



5 ways you will get to “yes” with your banker

Need a bank loan? Show your business is safe, stable, and organized

Despite the rebounding economy, many lenders remain extremely risk-averse. The banking industry’s post-crisis focus on building up capital reserves, however, doesn’t change the fact that many small businesses need funding, and for some the best available option is a bank loan. In this climate, securing your lender’s trust is a matter of making the best possible case for why your business is safe, stable, and organized. Here’s what you need to consider as you seek a funding infusion.

Assert your existence

The first step in winning the hearts and minds of bankers is to leave no doubt about the legitimacy of your business. That starts with having a business name, a physical address (not just a P.O. box), a phone number, and at least a basic website. If you don’t have one, website builders and e-commerce stores available from [WordPress](#), [Squarespace](#), [AT&T](#), [Magento®](#), and [Spree Commerce™](#) offer inexpensive ways to get your business online—fast. You’ll also need to be able to

supply your Federal Taxpayer ID, ownership type (LLC, sole proprietorship, etc.), and the names of all owners. In addition to these basics, be ready to answer three questions about the current state of your business:

1. **What's your revenue model?** How much will you charge and what are your expenses? This is crucial. Figure it out before you seek any form of funding.
2. **At what stage is your company?** Be specific. "Young" isn't a sufficient answer. Are you cash-flow positive? Pre-revenue?
3. **Where has your startup money come from, so far?** If you've already received any financing, your lender will want to know where it went. Be able to account for it thoroughly.

Assess your financial health

Before you approach your lender, make sure to check your credit score. You don't want any surprises derailing your loan. Free reports are available from websites such as [Experian®](#) or [AnnualCreditReport.com](#). Also, if you have a prior relationship with the lender, check your credit line with them and make sure they haven't made any changes to the limits or terms. Last but not least, prepare a list of any assets (real estate, 401k plan, etc.) that you can leverage toward a business loan. Even if these last items aren't necessary, having assets helps you present as stable and responsible to your financial institution.

Map your financial goals

As you build your case for funding, consider milestones and what it will take to get you to the next one. Have a detailed outline of exactly what the loan money will be used for and what it will accomplish. Calculate payments, including interest, into your figures. Nothing puts a lender at ease like seeing your plan to pay them back.

Address as many details as possible

Your lender will want as many details about you and your business as you can provide. Here are some of the other documents you should compile:

- Tax returns (past three years)
- Balance sheets
- Statements of income, cash flow, and personal finances

- Business plan
- Statements of intellectual property
- Evidence and explanations of disputes/litigation
- Other useful documents (bank accounts, licenses, powers of attorney, etc.)

Be candid

When talking to a loan officer, it's best to put all your cards on the table. Don't hide anything that might hurt you down the road. Remember, you're doing more than seeking a single loan; you're building a long-term relationship with your lender, and that takes openness and trust. In the final equation, loan decisions often come down to character, and positive interpersonal interaction can make a difference. Present yourself as professional, prepared, and engaged. Rather than simply ask for money, invite your lender into your business and get them as excited as you are about what you can accomplish. Do all of this successfully and you'll seal the deal, winning the cash you need today while also securing a business ally who can help you down the line.