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The Benefits of Adding Annual Business Debt Review to Your Accounting Practice

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Jun. 22, 2015



Small business owners that have taken on debt to finance their endeavors can benefit greatly by incorporating an annual debt review into their business strategy. Business owners that undertake annual debt reviews are in a position to reevaluate their loan products, research new loan products and deals, and make adjustments to their debt

structure if possible. This is where you, the client's most trusted business advisor comes in—offering yet another valuable service to support their long-term success.

Debt reviews are vital to small business. Just as companies consistently evolve, loan markets change as well. By staying up-to-date on the latest loan deals, incentives, and loan rate changes, small business owners are in a position to take control of their debt and make decisions that can positively impact their cash flow and debt ratio. As a result of debt reviews, business owners are able to review loans and evaluate if potential exists to restructure loans towards lower interest rates or longer amortization periods.

One of the biggest issues that an annual debt review can help to resolve is debt awareness. A formal review drives business owners to consider other loan options they may not have researched prior to undergoing a formal debt review.

With all the loan options available, it wouldn't be surprising if there were millions of business owners locked into a more expensive financing arrangement than they need to be. When a business takes on its first debt, owners may need to enter into a financing arrangement that isn't ideal for the business simply to get the ball rolling. If a business doesn't qualify for a traditional bank loan or a U.S. Small Business Administration (SBA)-backed loan, other alternatives will likely come with a higher interest and factor rate and a shorter amortization period. However, as the business grows and pays off its initial loan while also working towards a steady cash flow and good business credit, the business should research a more affordable loan program.

Year after year, businesses evolve. As such, an annual debt review is a good idea—offering owners greater insight into their finances and more financially sound alternatives to their current loan structure. As your clients' trusted advisor, an annual debt review is yet another service that supports client success—while adding another profitable service to your firm's offerings.

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