

# Partner for success

## How a long-term relationship with a banker facilitates business longevity

INTERVIEWED BY ADAM BURROUGHS

Among the keys to business longevity is getting good, sound advice. While there are many sources of advice, having a trusted banker for guidance is a benefit to any company.

“A good relationship with a banker offers business owners a connection to someone who understands their business, the financing options available and the market, and can ultimately serve as a guide not only when times are good, but also through challenging times,” says Matthew Berthold, executive vice president and chief operating officer at Westfield Bank.

Bankers, he says, learn from the experiences of their clients. That gives them knowledge of broader trends and approaches to opportunities in the market that they can then share, helping business owners grow.

*Smart Business* spoke with Berthold about the keys to business longevity and the benefits of a long-term relationship with a banker.

### What, generally, are the keys to a business's longevity?

It's important for growing companies to understand the indicators that influence their success. These indicators, which are unique to each industry and each business, give companies a sense of the level of risk they face and their performance against industry or internal benchmarks.

Companies also need to understand their competition and what is needed to be competitive among them. For instance, if technology is having an impact on a company's sector, that technology should be researched, and if applicable, incorporated and built upon, in order to keep up or stay ahead of the competition.

But a key ingredient to success is people. It's critical that companies have the right

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people in the right positions. Always work on building your talent pipeline.

In that same vein, succession planning is central to a company's continued success. Whether a plan is created internally or with the help of outside advisers, companies need to have people ready to advance within the company and help it grow. It also means having a plan to replace someone who leaves so there are no setbacks in the company's strategic plans.

### Who do the more successful businesses turn to for advice?

In addition to consultants who may be brought on because of the expertise they bring to a specific project, companies often put tough decisions before an advisory board. These boards are comprised of business leaders, often from companies outside of their industry, who have a pulse on the market, offer a different perspective and who understand the business's needs. An advisory board can help companies understand the broader market and serve as a source of advice on the best path through tough challenges and growth.

### How do established companies use bank financing successfully?

Determining the best way to fund your business is paramount. Bank financing is an effective way for companies to grow

their business. Successful companies have an understanding of their financial needs and the options available to them. It's unfortunate to see companies locked into repayment terms that impede their ability to grow. It's an error that can be avoided if owners are willing to talk through their needs with a banker to find the best solutions for the long-term.

Business owners understand their business, its mission and products very well, but not all of them understand the best way to finance their company's initiatives or special projects. This is where a partnership with a bank becomes critically important. Businesses with a strong banking relationship can lean on their banker to determine how best to structure loans, or if a loan is even the best way to finance a project.

### What is the benefit of a long-term relationship between a business and a bank?

It can be frustrating for business owners to tell their company's story over and over if they switch banks or get assigned a new banker at a bank plagued by high turnover. By having a consistent banker working alongside the business owner through the company's life cycle, the business owner only needs to update the banker as things change. It's one less thing for business owners to think about as they work to grow their company for the long-term. ●