

FINANCE

Need a Business Loan? Good **Messaging** Helps Lenders Say “Yes!”

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Small businesses and franchises are powerful growth engines— *if* they have capital to hire employees, buy equipment and expand.

But with credit so tight, it can be tough to get approved for a business loan. Still, money is available if you know where to look and how to apply. Community banks, for example, give small business owners the opportunity to build a one-on-one relationship with a lender who not only helps thaw credit today, but who will continue to go to bat for the business for years to come. Good messaging can help you build this win-win relationship with a lender.

Messaging experts Nick Lutkins and Judy Kirkland of EchoPoint Marketing Partners say it starts by taking the right approach to what you want to accomplish. “There’s a world of difference between simply ‘applying for a loan’ and sending a strong message about your ability to turn credit approval into rewards for the lender, your business, and the community,” says Lutkins.

How do you use messaging to get creditors to say “yes?”

Start by understanding what lenders look for. According to MainStreet Bank president Jeff Dick, lenders look at many factors, but for his own loan committee, the most important are:

- Character
- Commitment
- Collateral
- Cash flow

Getting a business loan means sending the right messages to show the loan committee your strengths in each of these areas. Here’s how:

Polish how you present yourself

First impressions count – especially when money is at stake. “You want to control that impression right from the moment you call or walk into the bank,” says Judy Kirkland. “For example, when the lender asks about your business, be ready with a concise ‘elevator pitch’ that immediately differentiates your business and shows your confidence by articulating exactly what you do.”

Good personal messaging also includes showing up for appointments promptly, dressing appropriately, and coming prepared with key business documents — typically three years of past financial information plus 12-month projections (or, if you have a new business, three to five years of realistic projections).

Develop an excellent business plan

Facts and figures belong in your business plan, but messaging is equally important. “Look carefully at how you describe your business,” advises Nick Lutkins. “If you sound like every other business in the market space, it will be tougher to convince lenders that you can generate the cash flow they’ll be looking for.” Lenders want to see a sound plan *and* how that plan translates into realistic projections. Lenders also will be impressed if you include a fall-back position if things don’t go according to plan (e.g., including working capital reserves in your business plan or having a “go to” investor).

Include a marketing plan with specific tactics, media and messages

Many lenders consider a marketing plan crucial to business success, yet it’s often missing from business plans. How can you send the right marketing messages? For starters, lenders need to see you have a clear plan, that marketing dollars are available, and that you’re committed to spending those dollars to get the business profitable.”

The challenge, however, notes Nick Lutkins, is that starting with software like MarketPlan Pro® doesn’t always produce a strong plan because the software assumes you already know the best marketing tactics, media and messages for your business. “You need to work through a disciplined process to define those elements *before* you start planning your marketing budget or schedule,” he says. Judy Kirkland adds that you also need to define your competition “and map out the specific differentiators, offers, services and value proposition to position successfully against those specific competitors.”

Once you’ve assembled your documentation, it’s time to talk to your lender. Again, messaging plays a crucial role in your success.

7 messages that help get your business loan approved

1. **I’m a subject matter expert.** Do your homework so you can show that you really know your business, industry, the marketplace, and the competitive environment. For the latter, Judy Kirkland recommends working up a grid showing how you compare to competitors in terms of strengths, vulnerabilities, products or services, and offers. “A grid like this speaks volumes about you – you’re thorough, organized, analytical, and realistic. Plus, it gives lenders good ‘evidence’ that your business is well-positioned in the marketplace.”
2. **I believe in my business.** As a lender, Jeff Dick wants to see loan applicants stand behind their company. “Sure, there are Small Business Administration loan guarantees,” he says, “but that should be *in addition* to your personal guarantee – even if your business is doing well. If you don’t believe in your company, we’re not going to believe in it either.” In terms of sending the right messages, he recommends that you don’t wait to be asked — offer that personal guarantee right at the start of the process to show your commitment.
3. **I’m organized.** Make your initial loan application as complete as possible. Spending a little extra time to collect all the documentation sends a good message about how you run your business — a far *better* message than the confusion and

delays caused by sending documents piecemeal. Keep in mind that everything represents you and your business. Presenting all your documentation in a branded folder or binder communicates professionalism and attention to detail.

4. **This is not a one-shot transaction.** It can cost lenders \$1,500 just to review a loan application. Unless you're building a relationship with them — and will be doing more business — lenders won't be eager to make you smaller loans. So, avoid "transactional" messages. Example: instead of trying to bully and bargain for approval ("I can get a better rate online"), work on building the relationship ("your rates seem a little higher, but can we work together on the terms?").
5. **I'm confident.** There's a huge difference between messaging that's confident and messaging that's cocky. Cocky is saying "I'm good for it, my business is better than anyone." Confident is backing up statements like that with solid research, hard numbers, and realistic plans. Nick Lutkins says confidence is also about follow-through. "Never over-promise," he cautions. "Suppose the loan committee asks you for more information. If you say, 'I'll have those figures to you tomorrow,' and you do, that's confidence. If it takes you a week, you come off as cocky — and that's not going to help you get approved."
6. **I can run this business.** You may have experience in a particular field, but in this business climate you need to show you also have real-world experience managing people, budgeting, and marketing. Jeff Dick says people often come to MainStreet

Bank seeking a loan to buy a franchise. "Franchises are great," he says, "because they give you a ready-to-run business. Still, if you've never run a business, it's tough for us to lend you money." Sometimes, adding a strong partner or consultant can improve your message.

7. **I stay on top of things.** For example, stay in touch with lenders throughout the loan process. Lenders understand that document-gathering can take time. As long as you communicate, it sends a favorable message about how you manage your business *and* your relationships.

It's not just about *your* messages

Jeff Dick also advises small business owners to listen carefully to the messages that lenders are sending. "Shopping rates may buy you a quarter percentage point today, but shopping lenders buys you a relationship that's going to help you get loans for years," he says. So pay close attention to the messages lenders send, including whether they seem genuinely interested in your business *and* genuinely interested in staying a loan officer.

EchoPoint Marketing Partners specializes in helping clients develop the right messaging and use it to improve every aspect of their business, from getting loan approvals to seeing higher ROI on marketing. www.EchoPointMarketing.com

MainStreet Bank is a community bank based in Northern Virginia that serves consumers and helps businesses get the credit and online financial services they need to stay agile — and successful. www.MStreetBank.com