

Selecting Your Financial Institution

How do you decide where to seek financing?

- Consult an attorney or accountant familiar with your type of business.
- Shop around and talk to different bankers to find one with an understanding/appreciation of your type of business.
- Network with other small businesses.
- Research several institutions to find the one that is the best fit for you. (Banks offer different business services and their rates will vary.)

Questions to ask a financial institution/banker may include:

- Have they financed this type of business before?
- What is the average size of the loans they finance?
- What are their professional backgrounds, especially in terms of whether they are commercial or consumer lenders?
- Do they have the level of lending authority you need?

When meeting with the financial institution/banker:

- Make an appointment – do not walk in “cold” to make a loan request.
- Remember that first impressions are lasting.
- Be prepared –the better prepared you are the better reception you’ll get.
- Find out how they handle loan requests – verbal presentation first, and/or submitting a written loan request prior to meeting face to face.
- Follow up on any questions for which you do not have answers.
- Listen carefully to their suggestions or proposals.
- Set a timeframe for follow-up/review.

Questions you may be asked:

- Do you have experience operating a business?

- How committed are the chief operators to the business?
- Can the business repay the loan? (Will the cash flow be greater than debt service?)

- Can you repay the loan if the business fails? (Is the collateral sufficient?)

- How will your business collect its bills?

- How will your business control its inventory?

- How will your business pay its bills?

- How will your business control expenses?

- Will you have any discretionary cash flow?

- What is the future of the industry?

- Who is your competition and what are their strengths and weaknesses?