


IRISH FOODSERVICE SUPPLIERS ALLIANCE

Banking and Business

A presentation by Ulster Bank

Introduction

- Improving economic environment
- Bank as key partner
- Products and Services
- Dealing with your bank
- Applying for facilities

Why and How you should be speaking to your bank.

- Your bank is a key stakeholder
- Communication is important
- Banks need to provide facilities and services
- Know the language
- Use your professional advisors

The Working Capital Cycle



Approach

- **Be able to describe your working capital cycle and its key drivers.**
- **Discuss the possibilities**
- **Avoid preconceptions relating to:**
 - Availability of products.
 - Most suitable funding package.
 - Security requirements.

Funding Availability

- **Finance for:**

Working Capital

Capital Expenditure

Product Development

Property purchase

Importing and Exporting

Products and Services for Importers and Exporters

Letters of Credit

Bonds

Guarantees

Foreign Exchange cover

Products and Services cont.

- **Financial systems**

- Online

 - Banking

 - Invoice Finance

 - Foreign exchange transactions

 - Letters of Credit

- Direct debit origination

- Merchant terminals and Business Credit Cards

Applying to a Bank

- **Application Stages**
 - Information Gathering
 - Assessment
 - Decision

Information Gathering

- Amount: How much do you require and how have you worked this out?
- Purpose: What is it you require the money for?
- Term: What length of time do you want to borrow it over?
- About you & your business: Who are the owners/directors and what is the nature of your business?
- Do you have any existing borrowing?

Information Gathering cont.

- Business Financials:
 - A copy of your last 3 years' accounts
 - Projections, with key assumptions
 - Cash flow forecast
- Business Assets & Debts
- Personal Assets and Debts
- Bank Statements

Consider a Business Plan

- What are you selling?
- Is there a clear market?
- Who are your competitors?
- What is your unique selling point?
- What are your strengths and weaknesses?
- Do you foresee any potential threats?
- What are the key risks and how will you mitigate them?
- How much bank finance do you require?
- What type of finance do you require?
- What security can you offer?
- How will you repay the money you are seeking?
- What are the key assumptions behind your projections?

Consider using your financial adviser

- Engaging with a good professional adviser will add value to your business plan by:
 - Challenging your thinking – as a bank will.
 - Assisting you to cover all the aspects of the plan.
 - Accompanying you to the bank meeting .

Assessment

A bank will look for two things:

- **Confidence that the borrower has the ability to comfortably meet their repayments as they fall due;**
- **Security for its lending in the event of repayment default by the borrower.**

(Absence of traditional security may not be a problem)

Assessment cont.

- **The detailed assessment involves several essential areas:**
 - Account Performance (of the business itself and any connected personal accounts)
 - The nature of the borrowing request.
 - Financial performance of the business.
 - Track record of Management.
 - Sector considerations.

Decision

- The decision will be conveyed ASAP.
- If approved the bank will then prepare an agreement offering you the terms and conditions that it will lend on.
- You need to read these carefully and ensure they are acceptable to you.
- Once the agreement is signed and returned and all the terms and conditions are fulfilled, the facility may be drawn down.
- You may also be required to provide photographic ID and address verification.

Additional sources of information

- <http://www.ifsa.eu.com/>
- <http://www.smallbusinessscan.com/>
- <https://www.localenterprise.ie/>
- <http://www.enterprise-ireland.com/en/>
- <http://www.irishexporters.ie/>
- Local Chambers of Commerce
- Main bank web sites
- www.BusinessAchieversAward.com

Questions?

