



CNB BUSINESS[®] BROADCAST

NEWSLETTER FOR BUSINESS CLIENTS OF CANANDAIGUA NATIONAL BANK & TRUST

Choosing the Right Solutions for Your Business Needs

It's long been and still is the American dream to own your own business, and, when you do, you will need deposit accounts, cash management options, and it's likely that you will need financing. Financing can be a solution not only for the purchase of a new business, but for buying equipment, vehicles, or inventory, funding receivables, purchasing a building, or doing build-outs and improvements on an already owned property. Unless you are fortunate enough to have a pot of money available, you will need to take some steps to obtain financing.

If and when the time comes that you need funding outside of your own cash, there are a number of options available and it's important to talk with the right team to help determine the best structure for you. Your team should include your banker, your CPA, your attorney, and any outside advisors that have helped you while your business has grown.

There are a number of traditional financing options:

Your savings: The money that you contribute to your new business will likely represent your equity in the business. For example, if you contribute \$5,000, you will have a \$5,000 ownership interest in your business.

Friends and family: The advantage of obtaining equity investments from family and friends is that you can usually do so without giving up too much control. Conversely, it is quite possible that a friend or relative may, because of the relationship, feel more comfortable about imposing his or her opinions as to how the business should be run. You should therefore keep the relationship formal to avoid any misunderstandings, and you should choose carefully the relatives or friends from whom you solicit funds.

Line of credit: A line of credit should always be used as a short-term solution that is fully paid back to your lender within 1 year. If you are frontloading the costs of a new project and won't get paid until the project is complete, a line of credit is a great option for you. You can continue to operate your business, pay your employees, and take on additional jobs while waiting for your receivables. Once paid, you can then take that money and pay down your line of credit.

Term loan: Term loans are most frequently used to purchase equipment and vehicles, or for permanent working capital. Most

important to note is that there is a start date and end date to your loan. You will likely have a term of 3 or 5 years to pay back your debt, and sometimes even 7 or 10 years. Having a longer payback period, as opposed to a short-term line of credit, allows you to have a more reasonable monthly payment.

Commercial Mortgage: This financing solution is used to purchase a new building or recapture equity on an existing building. A typical loan-to-value (LTV) is 75%, however, there are other options available that may increase your LTV to up to 90%, allowing you to come up with less money up front. A typical term for a commercial mortgage is 20 years but you'll want to discuss specifics with your banker as changes can be made.



There are also other external and creative options that may be available to you. For example, non-retirement investment accounts could be used as collateral to secure a line of credit or term loan. This is out of the box thinking, and something your team should be suggesting to you considering as an option. Depending on each individualized situation, your banker can provide you with options that would best fit your needs, along with education and advice throughout your business life-cycle.

Choosing the right solutions to help with all of your business needs is also critical. Banks offer a wide range of deposit products and services; be sure it's the right match for you. Those that are full-service look at your entire financial situation, help analyze your financial health, and provide comprehensive solutions. This would include online services, payroll, merchant services, cash management- such as remote deposit capture (RDC), automated-clearing house (ACH), on-line wire transfer options, and Positive Pay, retirement options for you and your employees, and overall financial planning.

Take the time up front to find a partner that has the experience and knowledge to help you succeed.

Call our Commercial Lending Team today at (585) 419-0670 to discuss your financing options.

Lindsay Mohr is an Assistant Vice President and Business Banking Officer with our Commercial Services Team.

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Protecting Your Small Business from Cyber Threats

Risk management is a key component in any successful business plan. In today's world — where data breaches are common occurrences — it's especially important for business owners to understand the digital risks they face. Are you doing all you can to mitigate the risk of a cyberattack?

The importance of cybersecurity

Many small-business owners may think their organizations hold little appeal to hackers due to their small size and limited scope. However, according to the Small Business Administration (SBA), this naiveté may actually make them ideal targets. Their systems, if not adequately protected, may also inadvertently provide access to larger supplier networks. Consider the following tips compiled from information supplied by the SBA, the Federal Trade Commission (FTC), and the Federal Communications Commission (FCC).

Tips for security

When monitoring your security, ensure you have firewall and encryption technology that protects your Internet connections and Wi-Fi networks. Make sure your business's computers have antivirus and anti-spyware software installed and updated automatically. Require employees and others who access your systems to use complex passwords that are changed regularly. Keep only personal data that you actually need and dispose of it securely as soon as it no longer serves a business purpose. Back up critical information and data on a regular basis, and store the backups securely offsite.

Redundancy is key

- If you have digital assets that you don't want to risk losing forever — including photos, videos, original recordings, financial documents, and other materials — you'll want to back them up regularly. Depending on how much you use your devices, you may want to back them up as frequently as every few days.

- Have at least three copies of your data. This means a minimum of the original plus two backups. In the world of computer redundancy, more is definitely better.
- Use at least two different formats. For example, you might have one copy on an external hard drive and another on a flash drive, or one copy on a flash drive and another using a cloud-based service.
- Ensure that at least one backup copy is stored offsite. You could store your external hard drive in a safe-deposit box or at a trusted friend or family member's house. Cloud storage is also considered offsite.
- A two-tiered menu of investment choices for you and your employees

Educate your employees

To help ensure that your employees are also maintaining sound cybersecurity practices, establish clear security policies and procedures and put them in writing. Cover such topics as handling sensitive or personal information, appropriate use of Internet and social media, and reporting vulnerabilities. Clearly spell out consequences for failing to follow the policies. Develop a mandatory employee training program on the importance of cybersecurity. Explain the basics of personal information, as well as what is and isn't acceptable to post on social media. Employees could unknowingly release information that could be used by competitors or, worse, by criminals. Ensure that employees understand the risks associated with phishing emails, as well as "social engineering" — manipulative tactics criminals use to trick employees into divulging confidential information.

Our team at CNB is ready to answer any questions you may have about online financial safety.

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Introducing Darrin Brentnall as our SBA Specialist

We are excited to introduce our in-house Small Business Administration (SBA) Specialist, Darrin Brentnall. Darrin will work with small business owners to take advantage of favorable terms as part of the SBA program. Whether a business is just starting out or looking to expand, the SBA program provides small business owners with a range of loan programs designed to meet their unique needs with benefits such as longer terms and lower payments.

Darrin has worked in the financial services industry for more than 14 years. Prior to joining Canandaigua National Bank & Trust, Darrin was Vice President and Small Business Administration (SBA) Manager at Lyons National Bank where he started, developed and managed the SBA process bank-

wide. He serves on two regional committees for the National Association of Government Guaranteed Lenders (NAGGL) an SBA Lenders trade organization. Prior to banking, Darrin spent considerable time in credit & collections at Unisys and manufacturing at Parker Hannifin where he managed a team to support production and process improvements.

For more information about SBA lending, contact:

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For more information, visit CNBank.com/Commercial, one of our Community Bank Offices, or call us at (585) 394-4260.