



Accounts\_Tax\_Audit\_Business Consultancy

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### Do you really know your bank?

In these days of financial uncertainty the vast majority of SME's are struggling to keep their businesses afloat, not just because of the downturn in trade but also due to the substantial shutdown in lending by their banks.

Most companies in today's globalised world are involved in some form or another in international trade in the goods and services industries. In order to keep their businesses going they need a rolling funding facility, something which the majority of financial institutions are not happy to do due to the financial crisis.

Whilst this true, there are still opportunities available and our experience shows that if you keep to the following simple rules, your chances of success are much higher:

1. The project must be feasible using good old fashioned "common sense" criteria.
2. The team that puts together the proposals must have very clear ideas, and the ability to transmit them with confidence.
3. The key issue from the lender's point of view is the capacity to repay.
4. From a negotiating point of view the following issues must be taken into account **BEFORE** you start to make the presentation:
  - Each financial institution is different; therefore your strategy needs to be kept flexible.
  - Be sincere and transparent. Lying or exaggerating opportunities will not get you anywhere.
  - Maintain a friendly dialogue at all times. Put yourself in their shoes and look at the proposal from a rational point of view.
  - From the bank's point of view you are a client who forms part of an investment package with different risks and rewards. Take this into account when formulating your proposals. Sometimes the deal clincher is to bring into the equation other "juicy" products for the bank.
  - Study carefully the entities and above all the people you are going to approach before you do so. Particularly by taking into account the type of package you are putting on the table.
  - Do your financial homework well in advance of your presentation. In particular have clear ideas of what you want, how you want to achieve it, and its effect on the cashflow of the business going forward.

5. Remember a banker's ultimate goal is always the recovery of his money and its related reward (interest).

Borrowing has become more difficult but not impossible. Work on your strategy and always be POSITIVE.

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