

GET THEM EARLY, KEEP THEM FOR DECADES

by Anita Campbell

You've probably read the statistics. According to data from the Small Business Administration, more than 644,000 new businesses start in the U.S. every year.

Fresh off the excitement of launching a business, these startups eagerly go shopping for the necessary accoutrements, and choosing a financial institution is atop that list. Will you welcome them with open arms and earn their loyalty from the start? Or will you miss this golden opportunity to bring on what may one

day become a million-dollar customer or member?

In my experience as a small business owner, and as someone who runs an online community touching hundreds of thousands of small businesses monthly, I've concluded that startups want one simple thing from a financial institution: help. But there's often a vast difference between the "help" a bank offers them and what these startup businesses actually need.

For example, some financial institutions offer startup

businesses a feel-good relationship and stop there. They promote themselves as the "friendly neighborhood bank." They offer free coffee. Maybe they assign a small business banker or make a proactive service call every so often. Such measures are terrific. But they're not nearly enough.

ALIGNING THEIR NEEDS WITH YOUR OFFERING

Today's startup business owners face great complexity, and seem to prefer financial institutions that are easy to

work with and unimposing. They also tend to be technologically savvy, with access to lots of resources (read: *competition*) over the Internet and in their communities. Simply stated, they expect more. Here are suggestions for aligning your standard offerings with those expectations.

Checking. Most financial institutions have this fundamental offering down pretty well. But you may be tempted forgo fees as a reward to larger businesses alone.

*Want to earn lifelong small business loyalty?
Serve them well at startup.*

What if you flipped this idea on its head and began waiving fees for the little guys? That's what the smart financial institutions do, and that's how you build loyalty: by giving young firms a break when they need it most. Many small businesses also use PayPal and other electronic transaction services. Why not offer an unlimited number of electronic transactions as well?

If only a few of these startups become long-term customers or members, you'll more than recover any reductions in short-term revenue that may result from offering these services at no cost.

Printed checks. It's a paperless world, right? Not quite. Despite a huge increase in electronic transactions, checks are not going away anytime soon. Volume quantities are not where it's at with this crowd, because most young businesses won't write many checks. And since more young businesses are using accounting software, you should make sure that your checks work seamlessly with today's popular accounting software packages.

Online banking. Here's an area where larger institutions have an advantage over more regional banks and credit unions, because they can afford to provide outstanding technology. Some community banks still charge monthly fees for online banking. This won't fly with today's small business owners. These tech-savvy individuals are accustomed to being able to set up free online accounts for everything under the sun, and they expect the same from their financial institutions. So you must make it easy to do business online — and make it free.

Telephone banking. This capability will become critical in coming years, because telephones are rapidly morphing into portable computers. Many banks have supported phone transactions for a long time, but now's the time to think about how you'll support online banking functionality through these devices. Younger startup business owners will soon expect it.

Credit cards. Forget loans. Most look to plastic first. For the vast majority of startup

businesses, the credit card is the single-most important service you can offer them. That's why it's critical to make your business credit card program more than an afterthought. Too often the discussion with prospective small businesses centers on checking, and the customer or member is simply given a credit card application on the way out the door. With so little motivation, many will simply use their personal credit card to fund their business. That's an opportunity missed.

Finally, consider all the opportunities to use technology to make it easier for small business startups to establish a relationship with you, and to strengthen that relationship over time. It's all about making their lives easier — about becoming a trusted partner to help them efficiently run and grow their businesses.

Oh, and be friendly, too. Just don't let friendliness be all you offer.



Anita Campbell is CEO of Small Business Trends, an online community touching more than 250,000 small business owners each month. Her award-winning Web site, www.SmallBizTrends.com, was in the Forbes Best of the Web list for 2005 and 2008, and has been recognized by the Wall Street Journal and MSNBC. Campbell also hosts www.SellingToSmallBusinesses.com, a resource focused on addressing the needs of organizations that serve small businesses.

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SEE THE LONG-TERM POTENTIAL IN STARTUPS. Today's emerging business could one day become one of your most profitable customers.

