



This issue brought to you by:

Daniel O'Brien

dobrien@orrpc.com

O'Brien, Riley & Ryan, P.C.

30 Braintree Hill Office Park

Suite 102

Braintree, MA 02184

<http://www.orrpc.com>



Is the Bank With You or Against You?

Many business owners have mixed feelings about their banks and their banking representatives. They are unsure about whether they can be completely honest about their business without a negative impact on the bank relationship.

On a daily basis, you do not spend much time thinking about your banking relationship. When the time comes to tell the bank you're planning to exit your business, or when you need money, however, you may experience feelings ranging from mild anxiety to outright dread.

Why? We've been conditioned to believe that bankers say "no" far more often than they say yes. That may or may not be true but bankers make money by saying yes. When they turn down a lending opportunity, they just don't lose money.

Like all other businesses, banks are eager to continue mutually beneficial relationships. If the sale or transfer of your business is unlikely to disturb that relationship, your banker is (or should be) vested in helping you execute that transfer. It should come as no surprise that smart banks value the relationship even if you are no longer part of it.

How to Answer the Question

Two sale scenarios clarify our point.

The first is a sale to a third party in which the entire purchase price is paid in cash. In this

scenario, your banker is an excellent source of financing for your buyer. If loans are hard to come by, you may wish to help out the buyer by introducing them to your banker.

Banks have certain criteria they need to see and restrictions that must be imposed on the buyer, but in the end this may help you vet potential buyers and choose the best one.

In the second scenario, you are transferring your company to insiders (children or employees). The buyer(s) may not have much money so there's a real need to strategize with your banker to enlist bank support. In this case your banker may be able to support the transaction (which benefits you) and retain the banking relationship with your company (which benefits them).

Again, the bank needs the business and the buyer(s) to meet certain standards, but this will likely help you ensure a more stable, successful transition of ownership of your most precious asset, your business.

Where to Go Next?

Don't be intimidated by the bank. Let us work with you to identify all of the steps that will help you secure bank financing successfully and without stress or anxiety. Your banker is ultimately a member of your team of trusted advisors, when the relationship is working well.

For more information about the role of bank financing in your plans for the future, and what the bank will require or request, contact us and we are ready to help you today.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial advisor. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial advisor. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs

Our new address is:

30 Braintree Hill Office Park

Suite 102

Braintree, MA 02184

Phone 781-410-2300

Fax 781-320-8608

IRS CIRCULAR 230 NOTICE

In compliance with IRS requirements, we inform you that any tax advice contained in this communication is not intended with or written to be used, and cannot be used, for the purpose of avoiding tax penalties or in connection with marketing or promotional materials

[Forward to Friend](#)

Copyright © 2015 Business Enterprise Institute, Inc., All rights reserved.

[subscribe to this list](#) [unsubscribe from this list](#) [update subscription preferences](#)