Getting Money out of Banks

Sounds like drawing teeth, doesn't it? In fact, going to the bank for a loan *can* be about as agreeable as going to the dentist. But a bit of lateral thinking and getting inside the minds of lending bankers (yes, even these people have them) can be helpful.

Your strategy should be, firstly, to create price competition between two or more banks and, secondly, to achieve some choice of financial products, e.g., at its simplest a loan or an overdraft. To have read this far, you must already have a good idea of what you want to do. Whatever it is, you will need a plan, a professional business plan, to make it happen.

What worries banks most of all is the possibility of losing money. You need to convince the bank that it is safe to lend money to your company. One of the best ways to do this is to make sure that all the assumptions you make about the future performance of the business are reasonable and consistent with past performance.

Your business plan is a written description of where your business is now, how it got there, what you want to happen next and how you are going to make it happen. Complete your business plan and make sure you are happy with it before you even think of phoning the bank. This will allow you to present your ideas to the bank in an unhurried, organised, concise and professional way. Don't send it by mail; take it with you – it's a key part of your presentation. You may want to change it the night before you see the bank. If they *do* ask for it beforehand say that you're "just revising it" and will bring it with you.

There is no hard and fast rule, but the following is a good guide in terms of content and format for putting together a convincing business plan:

- Summary
- Loan Proposal
- Business Operations
- Market and Competition
- Shareholders and Directors
- Key Strengths
- Conclusion
- Financial Schedules
- Appendix

Your Summary should take up one page exactly. Use short sentences when you are writing your business plan. Keep it simple, but with all the key facts. Avoid going beyond 12 pages. If people want to know more they can always ask.

Banks can be a surprisingly different from each other. You may find a wide range of interest rates, bank charges and security demands between quite well known banks. Also you need to find a person in the bank who you feel comfortable working with.

If you can find the right manager you've probably found the right bank.

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