

Financing and Capital Access

Types of financing

- Transactional:
 - Crowdfunding
 - On-line platforms
 - Angel investors
- Relationship:
 - Banks
 - Non-Bank Lenders
 - 3cord
 - USDA
 - Family and Friends

Funding Types

- What is the money for?
 - Start up
 - Business purchase
 - Franchise purchase
 - Real estate purchase
 - Business expansion
 - Machinery, equipment, leasehold improvements
 - Working capital

What's required to apply for a loan?

- Documentation
- Financial benchmarks

SBA is taking homes/building as collected along with 25-30%

There is overlay between bank and federal requirements

Documentation

- Business plan that tells your lender:
 - Who you are
 - What your experience is
 - What can you bring to the project?
- Financial statements for the business and principals
- Tax returns – personal and business

Financial Benchmarks

- What will lender be looking at to determine if a business can afford to repay a loan?
 - o Historical and projected income
 - o Available cash flow
 - o Key liquidity ratios
 - Existing equity
 - Debt to equity
 - Inventory turn cycle
 - Days accounts receivable/payable
 - Current and quick ratios

Banks look at clients similar to a “dating” scenario

- Who do they want to be with?
- What qualities do they have?

How do I start?

- Find a lender who is relational, not transactional

Be Prepared!

- Have a plan, be able to explain it to lenders

Timing!

- Ask about timeline from lender