

The Small Businessperson's Guide to Banks - by Dan Sautner

Believe it or not, one of the most important facets in operating your business is your banking relationship. Making the right decision in your banks will affect many details in the everyday running of your business. Can you obtain a business loan? Will you be covered for an occasional overdraft? How long will your deposited checks be held until you can use the funds?

When choosing a bank, be sure that all services you will need are supplied by the bank. Some of these are:

- * Business checking accounts
- * Commercial loans and lines of credit
- * Merchant Master Card/Visa/Discover
- * Merchant American Express (You pay an extra 1% to American Express to get instant credit for your deposit)
- * Night Depository
- * Format of the monthly bank statement
- * Commercial transactions window
- * Federal tax payments accepted
- * Commercial banking department

Once you find a bank that suits your needs (present and future), compare the fees and service. Ask other business people for their opinions of the various banks.

When you open your account (and when you're shopping around for a bank), DO NOT ask about the bank's overdraft policy and charges. That sends a negative signal to the bank. If you don't overdraw your account, why would you want to know the policy? Banks do not make money on accounts that overdraw - despite the high overdraft charges - so they will be leery of someone interested at the outset about overdrafts.

Once your account has been opened, it's a good idea for you and your employees to get to know the bank's staff. For those in areas that have branch banking, use the same branch regularly. Open your account at the branch you'll be using. Try to use one where a loan officer is located. Sometimes, however, all loan decisions are made at the main office. Because main offices are usually very large and impersonal, it's best to use a branch, whenever feasible. Also, you should consider convenience and proximity to your business. Be friendly with everyone--tellers, customer service reps, assistant managers, the manager, loan officers, even the guard. (You never know when you'll arrive at the bank just after it has closed and need to get a deposit in. The guard might let you "sneak" in.) Don't overdo the friendliness-just be natural. Say "hi" to everyone whenever you're in the bank, using their names. Be sure to thank the tellers or customer service reps even in cases when they should be thanking you. Use the commercial transactions window so the manager will remember you as a business customer. (Commercial loans are where a bank makes the most money, so every business is a prospect.)

There are generally large turnovers in the teller ranks at banks. For anyone desiring a career in banking, the teller is the entry position. Once a person has been a teller for a while, (s)he moves onto other areas in the bank. This may be to head teller, customer service or to an internal department away from the branch. As in most cases, you cannot have too many friends. This also means the good tellers tend to move quickly and, of course, those not doing their jobs won't be around for a long time, either. On a rare occasion, people prefer the job as teller and stay, or they are willing to wait a while until an opening for a position they desire comes up. But these are the exceptions to the rule. So don't expect the new tellers to know you. If they ask you for identification, ask another teller (by name) to OK your I.D. If that doesn't work, then pleasantly show your license to the teller. Chat a bit with the teller so that perhaps next time (s)he'll remember you. Remember, the tellers are only doing their jobs by asking even long-time customers for identification. They are responsible to protect the bank, and you, by ensuring that whoever receives the cash is the right person.

Give the tellers (or the entire staff) a box of candy or cookies at Christmas or other dates. If you find out, remember the employees' birthdays or other special events. They will remember your kindness. If you need a check to be deposited as cash on occasion, they may do it for you. If a bank employee is especially helpful, or just generally very good, let bank management know how you feel. Write a letter (so it can go in the employee's file) to the manager. Or if it's the manager whom you want to praise, find out his(her) boss's name and address and write to that person.

Join local business/community groups. Socialize with the bankers in the groups (they're always there). If you're new to the community, perhaps you could ask your bank manager to sponsor you for membership in a particular organization. If your banker is not part of a particular group, ask that person if you could sponsor him(her) for membership (assuming you are already a member). If you hear of new businesses coming to the area, inform your banker. They are also in business and will appreciate the leads.

ALWAYS maintain a positive balance in your checkbook. **DO NOT** bounce checks!!! Besides being quite costly (between the bank's overdraft charges and the charges by your payee and its bank), you damage your reputation with both your bank and your suppliers. This could have a very damaging effect on how your business is to be run in the future. Some suppliers may subsequently require bank drafts or cash; some may require payment on delivery, rather than monthly billing; some may shut you off completely. When you go for a loan, how you handle your checking account is considered very seriously. Are you overdrawn frequently? Are you barely keeping a positive balance? Or do you have enough in your account to cover emergencies or errors?

If you know your account is going to be overdrawn (mistakes do happen; no one is perfect), call the bank manager and explain that you made an error and think you might be overdrawn. Ask if there's anyway (s)he can cover you until you can make it in with a deposit that day or the next. Explain that it rarely happens, but if it should re-occur, request to be contacted so you can rush down with a deposit before the check is returned. You may also ask your banker to reverse the OD charge. The answer may be "no", but it doesn't hurt to ask.

It might be a good idea to keep an extra account at the bank so that if you do need to cover an overdraft, you can ask the bank to transfer the money to the deficient account. Ask if this can be set

up to be done automatically--or at least manually by the bank without having to call you each time.

It is worth the time and effort to develop a good relationship with your bank. If you take the time ultimately they will take the time.