

Farmers State Bank Supports Iowa Market with the Help of ProfitStars' LendingNetwork® and BusinessManager®

As the largest family-owned community bank in Linn County, Iowa, Farmers State Bank prides itself on a sincere commitment to providing tailored financial solutions to families, farmers, and businesses throughout their Eastern Iowa footprint. The bank's emphasis on innovation and technology enables FSB to provide creative financial services that help keep customers ahead of challenges and opportunities.

In 2012, FSB was contacted by a consulting firm on behalf of a business customer in the metal manufacturing industry that was in need of financing. The metal manufacturing company was dealing with a tax lien and some other business issues. At the time, Farmers State Bank was unable to approve any financing.

But the story didn't end there. In fact, it was just beginning.

According to Tom Glanz, Senior Vice President and Commercial Lender at FSB, the bank was able to utilize LendingNetwork from ProfitStars® to help the business get the support it needed to turn things around. With the assistance of two different LendingNetwork partners, the metal manufacturing company was able to secure a new equipment loan and a key working capital loan.

"One of the things they were able to do with that combination of financing package was pay off the tax lien," says Glanz. "They were able to clean up that part of the balance sheet and also take care of a few other issues of concern."

ProfitStars' LendingNetwork offers alternative financing from a group of more than 50 of the most dedicated, responsive commercial providers in the industry. Through the program, banks and credit unions can safely and soundly retain a customer's deposit relationship, compete for future business from companies that do not currently meet credit requirements, remove problem lines of credit from the balance sheet, and receive referral fee revenue.

FSB kept in touch with the company and agreed to take another look at things in late 2012 and into early 2013.

"In a short period of time, we gained confidence in the company's management," Glanz notes. "We put together a plan for a BusinessManager line of credit, which we had considered previously."

■ FARMERS STATE BANK

offers locations in Cedar Rapids, Marion, Hiawatha, and Alburnett, Iowa, and is dedicated to supporting the economic health and growth of the communities they serve. The bank hosts and sponsors more than 20 annual events in Eastern Iowa.

■ BUSINESS CHALLENGE

The bank found itself wanting to assist a struggling metal manufacturing company, but needed alternatives to traditional lending and business cashflow financing.

■ SOLUTION

Farmers State Bank turned first to LendingNetwork®, an alternative financing program from ProfitStars®, then eventually to ProfitStars' BusinessManager®, a proven accounts receivable financing program.

■ BENEFITS

The metal manufacturing company was able to lower their lease payment and immediately improve cashflow. They were also able to pay off their tax lien. Within less than a year, the company became bankable and could qualify for a BusinessManager line of \$750,000. Due to growth in receivables and an expanded product line, their BusinessManager line has subsequently increased multiple times. The company continues to grow to this day.

Backed by more than 30 years of experience with community banks, ProfitStars' BusinessManager is a safe and sound accounts receivable financing program used by hundreds of banks to assist credit-worthy business customers with management and funding of accounts receivables. The bank, in turn, earns recurring fee income – creating a win-win for both the financial institution and business customers.

The company's BusinessManager line was approved, and they were able to make the transition, exit their relationship with their previous bank, and continue to meet goals and grow their business.

"One of the additional things we were able to do was include funding for the purchase of company stock," explains Glanz, "which provided management more control of the company. They have been able to overcome their cashflow issues, add new products, and grow their business."

Powered by the banking, technology, and business development experts at ProfitStars, BusinessManager matches each client bank with a sales and marketing professional to ensure the program's success.

Commenting overall on some of today's challenges the BusinessManager helps FSB business clients solve, Glanz observes, "Over the past several years, large companies have lengthened their payment terms to vendors/suppliers to maximize their working capital and profitability. Typical terms of 30 days a few years ago are now 60 days or more. BusinessManager offers an affordable solution to provide needed working capital to these vendors/suppliers using their receivables."

"Having adequate cash available to meet payroll and operating expenses allows business owners to concentrate on managing and growing their business."

– Tom Glanz

And citing yet another portfolio benefit, he adds, "The monitoring procedures associated with BusinessManager provide the framework for risk management of these customers."

Both LendingNetwork and BusinessManager are part of the Independent Community Bankers of America (ICBA) Preferred Service Provider program. ProfitStars, a division of Jack Henry & Associates, is a leader in business and financial technology solutions, providing feature-rich products and services that improve the performance of institutions like Farmers State Bank as well as other diverse organizations. LendingNetwork and BusinessManager are just two of ProfitStars' many industry-leading solutions that facilitate revenue and growth, risk mitigation, and cost control for approximately 11,000 clients around the globe.

■ INSTITUTION

Farmers State Bank

■ ADDRESS

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Marion, IA 52302

■ TELEPHONE

319-377-4891

■ WEBSITE

www.myfsbonline.com

■ BRANCHES

6

■ ASSETS

\$670 million

■ EMPLOYEES

155

■ PROFITSTARS SOLUTION

LendingNetwork®
BusinessManager®