The Way We See It:
Finding the Right Bank

Good banking relationships have always been important but rarely more so than in this unsettled economy. We have seen several successful, financially sound companies struggle to secure loans and other services that would have routine just a few years ago due to nervousness about the economy, recent regulatory actions, or "orders from on high" that on-the-ground bank personnel have to live with.

We also see a lot of dedicated bankers who are committed to providing top notch services. Even among those, though, not all may fit your needs. Here are a few things to consider:

1. Take an inventory of the services you need. Most businesses need checking, lines of credit, and term loans, but do you have international transactions? What automated services do you need? Do you have a significant expansion planned? What are your cash management needs? A full assessment of your current, foreseeable, and desired banking needs is a good first step.

2. An understanding of your business and industry is important. Challenges arise when a bank isn't familiar with what you do; a client that is a large grower-owned cooperative recently dropped its new bank because it could never understand the company's equity structure, impacting their lending limits. Repeatedly explaining the fundamentals of your business gets old and makes a good relationship difficult to maintain.

3. Consider both your current and long term needs. Can your bank handle your growth and other reasonably foreseeable needs?

4. Find out how decisions are made and where. Local banks can be nimbler than larger institutions but that's not always the case. We recently helped a client with a situation in which several larger banks were able to make lending decisions faster than the local bank our client initially preferred. Don't jump to conclusions based on size.

5. If your needs go beyond the basics, have one point of contact that can guide you through the maze. A company we currently work with deals with several divisions of their bank – and no less than a dozen different people. When we need to know who to talk to, we call "June." If you have a question you don't want an 800 number, you want "June."

6. Fees, rates, and costs are always important but we list them last for a reason. A fraction of a percentage point on interest won't seem like much if it takes two weeks to find out who you need to talk to and another two weeks to get an answer. Bargain hard on rates and fees, but look for overall value for your interest and fee dollars.

Choosing a bank is not fun, but fight the urge to make a quick decision without considering all critical factors. Don't be afraid to shop around from time to time to make sure you're getting good value, but it's much less disruptive to get it right the first time.