Financial Strategy Discussion

May 19, 2017
Who, in attendance today, has a written, documented strategic plan that is not only discussed, but reviewed, followed and updated on at least a quarterly basis?
Strategy

Components of a Plan

- Strategy
- Objectives
- Tactics
- Action Steps
- Person Responsible
- Due date
- Objective Measures
- Next Steps
What Should be Discussed with Your Lender – and When?
Initial Meeting/Ongoing Discussions

**Strategy**

- Discuss an overview of your strategy for the next 3 to 5 years (including an exit strategy if applicable).
- Provide a brief history of your organization and where it is today.
- Have a SWOT discussion.
- Make clear your experience and expertise - candor counts.
"I don't pretend to know everything. But I certainly have people who do."
**Initial Meeting**

**Operations**

- Describe the existing staff and experience they have (i.e. CFO, COO, Controller, etc.).

- Talk about what your organization currently has in the way of financing and other services and what you think it’s needs are going forward and why.

- Discuss the frequency and type of financial reporting you currently provide.

- Be clear about what you’re willing to do and what you won’t do.
Initial Meeting/Ongoing Discussions

Operations

• Before making a specific request, ask for the Lender’s ideas and suggestions.

• Don’t lead with questions about pricing – discuss the opportunity or transaction at length to get the Lender’s perspective.

• Be sure to discuss ancillary services such as Treasury Management products, Letters of Credit and specialty lines such as EX-IM or foreign currency facilities.

• End with pricing/terms and conditions if possible.
After the Relationship is Established

• Take the initiative to stay current – don’t fall into the trap of believing that being “Out of Sight is Out of Mind.”

• Call before submitting your financial reporting to discuss any potentially significant items or changes to your reporting. Your credibility with your lender means everything.

• Call to discuss any new initiatives or ideas that you’d like to implement within your organization before you implement them.

• Under-promise and over-deliver. Especially when things change.
When Things Change

Oh, crap! Was that TODAY?
When Things Change

• Don’t ever let your Lender be the last to know when material changes take place.

• Make sure your Lender is well informed of planned changes to strategy, operations, and key personnel before you make them. You want your Lender to be your advocate not a potential detractor.

• Have a clear plan for implementing any changes and review that plan with your Lender.

• Make sure you keep your Lender updated as your planned changes are put in place - even when things go wrong.
When Things Go Wrong

That was going to be a crocodile head.
When Things Go Wrong

• Again, don’t ever let your Lender be the last to know when something material doesn’t go as planned.

• Use your Lender as a resource. They will do all they can to insure your success.

• Have potential solutions prepared well in advance of meeting with your Lender.

• Get ahead of the process by having all of your financial reporting up to date.

• Consider preparing at least a 13 – 18 week cash flow and be prepared to update it weekly.

• Be open to bringing outside expertise into your organization. They can add tremendous value to your lending relationship.
A Lender is successful only when their customer is successful.