

More than a lender

Financing is a central, but not exclusive function of a bank

INTERVIEWED BY ADAM BURROUGHS

Beyond financial support, banks facilitate connections that help build strong teams of advisers — accountants, insurance brokers, bankers — to surround entrepreneurs with people who can help them succeed. They also facilitate connections between clients, matching vendors with potential buyers, etc.

“There are a lot of B2B connections that happen among a bank’s clients, and there’s something to be said about the institution’s realm of influence,” says Matt Sprang, president of agency banking at Westfield Bank.

However, busy entrepreneurs typically don’t have the time or interest to talk with their banks unless there’s an immediate need, which means they’re not taking advantage of potentially business-changing opportunities.

Smart Business spoke with Sprang about the benefits to entrepreneurs of having a relationship with their bank throughout the many iterations and stages of their businesses.

What can a bank provide beyond financing to help a company grow, get established or expand?

Lending aside, the role of a banker is to be an adviser and help entrepreneurs connect the dots to get their companies to the next stage. One way to do that is by bringing people together, facilitating connections that can lead to sales opportunities, partnerships, referrals and more.

Sometimes those connections take shape as an advisory team. This group of knowledgeable, experienced professionals offer entrepreneurs real-time advice on the best next steps, and test out ideas so that those with little hope of success can be abandoned before time and money are wasted.

MATT SPRANG
President, Agency Banking
Westfield Bank

(330) 661-6080
mattsprang@westfield-bank.com



WEBSITE: Discover the difference Westfield Bank can make. Visit westfield-bank.com/business-banking to learn more.

Insights Banking & Finance is brought to you by **Westfield Bank**

Peer analysis is another way banks can help entrepreneurs outside of financing. Their companies’ performance metrics are benchmarked against the industry to give a sense of how they stack up. Targeting the top quartile of the best-performing businesses in their industry enables an entrepreneur to aim to be among them.

In what ways does an entrepreneur’s banking relationship affect financing decisions?

When a bank underwrites loans and lines of credit, it matters that the bank knows the entrepreneur, understands the industry and is familiar with the business’s management team and how they perform to feel comfortable taking on the risk.

An entrepreneur may not be an expert in capital and debt structures. A banking partner provides that expertise. If there is an opportunity to expand in certain parts of the business, a targeted, smart deployment of capital can accelerate the process. Whether it’s a private equity investment or a line of credit, the financial injection can hasten the progress to the next stage of the business.

What is a bank’s role when a business owner decides it’s time to exit his/her company?

Many business owners who want or need to exit their business haven’t constructed

a formal plan. It’s daunting, so they delay. Sometimes, something catastrophic can happen and the people left behind at the business have to pick up the pieces as best they can. That’s why when a bank builds a debt facility, it typically wants to know if the business has a perpetuation plan in place, or at least an insurance policy that can assist in funding the financial obligations that might arise from such an event.

Those entrepreneurs who are eager to move on and build their next business need to plan how they’ll pass the business on to someone interested and capable of maintaining it, or how they’ll profitably divest. Banks offer entrepreneurs ideas for structuring the potential timing of their exit and the associated debt facilities that may be required to pass ownership internally. There are many ‘right’ answers to solving the exit dilemma. The bank’s role is to match solutions within the context of the legacy the entrepreneur wants to leave.

Entrepreneurs should know they can count on a banking relationship for more than loans and deposits. A bank can provide analysis and benchmarking, connect them to crucial contacts to help the business grow, and make plans for the future. By investing a little time, entrepreneurs can expect a significant return from their banking relationship at any stage of their business. ●