

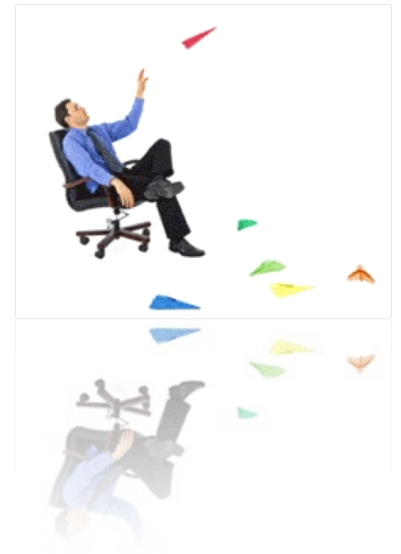
Dealing With Your Bank In Difficult Times

It is no secret that the attitude of the banks has changed over the last couple of years. There has been a shift away from the gaining of new business to the management of risk with existing clients. The power in the banking structure has shifted away from the client and the relationship manager to the credit analyst.

Banks are now focused on knowing more about their clients; they want to know to whom did they actually lend, the reasons for lending to them and whether the client continues to be a good risk. Businesses must now take the time to manage their banking relationship. To surprise your bank with news that should have been discussed and resolved months ago shows in the bank's view that the business managers are not managing the business and that business may be a risk to the bank.

What are the new rules when dealing with your bank?

- Have up to date financial information and share it with your bank.
- Prepare rolling cash flow forecasts and budgets and share them with your bank.
- Communicate with your banker and keep them informed of what is happening in your industry market and business.
- It will be extremely difficult to change your banker; the market is tough in this area. Lenders will ask, "Why won't your existing bank do the deal?"



Should you wish to discuss the provision of information to your banker, please call Sid Edwards, Senior Partner, at Abby Practice on 9476 0399.