

# Expert advice

## A financial advisory team can guide your business success

INTERVIEWED BY ADAM BURROUGHS

A business owner's financial team can be seen as an external board of directors — advisers who can be looked to for input and guidance regarding business strategies.

Whether you are just starting a business or are an established venture, surrounding yourself with a strong, competent financial team is necessary to guide you through everything from setup through acquisition strategies as the company grows.

“Any financial team should comprise knowledgeable individuals who care more about the business owner and his or her success than getting a paycheck,” says Kurt Kappa, chief lending officer at First Federal Lakewood.

*Smart Business* spoke with Kappa about the role a financial team plays in a business' success.

### Who should be on the financial team?

Business owners should assemble a team of advisers that he or she trusts and who can work together, such as a banker, a CPA, an attorney and an industry expert. This team should be able to help the business owner establish operations, keep things running smoothly and advise on important issues. It may be beneficial for these advisers to exist outside of an organization, so they can look at everything with a clear eye and bring an outside perspective to business decisions.

### Why both a banker and a CPA?

Professionals in the financial sector often get lumped together into one bucket, but it's important to distinguish the roles that each of these advisers plays.

Bankers can provide owners with advice on the structure of the company, taking distributions, liquidity events, when and

whether to raise equity, and what to do with the money if the business is sold.

Accountants, on the other hand, are very important when it comes to the business's financial plan, creating the most advantageous tax strategy and helping with distributions. Any distributions put in place could negatively impact the company when getting additional financing from a bank. If a company doesn't show enough income on the bottom line or in its cash flow, the business may not qualify for financing. The accountant can keep an eye on the business's cash flow in order to ensure its well-positioned for growth.

Having this array of service providers on one team means a single issue can be debated from different perspectives at the same time. When a company is looking to grow, it's important to be able to create a strategy that ensures it moves forward on strong footing. The number one goal is to have any advisers that you choose be able to work together as a team to lead your business to success.

### What sort of issues should be brought before these advisers?

As business owners consider plans for the future — whether they're looking to expand, buy a new building or equipment, or bring on a large customer — they should consult with their financial advisory team to devise



#### KURT KAPPA

Chief Lending Officer  
First Federal Lakewood

(216) 529-2998  
kkappa@ffl.net

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a strategy. Then, each member of the team can help map out the steps needed to achieve success.

Outside of meetings to address specific issues, it's a good idea to bring the advisory team together and talk at regular intervals on the general state of the business. In between those regular meetings, business owners can talk with individual team members to get their perspectives on ideas before a discussion is had with the group.

### How is the financial team assembled?

Before choosing their advisory team, business owners should start by identifying their own strengths and weaknesses to determine what expertise they will need to supplement their skills. Once that's determined, they should network to find people with the needed expertise. The key, regardless of who is chosen, is trust. Whoever is on the team must have the owner's best interests in mind.

Building the team is a process. It's common, as the business grows and advances through the different stages of its life cycle, to pull one person off to add another as different needs — an acquisition or the sale of the business, for example — arise. An integral part of a company's growth is having the right advisory team in place. When everyone is moving in same direction, they're moving the company forward. ●