

Going for the Gold

Stanley Greenfield, RHU

On November 12, 1992, I was fortunate enough to be invited to address the student body at Logan Chiropractic College in Chesterfield, Missouri. I must say it is one of the most impressive campuses I have seen. I covered a lot of material including the overall "Greenfield Financial Program." The students were really interested in the "Bank Survival Kit" that I drew up years ago after addressing the student body at LACC. I designed it to help the student get ready to do battle with their "friendly banker" when seeking a loan to establish a practice. In fact, it was one of the first articles that I had published in Dynamic Chiropractic. After this most recent experience, I feel it is time to revisit this survival kit again and update it, not only for the student but for the chiropractor in practice. They both face the task of dealing with banks from time to time. With that in mind, let's revisit the Bank Survival Kit.

We will start with a few basic rules that hold true in all of your dealings with banks. Bankers are not your friends; I don't care how many sets of dishes they give you. Remember what and with whom you are dealing. Over the years, they will try to squeeze money out of you, with low interest on your deposit, while at the same time think nothing of selling your own money back to you in the form of a loan at a rate that would only make an investor in the bank happy. Every banker wants to hear how this loan will improve the worth of your practice and make you a better depositor with the bank. Make sure your presentation addresses that and you will greatly improve your chances of coming home with the green.

A loan proposal consists of eight parts.

1. Summary: On page one, give your name and address, amount sought, its use, and the most important ingredient -- your source of repayment.
2. Personal Profile: This is your chance to sell yourself to the bank. Cover your background, education, experience, and accomplishments in great detail. If all you can say is that your picture has never hung in the post office, at least say it with flair. This is also the place to sell chiropractic. You need to educate that banker.
3. Practice Description: Go into great detail on the structure of your practice, or how you will structure your practice. How many employees, why you need that number, when you will hire them, equipment, what you have or will purchase, and when you will purchase it.
4. Projections: The Russians had a good idea with their five year plans. You need one under this heading. Set your goals and work out a realistic timetable for achieving them. Bankers judge your plans and goals in terms of your profession's practice and trends, which in this case they

probably don't have a clue. If you have dealt with this bank for a while, they should have a better understanding what your practice will generate. If you are just starting, good luck. If this is a bank that another chiropractor uses, you are in luck. It might not hurt to have that chiropractor give the bank a call to pave the way for you. That sure will help.

5. Financial Statements: This is a must. Be prepared to submit copies of tax returns if requested. Include a full explanation of all loans in detail, including interest rates, and length of payoff. Include copies of notes signed. The more detail the better in this case. They need to understand how HEAL and other student loans operate.
6. Purpose of Loan: Explain what the money will be used for -- x-ray, table, etc. Include a description of the item and its cost.
7. Amount of Loan: Ask for an amount needed to achieve your purpose and support your figures with estimates from suppliers. Do not ask for too much, expecting to be cut back. Likewise, don't ask for too little. Show alternative plans such as financing equipment through the suppliers. Let the bank know that you have a choice. If they ask, give them the details of what the terms will be from the supplier. A little homework on your part here will demonstrate to the banker that they are not your only game in town.
8. Repayment Plans: The most important part of your package. Assets must match loans. Wouldn't that be wonderful? Oh well. Bankers like an asset that will generate its own repayment funds. A computer won't generate funds, but it will increase your efficiency. Bankers favor such assets too. Your projected balance sheet should demonstrate your capacity to meet interest payments.

If this is a new bank, tell them you are willing to transfer all of your banking to them, if they are willing to work with you. They might even be willing to lower the interest rate a fraction for your accounts. Remember, everything is negotiable at this point. It never hurts to ask. Emphasize your strengths as a prospective borrower and a prospective customer.

A word of caution is in order at this point. Don't allow them to add credit life or disability insurance to the loan. That stuff is expensive. On a \$10,000, 48-month auto loan financed at 12 percent, the insurance can add as much as \$950. Banks make more money on the insurance than they do on most loans.

Years ago, I was in the Boy Scouts and I learned their motto. Little did I realize that motto would be the same for anyone getting ready to do battle with their banker. You ask, what is that motto? Be prepared.

Your comments and inquiries may be directed to:

*Stanley Greenfield, R.H.U.
12873 Huntley Manor Drive
Jacksonville, Florida 32216*

Please include a self-addressed, stamped envelope. Thank you.

Editor's Note:

Further advice on finances is available through Mr. Greenfield's newsletter, Greenfield Chiropractic Financial News, #J-314-C, on the Preferred Reading and Viewing List, pages xx.

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