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WHAT CHALLENGES COULD YOUR SMALL BUSINESS BE FACING?

BE PROACTIVE IN UNCERTAIN TIMES...

We are well into 2017, and hopefully you have seen a great start to the year in your business!

It is no secret that there remains a lot of uncertainty in the economy. The local economy, being significantly dependent on agriculture, is seeing its challenges. The national economy has some interesting things going on with a new president, all-time high stock market, and the Fed talking about rate hikes, just to name a few.

The article we are sharing this month is a top-ten list of reminders to help your business deal with some of these challenges successfully. The information comes from the American Bankers Association, of which Security Bank is a member. The ABA helps promote community banking on the national level, and is a big advocate for small businesses all over the nation.

Best Regards,

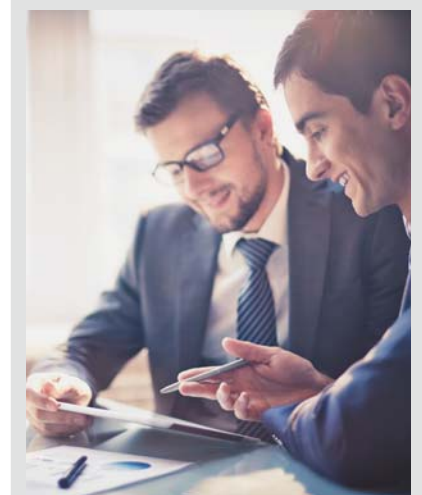


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TEN TIPS FOR SMALL BUSINESS OWNERS DURING TOUGH FINANCIAL TIMES

by American Bankers Association | www.aba.com

As the US economy slows small business owners are facing tough financial times, many for the first time. Financial problems are difficult; they consume time and valuable business resources, but must be dealt with proactively in order to be resolved. Many small business owners do not utilize all of the resources provided to them by their banker; no one has more financial training and more time invested in the financial health of your business than your banker. If, after you review these ten tips, you think that you need help, do not hesitate to call you banker for a financial check-up.



1. In tough times cash is king. Carefully examine every capital purchase that will require additional debt. Ask yourself if the expenditure will generate the cash flow needed to pay for itself. If the new item can't create enough new cash to pay for itself over a reasonable period of time, defer the purchase.

2. Let a budget be your financial road map. You are flying in the dark financially if you don't have a budget for all income and expenses. A budget helps you maintain the direction of the business and must be updated frequently. What about a budget for personal expenses as well? Many small business owners do not track personal expenses and as a result they can become an invisible cash drain.

3. Objectively look at your businesses financial position and performance. Are you getting the maximum return from your investment? If not, why not? Are your non-business assets generating a maximum return? Is it possible to sell any assets that are not contributing to the financial health of your business? Remember: in tough times, survival is the goal.

4. Examine how your debt is structured. Do you have an imbalance between long- term and short-term debt? Is it possible to increase your long-term debt to pay down your short-term debt? You may be able to increase your monthly cash flow by spreading out your short-term debt over a longer period of time. Be cautious when taking a loan against long-term assets such as your real estate; it's like drawing against your "life" savings account. If you're going to use your long-term equity, make sure the need is critical to your business.

5. Prepare for your financial review with your banker. Have current inventories, cash flows and balance sheets ready for your review with your banker. Provide the information needed. Often bankers spend time with customers looking for misplaced information instead of concentrating on resolving important issues. If you are having financial problems, put your thoughts about how to resolve them on paper so your banker can review them with you.

6. Ask your banker about the Small Business Administration (SBA) guaranteed loan programs. Your banker may be able to restructure your business debt over a longer period if the SBA is willing to provide a credit guarantee on your loan to the bank. If your business is located in a qualifying rural area, your

business may qualify for a Business and Industry Guaranteed Loan offered by the United States Department of Agriculture's Rural Development Agency. Many states also offer financial and technical assistance to small businesses. Your banker is a good source of information about additional financial resources available to your small businesses.

7. Review your hazard and fire insurance coverage. Increasing your deductibles can lower your premium. Carefully review every item on your inventory list and consider eliminating coverage on obsolete or low-risk items.

8. Carefully examine your life insurance policies. Many whole life policies contain provisions that allow you to borrow against the cash surrender value at low rates or allow you to deduct the premium costs from the cash surrender value. What type of life insurance do you have? Is it worthwhile to maintain a costly whole life policy when you could get similar coverage from a less expensive term policy? Of course, you should never be without life insurance. All key personnel in the business should be covered so that the business can continue in the absence of any specific member of the management team.

9. Deal with financial problems immediately. When an issue arises that impacts your cash flow, be proactive. Talk to your banker early and often. A good way to avoid serious financial problems is to identify and resolve them early. Though discussing financial difficulties may be uncomfortable, many problems are best resolved by a team. Create a personal "board of directors", comprised of people you know and respect, who can be your sounding board. Make sure your banker is a member.

10. Maintain a clear perspective. One of the best ways to think through business problems is to get away from them. For example, take a weekend off--and not just to attend a trade show -- or resolve to see at least one movie before it comes out on video. However you do it, it is important for you to put your concerns aside temporarily and shift your focus to other activities--it will make your home team and business stronger.

The ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership – which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks – makes ABA the largest banking trade association in the country. Visit their website at www.aba.com.

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