



5 Tips for Working with a Commercial Lender

By Lesli Matukaitis | FocusCFO

I worked at a large regional bank for over 15 years. Most of my time was spent as a commercial lender in the Business Banking and Middle Market Departments. Though the revenue size, loan size and industry focus changed throughout the years, the basic credit underwriting and the philosophy of the bank never wavered. The bank focused on generating new commercial loan, deposit and treasury clients, but was even more laser-focused on their retention strategies.

1. Build a relationship

Your lender wants to get to know you and your business. They want to be viewed as a trusted advisor; you might even become friends.

I had a client that called at 4pm and needed \$1Million the next day to purchase property for a new build. My manager was already gone for the day, but I called and explained what was happening and he agreed to the loan. I then called our attorney to prepare the documents and he was able to get them completed in time. By about 6pm, I called the client and scheduled the closing for 8am the next day. Because of the relationship, the client felt confident in calling me to get this executed and I wanted to get this do for them.

2. Lenders hate surprises

Make sure to keep your lender apprised of your business and what is going on. The worst thing to do to a Banker is to surprise them, good or bad. They like to know when an upcoming loan need is happening for new equipment as well as when there is a covenant violation or borrowing base overage. If they know before it happens, they may be able to help by restructuring loans or at least let the appropriate people in the bank know so it isn't a surprise.

3. Ask for recommendations

Your lender knows many people, whether it is other clients or just others in their network. If you are having a problem and are in need of a certain type of person or consultant, chances are they know one or two. Lenders love to give referrals and connect people, so they would be happy to do that for you. And it builds goodwill between all parties also.

4. Send your financials and reporting requirements in on time

Just like lenders don't like surprises, they hate begging clients for their financial information. Also, from the credit side of the Bank, that is a red flag that there is a problem. If you have that relationship with your lender you should be able to call them if there is a problem. If you have trouble getting the reporting done, ask your lender for a recommendation for help.

5. Don't assume your lender understands your business

Lenders understand the basics of business, accounting and finance, but may not know your particular industry well. Sure, they will do research on the industry but even within that, there are anomalies. Help them understand your business and ask questions to understand their business. If you understand the sandbox the bank plays in, can help you to determine if this is the right bank for you as well as how to get things done in the future.

In conclusion, communication is the key to your relationship with your lender and anyone else for that matter. Do what you say you are going to do and communicate when you cannot meet that obligation, for whatever reason. Overall, have fun and enjoy getting to know another professional that is almost as invested in your business as you are.

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