

# CATHAY BUSINESS CONNECT

SPRING 2017  
CATHAYBANK.COM



## Nurture Your Business and Help It Thrive

Spring has arrived, and a new growing season has begun. If your company requires financing for continued growth and prosperity, Cathay Bank can help. Use the guidelines in the article on this page of *Cathay Business Connect* to improve the prospect of having your business loan application approved.

Making wise financial choices in ever-changing markets is key to the success of your business. Having access to the right type of funding when you need it is crucial. Small business loans and credit cards are two popular financing options. Take a closer look at the pros and cons of each solution in the article on page 2. If you have questions, our experienced account officers can provide more information to ease the decision-making process.

Whether you're thinking of expanding your product line or entering a new market, we can help you find thoughtful ways to grow revenue. Read the article on page 3 for more ways to take your business to the next level.

Your small business needs a stable cash flow, but attaining the right balance between payables and receivables can be challenging. You may be able to achieve greater financial stability, build customer loyalty and foster stronger relationships with your suppliers by trying some of the cash management tips on page 3.

Your success is our success. You can depend on Cathay Bank to provide the information and services you need to meet your short- and long-term financial goals. Thank you for your trust and your business.

Mr. Irwin Wong  
Senior Executive Vice President,  
Chief Operating Officer

## Tips for Getting a Business Loan

Getting a loan may position your company for growth as the economy improves. How do you convince lenders that your company is worthy of a business loan? Follow these tips to improve the likelihood that your loan will be approved.

**Be sure you have organized your finances and come prepared with documentation.** You will need to provide proof of your business's financial state to any lending institution. To qualify for a loan, a business usually has to be able to show profitability for the previous three years. It may be possible to secure a loan if your business has not been making a profit, but it will often require more collateral. Also, be sure that your personal finances are in order. Check your credit score and take care of any red flags before applying for a loan.

**Write a business plan.** Your business plan should include an overview of your business, projected financial statements, as well as a plan for repayment of borrowed funds. Your plan should also include résumés for the owners of the company and an assessment of competitor businesses. Show how your business plans to distinguish itself from the competition.

**Make an appointment with a loan officer at Cathay Bank.** We offer competitive rates on our business loans. Cathay Bank takes pride in helping local businesses, and our loan officers put in the time and effort to truly understand your business and its needs.

**Tell your company's story.** You need to make a case for why your company needs the money. Simply highlighting past successes does not necessarily explain why your company is looking for a loan. Is there a new partnership you're looking to pursue? Has there been growth in an area of your industry that the loan will help with? Be specific about what makes now the right time to seek financing.

When you're ready to apply for a business loan, contact Cathay Bank at **800-922-8429** to set up an appointment.



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## Small Business Loans vs. Business Credit Cards

When it comes to growing your business, it's likely you'll eventually need a little financial help. Whether you're looking to hire new employees, purchase new equipment or launch a new product, you may be considering how best to go about financing your next opportunity. Two of the most popular options for business financing are small business loans and business credit cards.

### EXAMINING THE PROS AND CONS

Both of these financing options have advantages and disadvantages. Determining which is right for your business requires a careful look at each and comparison between what they offer and your business's needs.

#### A BUSINESS LOAN:

- **Enables easier access to cash.** Unlike a credit card, a business loan can be used to get cash for paying vendors or employees without incurring extra charges.
- **Potentially offers more capital.** Business loans can range in size from thousands to several million dollars. Credit cards typically offer smaller credit amounts.
- **Requires more documentation.** In addition to regular credit scores and reports, a business loan may require a business plan, references and profit and loss statements.
- **May require an asset guarantee.** Many business loans require collateral such as property or a certificate of deposit to secure. This can create additional risk if the business venture does not work out.

#### A BUSINESS CREDIT CARD:

- **Can be used repeatedly.** Unlike a loan which is a one-time event, a business credit card can be used, paid and used again in the future for other expenses.
- **Makes bookkeeping easier.** Credit cards can help with separating and tracking business expenses.
- **May offer rewards.** Just like personal credit cards, business credit cards may offer cash back for spending or rewards points you can exchange for travel, merchandise and more.
- **Typically has fewer fees.** Unlike a business loan, a credit card has no origination fee or early repayment penalty. Interest rates should also be considered when comparing the costs of each type of financing.

#### HERE TO GUIDE YOU

At Cathay Bank, our account officers have experience helping businesses navigate growth and changing markets. To learn more about your financing options and how we can help your business, visit [www.cathaybank.com](http://www.cathaybank.com) or call **800-922-8429**.



## 7 Ways to Grow Your Business

Being in the right place at the right time can give your business a boost, but sustained growth takes planning and research – as well as a degree of risk. Finding the right growth strategies for your organization may depend on the size and type of business, the competitive landscape and the investment you are willing to make.

There are numerous possibilities for growing revenue; each requires further investigation to determine the viability for your situation. Consider the following as you evaluate potential next steps.

**1 Open a new location.** Expanding through adding physical locations is the traditional path to business growth. Depending on the nature of your business, a new location may be worthwhile if it helps you reach new customers across town or in another state.

**2 Ramp up sales.** One of the simplest ways to grow is through market penetration, and there's minimal investment and risk involved in doing so. If you can sell more of your product or service to your existing markets, revenues will rise.

**3 Launch a new product or service.** Explore ways you can capture more market share with products or services that complement your current offerings. You may add a product or service that customers have asked about, or do some research to identify new opportunities.

**4 Target other markets.** Consider ways your products or services may be used by other markets. There may be opportunities to reach new customers outside of your core business and/or gain exposure by crossing over into different markets.

**5 Expand your internet reach.** Increasing website traffic is a key strategy, and for many organizations, there's huge potential to grow online sales and expand the customer base. Doing so requires an investment of time and money in your company website and/or social media presence.

**6 Form an alliance.** Combine forces with a noncompeting business to enter a new market, broaden your product line or help fill gaps in expertise quickly. Aligning your business with another organization gives you a foot in the door with a larger customer base.

**7 Acquire a business.** In some cases, a business acquisition may be more attractive than launching a new product or service line or reaching additional customers on your own. An acquisition automatically increases your customer base and sales potential. The complex nature of mergers and acquisitions requires expert advice and careful investigation of the costs and steps involved.

If you're ready to take your business to the next level, talk to our loan officers about the financing you need. Contact Cathay Bank by calling **800-922-8429**.



## How to Improve Your Business's Cash Flow

If you're a small business owner, you know that a steady influx of cash is the lifeblood of your company; it's what keeps it not only operating, but thriving. When you improve cash flow from receivables, you have more revenue for day-to-day operations and innovation. Yet it can be hard to balance encouraging receivables and slowing down payables – without risking alienating your customers or jeopardizing relationships with suppliers. Below are a few tips to help you strike that balance and improve your company's cash flow.

**Ask for deposits on large or custom orders.** Requiring a security deposit of 40 or 50 percent of a product's

cost will reduce your risk of taking a hit financially if a timely payment isn't received. This is especially important considering custom orders usually don't have great resale value.

**Accept major credit cards.** Today's consumers expect to have the ability to use their credit card for purchases at all businesses, large and small. You'll get your payment up front, and your customer will appreciate the convenience.

**Reward customers for paying early.** Developing a discount program for quick payments may not help your bottom line, but it will boost cash flow and possibly fuel growth. The discount

can be as little as 2 percent; just be sure you can afford it before offering.

**Sell old inventory.** Getting rid of poor selling or overstocked inventory can free up more cash to focus on your big selling items. While it may hurt to offer old inventory at a discount, it can make a big difference.

Want more help improving your cash flow? Explore the cash management services available at Cathay Bank. Visit **[www.cathaybank.com](http://www.cathaybank.com)** or call **800-922-8429**.





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### Changing, Connecting, Growing

Making wise financial choices in ever-changing markets is key to the success of your business. See inside how Cathay Bank can help you with smart financing and cash management solutions!

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## CATHAY BUSINESS CONNECT SPRING 2017



### WHAT YOU'LL FIND INSIDE:

- Tips for Getting a Business Loan
- Small Business Loans vs. Business Credit Cards
- 7 Ways to Grow Your Business
- How to Improve Your Business's Cash Flow

# LUCKY DATES

These "lucky dates" are provided for entertainment purposes only. The "lucky dates" were provided to us by a third-party source unrelated to Cathay Bank and derived mainly from the *Bai He Ming Almanac*, and other sources including the internet and the *Tung Shing*. Cathay Bank does not endorse, sponsor or guarantee the use of this information, and makes no warranty or representation regarding the accuracy, reliability or results that may be obtained from the use of this information.

OPENING A BUSINESS	Days Suitable for ...	Days Unsuitable for ...
April	7, 9, 13, 21, 25, 27	4, 12, 16, 17, 24, 28, 29
May	1, 3, 9, 10, 16, 17, 26, 31	5, 11, 13, 18, 20, 28, 29
June	3, 8, 12, 14, 20, 26	1, 2, 4, 5, 7, 15, 17, 21, 23, 28, 29
SIGNING CONTRACTS	Days Suitable for ...	Days Unsuitable for ...
April	7, 9, 22, 25, 27	29
May	3, 5, 9, 10, 16, 17, 26	N/A
June	8, 13, 19, 24, 26	29
TRAVEL	Days Suitable for ...	Days Unsuitable for ...
April	9, 10, 13, 16, 21, 23, 25, 30	2, 4, 5, 12, 15, 19
May	3, 7, 9, 10, 13, 14, 16, 17, 20, 28, 31	2, 6, 8, 11, 12, 15, 18, 19, 22, 23
June	1, 2, 3, 7, 10, 12, 16, 17, 19, 25, 26	9, 11, 15, 27