



Boosting Benefits for Small Business Customers

small business business customers

Summary: Providing added value for business customers can be as simple as sharing existing resources within your organization such as conference room space or wi-fi. We discuss some options of nontraditional benefits you can provide to help your small business customers.

When New Hampshire resident Tracy Donahue visited a local thrift store in 2017, a portrait in the style of painter and illustrator N.C. Wyeth quickly caught her eye. The \$4 portrait looked so much like a Wyeth painting that Donahue, an antique enthusiast, scooped it up and brought it home to decorate her house. Several years later she discovered that the portrait was in fact an original Wyeth painting, one that is estimated to be worth as much as \$250K.

The expression “you get what you pay for” has long been associated with things of low quality, but there are plenty of instances when the value of goods and services that people purchase far exceed what they have paid. People are always happy when they feel they have gotten real value from a purchase and it is no different when it comes to small businesses. As community financial institutions (CFIs) look for ways to strengthen ties with small business customers, this is something they should keep in mind.

Adding Value for Small Business Clients

Turning a small business into a profitable venture is a difficult prospect, with only 25% of new businesses surviving 15Ys or longer, [according to data from the US Bureau of Labor Statistics \(BLS\)](#). Roughly 20% of new businesses fail within their first two years of operation, 45% within their first five years, and 65% within their first ten years. Given the difficulty of making a go of it, small business owners are eager to find services that give them additional value. According to [McKinsey's 2023 survey of small and medium-sized enterprises \(SMEs\)](#), “One of the key takeaways was that banks should consider becoming a one-stop shop for all kinds of products and services valued by small and medium-sized enterprises. These clients say they would welcome such convenience but generally aren't getting it from their primary financial institutions.”

The Services Small Businesses Want from CFIs

As fintechs and nontraditional banks increasingly attempt to target small businesses, these customers are seeking a one-stop-shop experience for their financial service needs. While it goes without saying that small businesses prioritize low interest rates, they place equal importance on quick lending decisions, loan closings, and terms that are tailored to the unique revenue flows of their individual business.

Small businesses also want value-added services, particularly accounting programs and payment platforms that can give them a comprehensive look at their financial situations. Since cash flow management and the ability to control expenses are critical to the survival of a small business, these customers prioritize services and programs that provide support with data management and analysis. Such offerings can include payment platforms such as Square and Stripe, as well as access to popular accounting software programs such as QuickBooks, FreshBooks, and Xero.

How Other CFIs Are Adding Value for Business Customers

Beyond the services above, some financial institutions have begun thinking outside the box regarding the additional value that can be provided to small businesses by sharing some of their own resources.

- **Citizens Bank of Edmond.** After consolidating offices in 2017, instead of selling the freed-up space, Oklahoma’s Citizens Bank of Edmond used the extra room to create coworking spaces for the community. The space is available at affordable prices to roughly 200 local small businesses.
- **Lead Bank.** Missouri’s Lead Bank designed a branch that would be appealing to local entrepreneurs. Through a local entrepreneur plan, Lead Bank provides complimentary office space to two new startups each year. The branch also offers complimentary conference room use, rooftop space, wi-fi, and coffee to clients.

There are often simple resources that can be shared with business customers that do not take much to offer but will be perceived as significant value adds for customers within this demographic. Whether your CFI folds software such as QuickBooks, access to discounted office supplies, or free wi-fi and conference room usage into your business customer offerings, anything you do that demonstrates your organization is aware of the needs of these clients can help set you apart from the competition.

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ECONOMY & RATES

Rates As Of: 03/21/2024 07:04AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg
3M	5.47	0.02	0.07
6M	5.36	0.06	0.10
1Y	4.99	0.00	0.23
2Y	4.62	0.00	0.37
5Y	4.26	0.01	0.41
10Y	4.28	0.03	0.40
30Y	4.45	0.07	0.42
FF Market	FF Disc	IORR	
5.33	5.50	5.40	
SOFR	Prime	OBER	
5.31	8.50	5.32	

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