

# Prepare to Discuss Your Business with a Commercial Lender

**If you determine that your business would benefit from a loan and you're ready to start reaching out to commercial lenders, it pays to be prepared to talk about your business.**

Typically, you'll talk to a commercial lender before submitting a full loan application. The lender will want to learn more about you, your business, and your financing needs.

Depending on what they learn, they may invite you to work with them and submit a full application. Or they may let you know why they don't think you're ready to apply quite yet.

**If you are working with Craft3, whenever possible, we'll connect you with resources so you can get loan ready or otherwise progress on your business journey.**

Talking to a commercial lender is an opportunity to make a positive impression. To help you prepare for this important conversation, the following table lists questions you can expect, tells you what a lender will be listening for, and includes space for your answer and notes.

## Craft3 Pro Tip

I talk to a lot of entrepreneurs. I'm listening for their story, their business and what their needs are. I appreciate learning not just about what they're doing for business, but why and how they made the decision to be an entrepreneur. When conversations don't go well, often it's because of unrealistic expectations or lack of guidance.

-Steven Phan VP, Business Lender



**We suggest you read through the questions and then add your answers; if you don't yet have a ready answer, jot down some notes and questions to help you arrive at an answer.**

Questions About You and Your Business	What a lender is listening for	Your Answers
<b>What is your business?</b>	<ul style="list-style-type: none"> <li>- a strong business idea with potential customers</li> <li>- how long your business has existed</li> <li>- the ownership structure of the business</li> </ul>	
<b>How does your business make money?</b>	<ul style="list-style-type: none"> <li>- what you sell (goods or services)</li> <li>- what you need to be profitable</li> </ul>	
<b>What sort of entrepreneurial and/or business management experience do you have?</b>	<ul style="list-style-type: none"> <li>- experience and temperament that show you succeed</li> <li>- past accomplishments that will help you in this venture</li> </ul>	

## Questions About Your Financing Needs and Situation

	What a lender is listening for	Your Answers
<b>What do you need a loan for?</b>	<ul style="list-style-type: none"><li>- what you will use the money for</li><li>- how this will improve your business</li></ul>	
<b>How much cash did you, or are you able to, put into your business and this project?</b>	<ul style="list-style-type: none"><li>- your commitment to and confidence in your business</li><li>- your ability to withstand downturns or other unexpected expenses and events that often happen</li></ul>	
<b>How will you repay this loan?</b>	<ul style="list-style-type: none"><li>- a clear path to success for your business</li><li>- historical profitability or projections that let you repay the loan</li><li>- available collateral (home or other assets) to help mitigate the risks of default</li></ul>	

Keep in mind that a conversation with a lender is not a job interview or an interrogation. A lender will want to learn the basics of your business and how a loan will help you succeed, but if you don't know how to answer every question that's OK. In that case, a good response can be, "I don't know, let me think about that and get back to you."



## Craft3 Pro Tip

Use your cell phone to record yourself answering questions

- This will help you gauge how comfortable and fluid you are. You might want to do a few takes before listening to your answer.
- Listen for parts that are strong as well as areas that might need more practice.
- How long are your answers? Around a minute can be a good approximate target. Much longer and you may be drifting or repeating yourself. Much shorter and you may not be providing the detail and specificity a lender will be looking for.

-Megan Hulsey VP, Business Lender