

KNOWING WHEN AND HOW TO EXPAND YOUR BUSINESS

Does your business have a strong base of customers in a growing market? Has the business been profitable for at least three years? Does it have positive cash flow and more business than it can handle?

If you answered yes to these questions, it might be time to grow the business. To know for sure, you'll need to ask some additional questions, explained Carrie Dickinson, Chief Credit Officer, Croghan Colonial Bank.

"Sometimes there is a mismatch with the timing and the desire to grow," Dickinson said. "It is important to not only want to grow, but make sure it's the right thing for the profitability of the business. Sometimes growth doesn't always mean added profit."



Additional questions might include: What added expenses will you incur? Will you need more staff, space, equipment or financing? Will the additional revenue you earn justify the increased costs?

"It is important that the business owner understand the difference between the desire to grow and how that might impact the company's success," Dickinson said. "Growing just to be bigger isn't always in the best interest of the company if it adds expenses that are not supported by the projected sales."

For example, building a new location might be wise, because while it will add a mortgage payment, it may be less than the existing costs of a leased facility.

However, if the company is struggling to make a profit on its core products, expansion alone is unlikely to change the financial situation.

If, after careful review, there is a solid financial case for expansion, a new business may not yet have the collateral for a traditional loan.

In that case, the bank will work with the business owner to see if the business will qualify for a Small Business Administration loan or a USDA loan. Both offer opportunities to businesses with a positive track record of retaining or adding jobs, but don't have the history or collateral needed for a traditional loan.



"We work with business owners to understand how growth can impact the business, and if we agree, we also work closely with them to secure financing to support that growth," Dickinson said.

To learn more, please call 888-276-4426, or visit us at croghan.com.



Helping good people make good decisions.

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