

Do You Have a Plan “B” To Secure Alternative Financing Options For Your Business?

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In light of COVID-19, many businesses are scrambling to ensure they have enough financing in place for their ongoing needs. And if not, ideally their existing bank can accommodate their needs.

However, it's important to be aware that:

- Banks are incredibly busy handling a huge influx of calls from their customers seeking assistance.
- They are also getting up to speed on new government lending initiatives that are being rolled out, and establishing the systems and processes to accommodate these new financing programs.
- They may have temporarily revised their loan approval criteria.
- Some banks are not considering any new loan applications while they assist their existing clients.

Therefore, it is prudent planning to run a search in parallel for an alternative financing solution (i.e. a plan “B”) on the off chance your bank says no.

And even if your bank has given a preliminary indication that it can assist, it's important to understand that under the current circumstances, their assistance may only be in the form of extending repayment terms, and not necessarily providing new or additional financing.

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There are many non-traditional lenders in the marketplace that may be able to assist. However, they are also quite busy managing existing customers and some alternative lenders may be facing capital constraints, so knowing who to call and sourcing a plan “B” quickly and efficiently is key.

For more information on this article, developing a financing plan “B”, or for any financing inquiries, please contact the author.