



Jamie Stone, founder of Gifts By Design, used to feel underappreciated by banks when she first started looking for a business loan. But today, most banks are actively seeking out the rapidly growing sector of women entrepreneurs.

Ladies'

LOCAL BANKS ARE COURTING THE GROWING
ECONOMIC POWER OF **WOMEN-OWNED BUSINESSES.**



BY MYKE FOLGER | PHOTOGRAPHY BY RICHARD DARBONNE

Might

Dealing with different perceptions

TO ADDRESS THIS DIFFERENCE, KeyBank offers online and in-person educational workshops for women entrepreneurs as part of the Key4Women program.

One of the more recent in-person courses involved understanding fiscal ratios and how to read financial statements. “That information is very valuable to any business owner,” Webber says, “but especially to women business owners because they hunger for that kind of knowledge.”

The CWBR study also showed that women, more than men, tended to borrow from friends and family, and also from their credit cards, rather than go to a bank for a loan. There are many reasons for this difference, the study found, including an intimidation factor that some women feel when dealing with the banking system.

Carolyn Eslick is a prime example. In 1982, Eslick and her husband went to a First Heritage Bank to get a \$200,000 loan to improve the Dutch Cup, an historic restaurant they had owned for 20 years.

“My husband and I went to the bank together, and I always let him talk because I thought it was a man’s world at that time. That isn’t the case anymore, especially at First Heritage,” says Eslick, who is now a business loan officer at the bank’s Monroe branch. In January, she was also recently sworn in as the first woman mayor for the city of Sultan.

Eslick joined First Heritage in 2006 after working at the Northwest Women’s Business Center. There, she had taught budding business owners (some of them men) about the ins and outs of business and educated them about the bank loan process. So, she pitched the idea of teaching similar material at First Heritage Bank. Newly appointed First Heritage CEO Cathy Reines liked the idea.

“She’s a visionary and wants to grow the bank,” Eslick says of Reines. “She knew we needed to do things differently, and so when I brought it up, the immediate response was ‘yes.’”

Finding a niche market

ANOTHER MAJOR finding in the CWBR study was that more than two-thirds of women business owners surveyed chose financial products and services based, in part, on their relationship and experience with a lender.

Building such relationships with women-owned businesses has been an emphasis for many area banks. Last year, Washington Trust Bank launched its “Hit the Door at 4” networking event, a business development activity focused entirely on women that begins at 4 p.m. The event was aimed at helping women entrepreneurs connect with one another and facilitate business opportunities for the participants.

Held at Seattle’s Rainier Club, the event was co-developed by Paula Sheehan, Washington Trust’s vice president of private banking, and Carla

A Link to Lower Interest

DESPITE ITS UPS AND DOWNS, THE LINKED DEPOSIT PROGRAM OFFERS MINORITY- AND WOMEN-OWNED BUSINESSES A WAY TO SECURE LOWER-INTEREST LOANS.

In 1993, the Washington State Legislature put into place a clever method called Linked Deposits to help minority- and women-owned businesses lower the interest rate on bank loans.

The idea was that the state would use budget-surplus money to open certificates of deposit (CDs) at various banks and put the interest gained from those CDs toward lowering the interest rates on loans applied for by certified minority- or women-owned businesses.

If a business owner qualified, then he or she could use the interest money drawn from the state’s CD program to reduce the interest rate on a bank loan by as much as 2 percent, with the amount of money available for each company capped at \$1 million.

The problem was that even though the state treasurer had \$100 million to put toward the CDs, there was no money to administer the program properly. Various government offices, including those of the state treasurer and the Office of Minority and Women’s Business Enterprises, shared the responsibility for running the program. This splintered management system left Linked Deposits with little clear direction. The program also required piles of paperwork that many business owners found too

onerous to complete.

To help the Linked Deposit Program grow, Gov. Christine Gregoire signed a bill last May that increased the annual funding of the CDs to \$150 million. The waiting list of approved business owners was reduced and the process was streamlined. Currently, several banks, including U.S. Bank and KeyBank, are refocusing efforts on the program in an attempt to secure more customers from the fast-growing women- and minority-owned business ranks.

Since the program’s inception, KeyBank has granted 136 loans, valued at more than \$36 million. U.S. Bank has granted 273 loans valued at more than \$92 million.

If a business owner has lending needs that reach into five or six figures, participating in the program is worth it, says KeyBank’s relationship manager Debora Webber.

“I have someone who just recently purchased some real estate, and the loan was for \$800,000,” she says. “To reduce the interest rate by 2 percent was substantial. The savings mean they can expand the business or increase the cash flow. There’s a lot of paperwork involved, but as a banker, I help walk them through the process.” — M.F.

Wigen, the bank’s vice president and senior trust officer. Wigen presented the idea to regional bank president Scott Luttinen, who was keenly aware of the growing market and thought the idea was a winner.

“It was clear Washington Trust wanted to make sure we had a chance to visit and not be competitive,” says attendee Kristi Pangrazio, owner of Artful Gifting. “It was a very classy way of having the event. You have to think in terms of investment and [Washington Trust is] developing its client base no differently than I do.”

Washington Trust then took the event to Spokane where it was met with equal enthusiasm. Next, the bank is preparing to present Hit the Door at 4 to Portland and Boise.

Washington Trust’s reaching out to this growing market was not lost on Deena Moe-Caruso, owner of three vintage clothing and jewelry shops under the name Finders Keepers. When Washington Trust courted her business, she felt that the bank’s officials cared about her.

“For me,” Caruso says of her meetings with Washington Trust, “I wasn’t meeting with some little prick in a suit. I was meeting with a woman who wanted to take me out to lunch, get to know me, find out how I built my business, where it was going and how she could help.” [SBM](#)