Stop pigeonholing lenders

Why brokers should challenge assumptions and revisit understanding



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Brokers know better than most that no two SME funding journeys are the same. Needs evolve, circumstances change and priorities vary — and often, all of that can happen in the span of a single conversation. Whilst they are aware of this, even the most experienced brokers can turn to familiar lenders, rather than approaching each deal with a new outlook. It can be easy to do so, especially when a client may have an incredibly tight timeline or a complex need.

In fact, findings from the NACFB's 2024 annual impact report found that a quarter of SMEs who secured funding through a NACFB Member broker ended up with a different product than they first enquired about – proof that initial assumptions often evolve.

We recently had a broker approach us for a straightforward bridging facility, but when we delved into the 'why' behind their client's need, we structured a combined asset and business finance package that unlocked more working capital and provided a longer runway.

This demonstrates the need for brokers to challenge assumptions, take the time to address what their client is truly looking for and consider how a lender might meet those needs. Lenders too, have a duty to ensure that brokers have a clear understanding of their products and processes – including when things change – and in turn, take care to understand the needs of the broker. When these factors are in play, lenders can act decisively, shape the right facility fast and be comfortable that the best outcome is born for both the broker and the client.

By pigeonholing a lender into a narrow category, maybe thinking 'they only do bridging deals', or 'they are just focused on asset finance', brokers risk missing the nuances that make all the difference to SMEs when picking out the right lender for the job. Lenders are constantly evolving and diversifying their offerings to reflect an increasingly complex landscape, so what a broker knew 12 months ago when they last approached the lender could be completely different to the current reality.

So how can brokers keep lending solutions dynamic?

The main answer here is to ask clients more questions. Go further than simply asking what they want the loan for. Yes, they may have cash flow issues or growth plans. But then look at the 'why'. Why now, why those specific aims, why did the issues come about? More often than not, by looking beyond the 'what', brokers can open up a lot more solutions.

Alongside this, it is important that brokers revisit their understanding of lenders' offerings on a regular basis. Taking the time to reconnect with the various lenders and familiarising themselves with current products, processes and services will pay dividends. Brokers may be surprised with what has changed in a relatively short time, especially in the fast, flexible funding space we work in.

Ultimately, a broker's value lies in more than just sourcing the funding for a client. It is about understanding the landscape, seeing where flexibility lies and challenging initial assumptions. So, if you're a broker and you want to keep your options wide and your client's ambitions front and centre, we always recommend that you pick up the phone to a lender before you pick the product.

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