

# The Advisor

JUNE 2023



## Strong Relationships Lead to Strong Partnerships

By [Mike Laughery](#), Director of Partner Services

Working at Catholic Finance, where we provide loans and other financial services for our clients, reminds me of some lessons I learned about the banking world in my childhood.

I grew up on a farm in western Iowa and was in middle school during the farm crisis. My parents came within a whisker of losing everything because they had to make \$300 per day to pay the interest bill on the farm mortgage, and that was before buying feed for the pigs/cows, crop inputs, and an occasional slice of bread to go with the homemade strawberry jam for “yours truly.” Several life lessons surfaced from those perilous times. Here are the three I remember most:

**Lesson 1**—Let go, let God! Some things are just plain outside of our control, and thus it is an exercise in futility to control them.

**Lesson 2**—Live within your means. In other words, practice frugality (perhaps an article for another day).

**Lesson 3**—Relationships get you through tough times, **our topic for today**.

While personal relationships and community are essential, so are professional relationships, specifically those with your

\* doctor \* lawyer \* *banker*



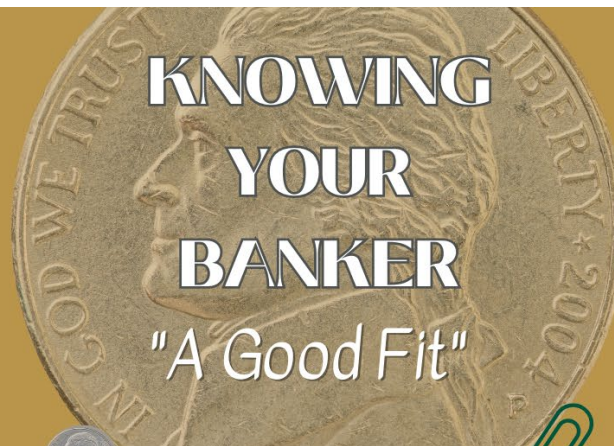
My father took me to meet the banker when I was eleven. I wanted to borrow some money for calves to raise and show at the county fair. He said getting to know my banker was essential.

Applying the principals he taught me might follow these steps:

\* Know what your bank values

\*Get to know your banker personally. Communicate your goals and understand their goals to ensure they align.

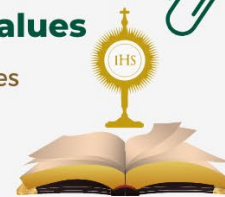
\*Know how they make decisions. When you finance short-term liabilities with long-term assets, you can get in over your head quickly. The three regional banks that went under recently made unskillful business decisions that don't align with CFC's conservative approach.



1

## Aligned Values

Ensure that your values and your banker's values align



2

## Mutual Trust

Cultivate trust- you trust them & they trust you



3

## Communication

Establish good lines of communication

BANK



AND

4

## Rates & Service

Ascertain your banker's ability to obtain competitive rates & deliver quality service



My parents put a higher value on the first three, placing importance on rates and service after the first three criteria was met. You can proceed with confidence once you decide they do business according to a Catholic biblical worldview.

We were able to weather the storm as the farm crisis ensued due, in part, to the anchor we had in our bank.

## How Can We Help You Weather the Storm or Avert it?

**Catholic Finance has a revolving loan fund** to lend to Catholic organizations here in Minnesota for their capital needs; however, we do not provide other banking services, such as deposit accounts and operating lines of credit which many of your bank partners offer.

**We frequently help assess and discern banking relationships that meet your needs and the banks. Additionally, you may want to discuss how effectively you apply these principles:**

- Living within your means by thinking about the long-term financial needs of your organization.
- Matching your ordinary and extraordinary revenue sources with appropriately timed expenses. For instance, are you relying too much on (extraordinary) rental income to pay for (ordinary) operating expenses?
- Discerning your ministry priorities and corresponding these with available financial resources.

**The Catholic Finance team welcomes your questions!**