banking client and communicate that fact to your banker. Know what you need before you walk in the door, whether it's short-term financing, a term loan, mortgage financing for business or personal property, or other non-loan services.

Your banker is looking for a client that is financially secure and has collateral to back up the loan. Lenders also expect that you're an expert in whatever business you're running and that you have talented and capable business people behind you. That also means that if you are a novice, a prospective lender is going to give you a much closer look than a borrower who is experienced in his or her field. No matter your background, bankers will be looking for stable and reputable business people to work with on any given day. They'll expect a workable business plan and one that will change and evolve as your business does.

### **Don't Play Hard To Get**

In good times and in bad, it's important to keep the lines of communication open with your lender. Make sure to touch base with your bank on a regular basis so your lender knows how your business is doing, even when you're not in immediate need of financing. It'll be to your benefit if and when you do have banking needs. Your banker will be more likely to expedite any request if they have a clear and up to the minute picture of your business.

Always have your current financial statements at the ready. You might be surprised to know that your banker will appreciate the effort. Remember, business clients are the bedrock of any financial institution, so make sure you're an active party in the relationship. If you've been contacted by the bank, get back to them ASAP. Small business owners often find it difficult to manage their time, but your banker isn't the call to put off. When you call them back, have your financial statements and banking statements in front of you.

### **Be Straightforward**

Your banker is certain to be full of questions, and many business people will take that as a negative sign. But it's par for the course. So, when you answer any and all financial and personal questions, make sure to say what you mean and mean what you say. In other words, be clear about your needs and your financial picture. Try not to go on the offensive or fall back on a defensive position either. Relax and communicate with your bankers in a straightforward way. They'll appreciate the approach.

### **Honesty Is The Best Policy**

When it comes to banking, it's always best to be forthcoming with information. When your banker asks for additional financial information about your business or additional details about you, make sure you respond quickly and completely. Don't be surprised by follow-up questions. The back and forth doesn't necessarily mean you're going to get a "no" answer when it comes to your banker. They're merely doing their job. Also, don't spring a surprise on the bank. It pays to give your banker a complete and up-to-date picture of your business early and often.

### **Pay Attention To Your Savings**

Don't use your banker only for business transactions. Most small business owners shortchange themselves when it comes to personal savings. Your banker is there to not only help you when you're financing your business, they can also assist you in planning for your short term and long-term savings. Whether you're looking to build an emergency savings account or stash away cash for retirement, there's a way to go about it all. Your banker can offer up ideas about the approach and the most appropriate investment options available.

### **Get Some Help**

If you're looking into more complicated investments, then you'll probably need a bit more help. Most people are not ready, willing and able to understand the vagaries and complexities of the market on their own. That's where it pays to talk to professionals. But whatever you decide as far as your personal savings and investing, remember that for most people, a diversified portfolio with a moderate risk strategy is best. If you're near or close to retirement, then you'll probably want to consider more conservative and lower risk investment vehicles.

Keep in mind that, although lenders have to follow strict guidelines, they are people first. Keeping your lender in the loop gives him or her the chance to see over time that your company is on solid ground

and that you exercise good financial practices. When time is of the essence, having an established relationship may be the difference between getting what you need on time, or being a day late and a dollar short.