



Being Bankable, Why it's Important,
and You

| July 6th, 2022

| Why be “Bankable”?

-Being Bankable means that you and your business are clients that banks would like to work with. Below are a few points banks will look at to determine this:

- How cash flows in and out of your business?
 - Receivables, Payables, Do your vendors provide discounts?
 - Enforcing payment terms is imperative to Bankability
- Ensure you understand how credit impacts you and your business
 - When was the last time you pulled your credit?
- How you manage funds, and your bank account, impacts your businesses reputation with your current, and future banks.
 - Do you overdraft frequently?
- Choosing your business partners matters
- Every business needs a good lawyer, banker, and CPA.
- Having a strong understanding of total performance of your business may be the deciding factor!



5 Cs of Credit

Character – When lenders evaluate character, they look at stability. If you want a loan for your business, the lender may consider your experience and track record in your business and industry to evaluate how trustworthy you are to repay.

Capacity – Capacity refers to considering your other debts and expenses when determining your ability to repay the loan. Creditors evaluate your debt-to-income ratio, that is, how much you owe compared to how much you earn.

Capital – Capital refers to your net worth — the value of your assets minus your liabilities.

Collateral – Collateral refers to any asset of a borrower that a lender has a right to take ownership of and use to pay the debt if the borrower is unable to make the loan payments as agreed.

Conditions – Lenders consider a number of outside circumstances that may affect the borrower's financial situation and ability to repay. If the borrower is a business, the lender may evaluate the financial health of the borrower's industry, their local market, and competition.

Using your Credit

- Line of Credit

A line of credit should be used to supplement slow receivables. If a vendor is slow to pay, you still have to run your business, and a line of credit is in place to do just that. Once that receivable is paid, you repay the LOC FIRST. Most common mistake we see is people utilizing a LOC for term loan need, paying themselves, vacations, or items not even related to the business.

- Term Loan

Anything that needs to be spread out and not repaid for greater than a few months.

I.E. – Equipment, Vehicles, Buildings

! Differentiating Your Business

-Starting with a high barrier of entry

Have you positioned yourself and your business to provide a different service or approach?

If not, not to worry, pivot and proceed!

In a day and age where many businesses are similar, your business success, and your ability to borrow and work with a bank depends on it.

I Do not get discouraged

- Ask your vendors if they offer discounts. Most business owners learn this too late.
- We frequently have to say “not now”, but we do not want to say “no” to your lending request. If your banker does not offer insight into how you can complete your request in the future, reach out to someone else.
- Try to establish your lending need before you have the need.
- If we’ve learned anything from COVID, it’s that pivoting or changing your approach, can make all the difference!

Fraud – Protecting Yourself and Your Business



| A Quick Note on Fraud

While your Bankability will not depend on it, protecting yourself and your business is a must.

- Who has access to your banking and confidential information?

 - Do they have insurance if something were to happen?

- Are your checks, debit cards, account information easily accessible?

 - Cleaning crew? Contracted labor? Walk ins?

- Do you have anti virus software? Is it up to date?

- Are your username and passwords easily guessed?

Questions?

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