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Find Good Footing in Credit World

Having recently returned from industry meetings and trade shows, I can reflect on what I heard from lenders, investors and investment banks as we begin 2011.

At the NACS Show, there was some booth space taken by banks, which was a visible and positive change on the show floor from the previous year. I also listened to many more private panel discussions on the continuing consolidation and investment in the wholesale and retail gas sector space.

deployed in 2010 went to large companies and institutions. Small business did not realize its fair share of the credit market. And loans to this segment are scrutinized more than ever, putting additional pressure on fuel marketers who need to raise capital.

THE FUTURE OF CREDIT

Now, allow me to sprinkle the following on your morning corn flakes. I suspect you'll conclude that the future of credit is not so clear-cut:

wealth. However, Mr. Bernanke does not have a crystal ball, and his plans can easily derail.

At this point, you may be less than optimistic about the future. But all is not lost. Here is how you can better position yourself in the 2011 credit world and beyond.

1. High-grade your CPA firm.

A more respected and well-known firm will add substantial credibility to your financial statements. When lenders consider your loan, they want to take comfort in that your balance sheet, income statement, pro formas and accompanying schedules are accurate and have been prepared by expert accountants.

2. Consider preparing audited corporate statements. If you are considering a significant acquisition, having your 2010 financials audited and signed off on by competent accountants is highly recommended.

3. Perform a deep dive on your existing debt. Develop a detailed schedule of your existing debt, which outlines years remaining, interest rates, principle remaining and prepayment penalties. Review this data with your accountant, and talk to an adviser who may be able to recommend refinancing opportunities.

4. Bolster your balance sheet. Delay large expenditures, trim your overhead and leave the resulting improvements to earnings on your balance sheet. With an increase in cash on hand, underwriting a loan to your business becomes more attractive to a banker. ■

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What I specifically was hoping to hear were the projections about acquisition financing within our industry from the lenders willing to do deals. And what I heard confirmed much of what I have been telling my clients. So what's new?

Banks and investors are expressing a genuine willingness, in principle, to lend into our industry space. Even to a casual observer, credit has started to become more available.

I hope this is not pure bravado. I am told through my many relationships with junior debt and private-equity providers that billions of dollars are sitting around collecting dust, waiting to be placed.

Nonetheless, realizing an increased flow of available credit remains to be seen. The vast majority of credit dollars

► Unemployment is at more than 9%, which means that small businesses are not growing or hiring.

► The Dodd-Frank Act, signed by President Obama in July 2010, requires that banks retain far more capital on their balance sheets, which leaves less money to lend.

► Consequently, banks will become more selective in their underwriting and lending practices, which may result in fewer and more costly transactions for small-business borrowers.

► It is unknown what the effect of our new Republican house will have on the economy and taxes after they take the helm.

► The Fed's plan of quantitative easing, QE2, is designed to calm markets, keep inflation in check and promote economic expansion and