

## Management Article – Getting To Yes With Your Banker, Oct. 2010

For entrepreneurs looking to borrow, the road to YES is more difficult than ever. I just spoke at two conventions on the topic of how we, as entrepreneurs, can create the right kinds of relationships with bankers to borrow when we need to. My new book, *Getting To Yes With Your Banker*, is packed with tips, traps and secrets on getting your business funded, as well as personal tips on managing your credit. Visit [www.GettingToYesWithYourBanker.com](http://www.GettingToYesWithYourBanker.com) for more information. I will be speaking at the ARA convention, and also signing books, with 100% of the proceeds going to ARA, so watch for me there.

I'd like to share some of the advice that I gave to attendees with you.

- **Lines of Credit** – You may think you have one. But, in many cases, when you go to draw on it, you may find that it isn't "open" and getting it open requires additional underwriting. If you aren't sure, call and get a small advance on it just to see!
- **Maturities on Lines Of Credit (LOC)** - If your line is open, it still may be up for renewal. Typically a LOC must be renewed every 12 months. Once-routine renewals are now being scrutinized. If yours matures in the next year, call now to learn what to expect. Ask your banker for a 2-year maturity.
- **Advance rates on borrowing base** - If you have a borrowing base, the advance rates are likely to decline at the next renewal. So, if you used to be able to borrow 65% on your 60-day and newer receivables, you may find the percentage dropping or the terms getting tighter, perhaps only to 30-day receivables.
- **Community banks vs. money center banks** – I am HUGE advocate of entrepreneurs creating banking relationships at community banks. You're only a number at a money center bank. You should be shopping for a community bank well in advance of maturities. Learn more in an upcoming article about how to choose the right one.

I've been blessed with a lot of experience with bankers. I've made my share of mistakes and learned from them. As a result, few people have borrowed more on scrap and junk cars than I have. At GreenLeaf and Schnitzer Industries, I dealt with asset-based lenders and venture capitalists.

Many in our industry tend to be conservative about borrowing. In the present conditions, they are shocked to find out they can't borrow or that the barriers to YES are much higher than they were a few years ago.

No matter how much or how little experience you have with bankers, you need to be proactive in making sure that you can get the lines of credit and capital that you need.

Because many of the questions in my small business consulting practice relate to working with bankers, I teamed up with a community banker to write a book to help you get the most from working with your banker.

Ron Sturgeon, founder of [Mr. Mission Possible](http://www.Mr.MissionPossible.com) small business consulting, combines over 35 years of entrepreneurship with an extensive resume in consulting, speaking, and business writing, with 3 books published and 2 more expected in 2010.

A business owner since age 17, Ron sold his chain of salvage yards to Ford Motor Company in 1999, and his innovations in database-driven direct marketing have been profiled in [Inc. Magazine](#). After the repurchase of Greenleaf Auto Recyclers from Ford and sale to Schnitzer Industries, Ron is now owner of the [DFW Elite Auto](#) suite of businesses and a successful real estate investor.

As a [consultant](#) and [peer benchmarking](#) leader, Ron shares his expertise in strategic planning, capitalization, compensation, growing market share, and more in his signature plain-spoken style, providing field-proven, high-profit best practices well ahead of the business news curve.

To inquire about peer benchmarking, consultations, or keynote speaking, contact Ron by calling 817-834-3625, by emailing [rons@MrMissionPossible.com](mailto:rons@MrMissionPossible.com), by mailing 5940 Eden, Haltom City, TX 76117, or online at [Mr. Mission Possible](#).