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Are You Getting What You Deserve from Your Bank?

For immediate release

Walnut Creek, Calif.—December 2, 2003—“Are you getting what you deserve from your bank?” asks Hugh Tama, a partner at Stonefield Josephson, a California-based certified public accounting and business advisory firm. According to Tama, entrepreneurs of high-growth businesses should monitor their bank’s performance or risk losing opportunities. “Your banking relationship can affect your cash flow, your growth potential, your cost of capital, even your stress level.” If you are the manager of a high-growth firm, ask yourself these questions when evaluating your bank’s performance:

Question: Is my banker entrepreneurial?

Answer: “When was the last time your banker got in touch to help expand your business to the next level?” asks Tama. He explains that some banks are more proactive in supporting growth plans than others. “The best bankers come to you with ideas, resources and introductions. They go beyond simply processing your requests for financing.”

Question: Is my line of credit appropriate?

Answer: “A good banker will work with you to consistently maintain an appropriate line of credit,” says Tama. “If you outgrow your line of credit, as many high-growth businesses do, this could leave you strapped for cash flow.” You also want to assess your ease of credit approvals, according to Tama. “If you need to buy that piece of equipment or ask for a higher line of credit,

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some banks will take two weeks while others take care of you now.”

Question: Is my relationship with the banker, not the bank?

Answer: “What happens if your banker leaves?” asks Tama. “Ask your lending officer to introduce you up the chain of command, and stay in touch with those you meet.” Bankers come and go, adds Tama, but if you are perceived as a valuable customer, you must receive thoughtful consideration when a new banker is assigned to your account. Tama explains that credit lines and covenants are often determined by committee. “The more people you know at the bank, the more likely they are to take a personal interest in your situation.”

Question: What does my bank want to control?

Answer: “Covenants vary from bank to bank,” says Tama. “Outdated or unnecessarily severe covenants can put you in a pressure-cooker situation. Why put up with that if you have alternatives?” Tama suggests that you work with your accountant to evaluate your covenants and make suggestions to your bank to improve the conditions.

Question: What kind of service am I receiving?

Answer: “Knowledgeable bankers with the ability to secure swift approvals are invaluable,” says Tama. He says that timeliness plays a key role for transactions such as signing contracts with vendors or securing international financing. Tama says the price of service is important but not everything. “Sometimes you are better off to pay a small premium to work with a good banker. What’s more, the price difference may not be a key factor in terms of after-tax consequences.”

Tama cautions that many business owners get too wrapped up with day-to-day management to pay attention to their banking relationship. “Do your homework today. Invest your time in a quality relationship with your bank. Don’t wait until your back is against the wall

to find out whether your bank will give you what you deserve.” For information on how to evaluate or enhance your banking relationship, contact Hugh Tama at 925-938-9400 or htama@sjaccounting.com

Stonefield Josephson, Inc. is a California-based certified public accounting and business advisory firm founded in 1975. The 100-person firm serves public and privately held clients throughout the United States and internationally from four locations: Santa Monica, Calif.; Irvine, Calif.; San Francisco and Walnut Creek, Calif. Services include assurance/accounting; business consulting (profit enhancement; finance sourcing; mergers and acquisitions; family-owned business; succession planning; executive incentive compensation; business plans and budgeting); business valuation; financial recovery; forensic services; litigation support; public companies services; and tax services.

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