

5 TIPS FOR COMMUNICATING WITH YOUR BANK



A good banking relationship is founded on:

- setting clear expectations
- ensuring everyone is up to date
- meeting timeframes
- communicating openly
- taking control.

1. Manage your bank's expectations



Be proactive and talk with your banker or financier about what is going on in your business – the good and the bad.

If you don't tell your banker or financier when something significant is happening or is likely to happen (e.g. an upcoming cash flow squeeze), but then you miss a commitment or fail to perform according to their requirements, they get worried.

Make sure you communicate before the bank has to.

2. Keep your financier up to date



As a business owner, ask yourself this simple question: If the person in the bank who deals with my business had to answer an internal question about how my firm is travelling, would they be able to provide a confident, comprehensive and up-to-date answer there and then?

Remember, this person is meant to be the champion of your business within the bank, so make sure they're up to date.

3. Keep to the schedule



How often you talk to your banker may depend on what is happening in your business, i.e. your plans and system of operating.

However the covenants of your loan might also require you to provide regular reports – e.g. quarterly – against particular benchmarks in your business.

Make sure you always meet the bank's timeframes for that reporting.

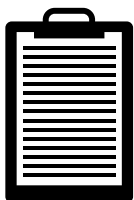
4. If there's no schedule, report in anyway



If you don't have particular reporting requirements, decide for yourself how you're going to keep your financier up to date.

Communication might be as simple as a regular call and/or discussion a couple of times a year, or a scheduled email providing a summary of your business conditions and operations.

5. Take control



Decide for yourself as a business owner to manage the relationship – don't let the bank manage it.

That might mean when you finish putting together your business plan for the year ahead, you call your banker and say: "I know we don't have to talk to you about this, but these are our plans. Just want to keep you in the loop."

If you would like support to manage your banking relationship,
contact the business advisory team at JPAbusiness on
02 6360 0360 for a confidential, initial discussion.

www.jpabusiness.com.au

