FUNDRAISING FOR FOR-PROFITS

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Program Objectives

- Understand what Financing for For-Profits Encompasses.
- Why you should raise funds for profitable businesses
- Comprehend how much money you need to raise for certain projects.

Program Objectives

- Learn how to acquire a loan.
- Explore the different sources for credit.
- Comprehend the function of venture capitalists.

Program Objectives

- Learn about the SBA, State Agencies, and "Angels".
- Understand the different signs of dangerous debt.
- How to make the best of banks and financing companies.

A CHALLENGE

Please write a One Sentence Definition of
FUNDRAISING

Definition

noun the act or process of raising funds, as for nonprofit organizations or for a political cause.

Etymology

The word "Fund" 1776, from fund (n.). Related: Funded; funding.

1660s, from Fr. fond "a bottom, floor, ground" (12c.), also "a merchant's basic stock or capital," from L. fundus "bottom, foundation, piece of land," from PIE root *bhudh- "bottom, base" (cf. Skt. budhnah, Gk. pythmen "foundation, bottom," O.E. botm "lowest part;" Funds "money at one's disposal" is from 1728. Fund-raiser (also fundraiser) first attested 1957.

Fundraising

Etymology

(2 of 2)

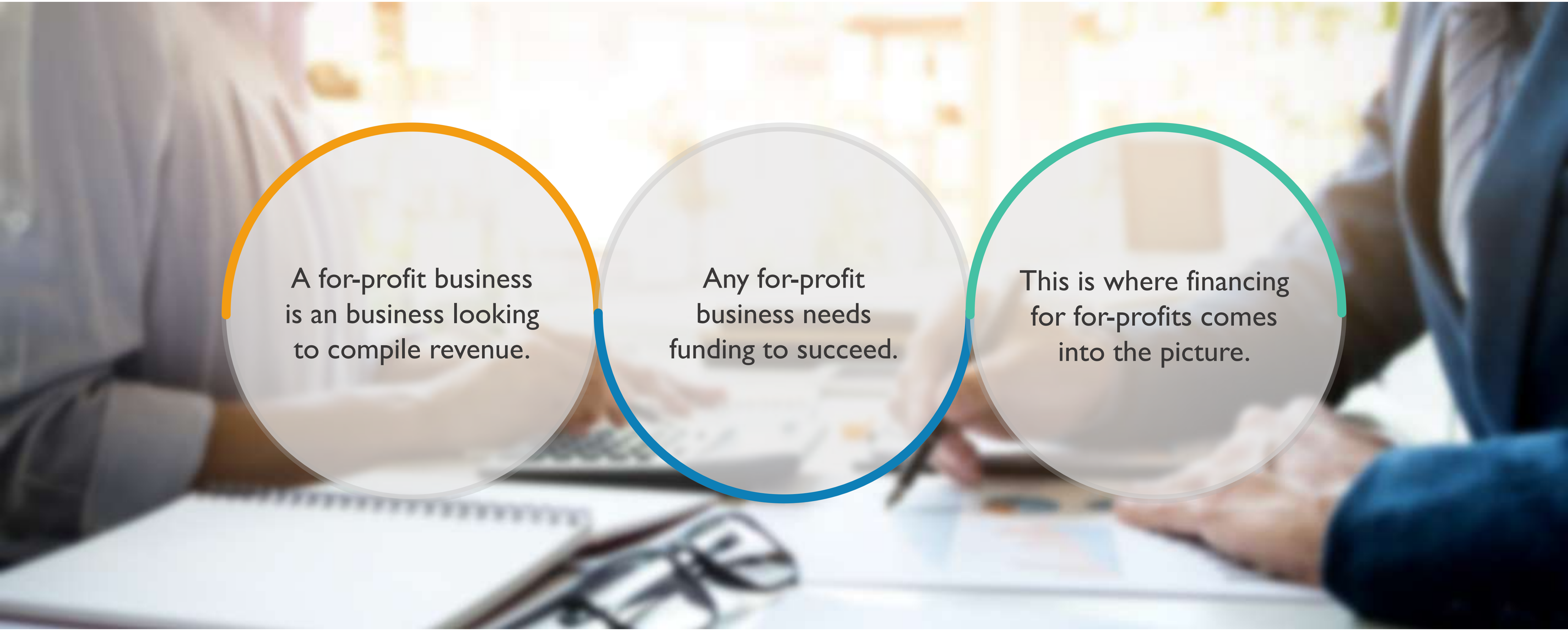
The word “raise” c.1500, "a levy," from raise (v.).

- Meaning "increase in amount or value" is from 1728, specific sense in poker is from 1821.
- Meaning "increase in salary or wages" is from 1898, chiefly American English (British preferring rise).

WHAT IS FUNDRAISING FOR FOR-PROFITS?

What is Fundraising for For-Profits?

(1 of 3)



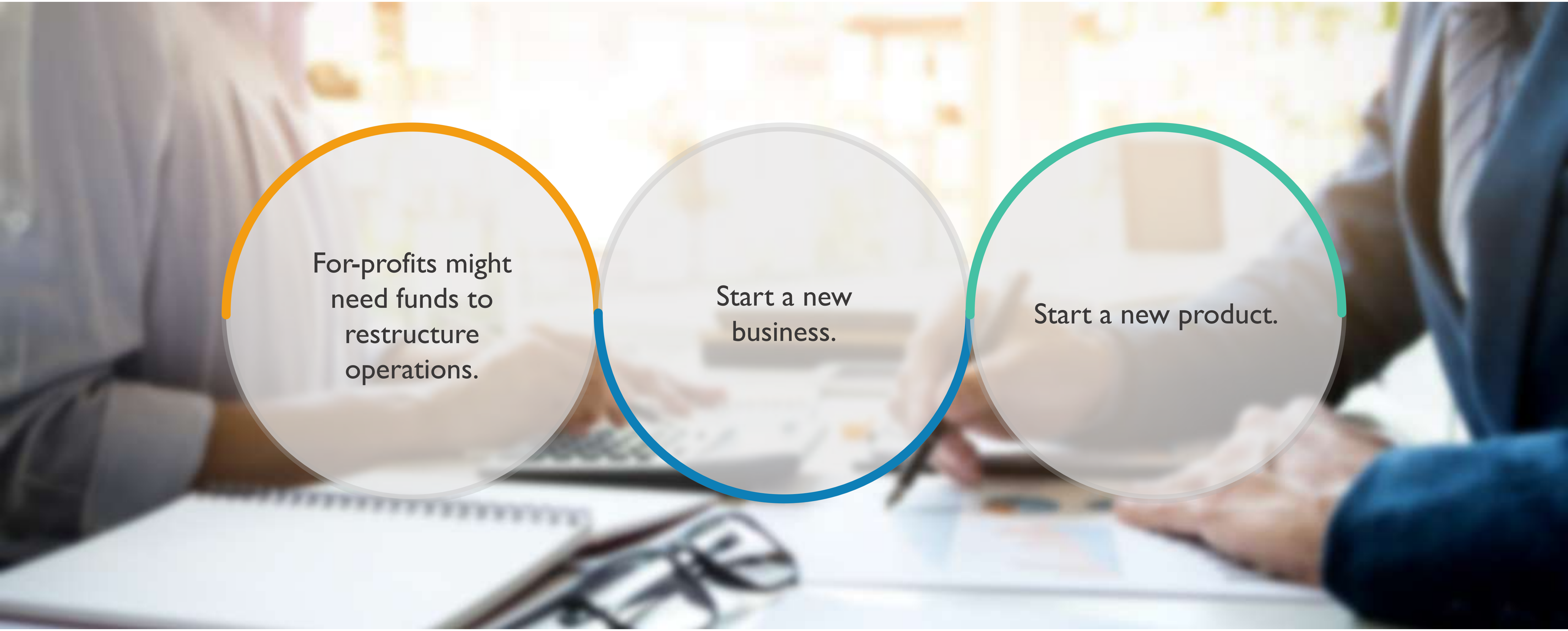
A for-profit business is an business looking to compile revenue.

Any for-profit business needs funding to succeed.

This is where financing for for-profits comes into the picture.

What is Fundraising for For-Profits?

(2 of 3)



For-profits might need funds to restructure operations.

Start a new business.

Start a new product.

What is Fundraising for For-Profits?

(3 of 3)

Financing for for-profits requires a business plan.

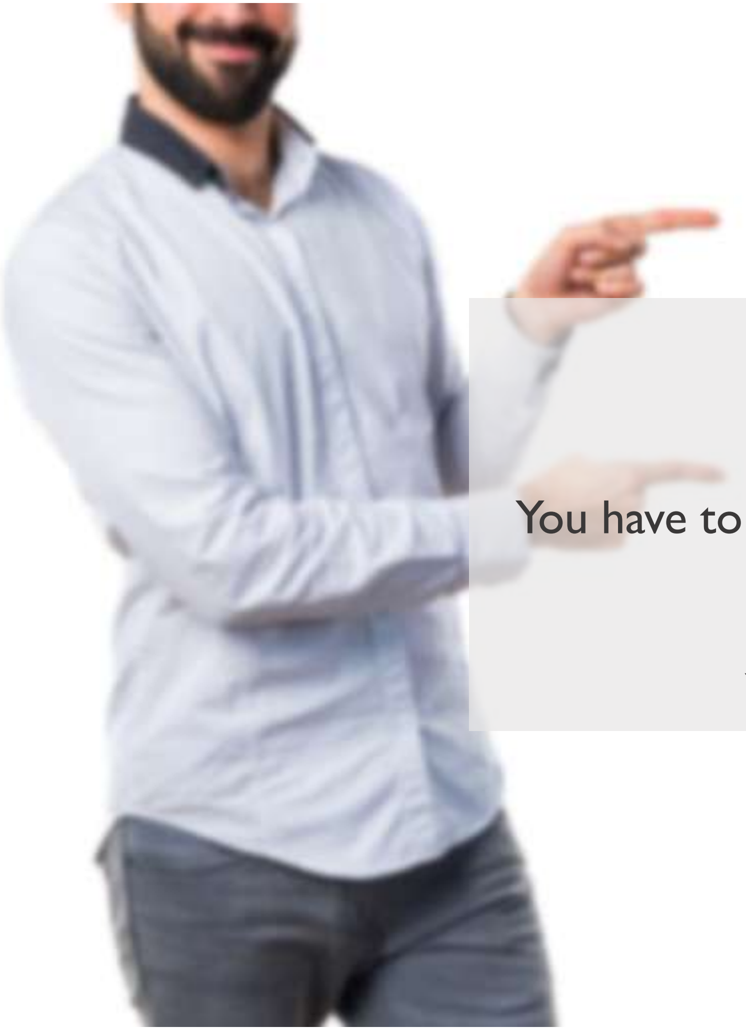
Lenders/investors.

Strategy.

EIGHT EASY TIPS FOR FUNDRAISING

Eight Easy Tips for Fundraising

(1 of 8)



Build a business plan

You have to know how you plan on running your business to form a potential investor or lender.

You have to be able to communicate this plan.

1

Eight Easy Tips for Fundraising

(2 of 8)

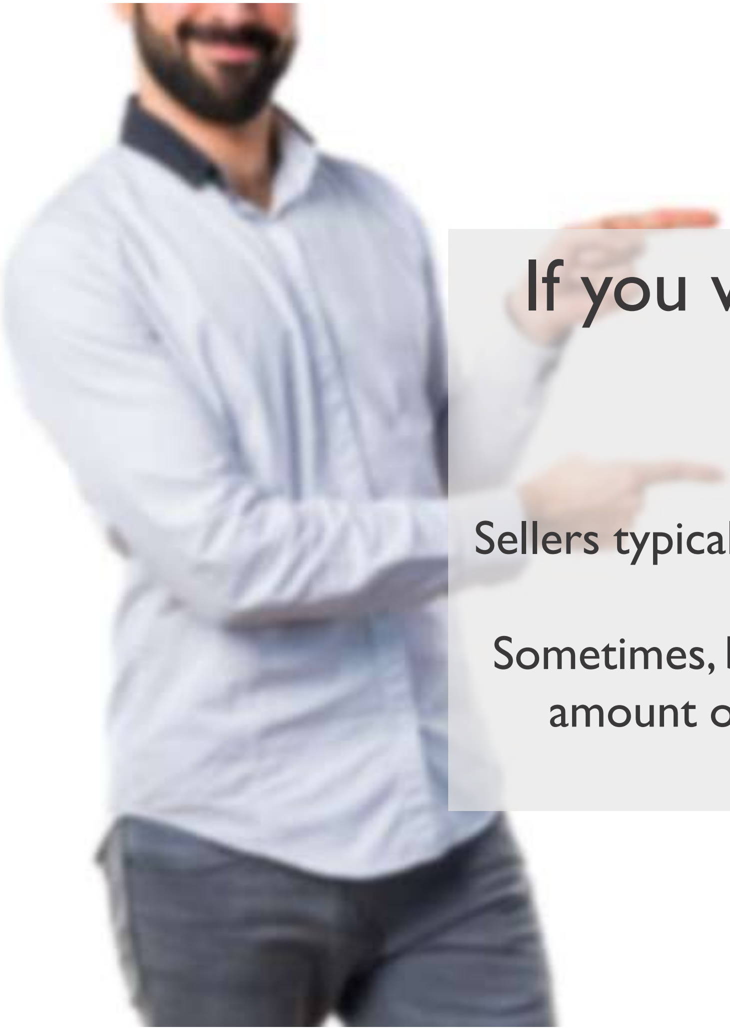
Make sure you have personal or family money

When you buy a business, 20 to 50% will come from you and your family.

To be take seriously as a potential small business buyer, you need between 50 and 150 thousand of ready cash for a down payment and working capital.

2

Eight Easy Tips for Fundraising



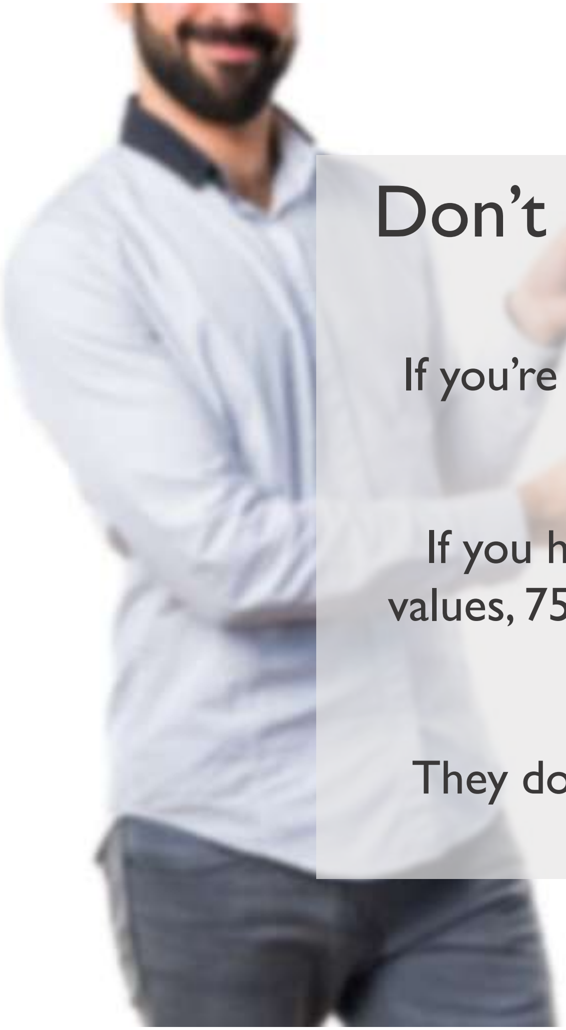
If you want to sell your business, self-finance your endeavors

Sellers typically finance from 30% to 70% of the selling price.

Sometimes, banks will only participate when there is a large amount of seller financing to indicate that the business is sound in the eyes of the seller.

3

Eight Easy Tips for Fundraising



Don’t count on banks without experience

If you’re a first time business buyer with no direct experience in that business, rejections rates exceed 80%.

If you have experience, banks will finance 50-80% of real estate values, 75-90% of new equipment values, 50% of used equipment, and 25-50% of inventories.

They don’t finance intangible assets, except accounts receivable, which they will finance 80-90%.

4

Eight Easy Tips for Fundraising

(5 of 8)

Use the Small Business Administration (SBA) to expand your existing business

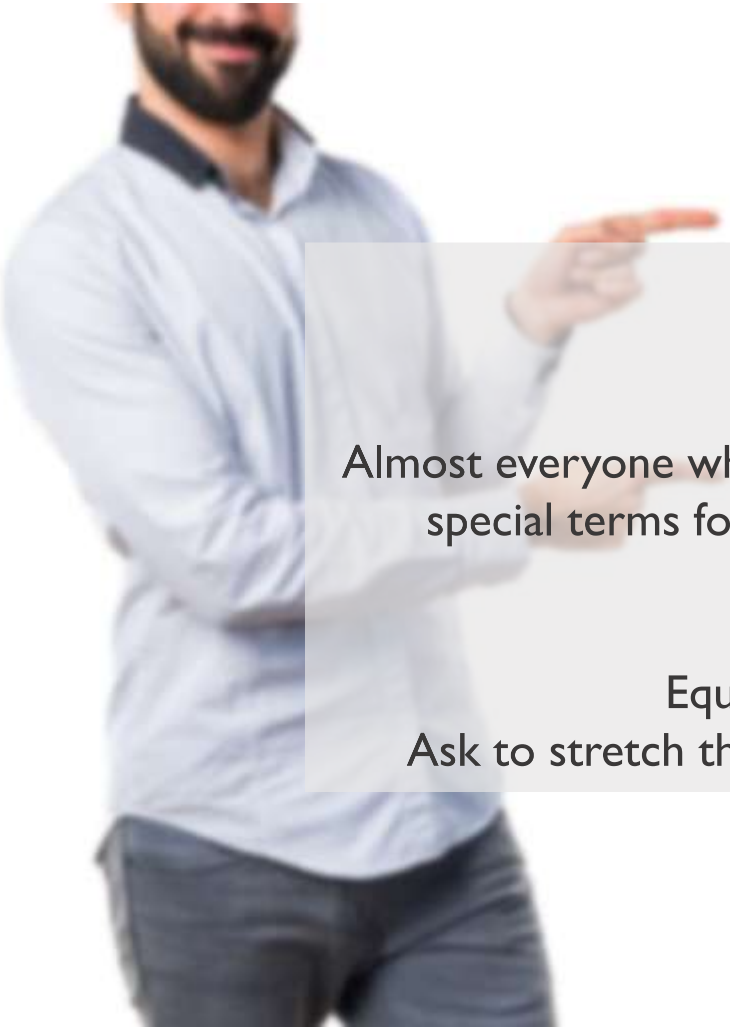
5

Beware, this process can take 3 go 4 months.

Won't really loan to new businesses.

Eight Easy Tips for Fundraising

(6 of 8)



Utilize your suppliers

Almost everyone who sells something to your business will accept special terms for funding purposes if you promise to make the effort of involving them.

Equipment vendors are the most common source
Ask to stretch the interest-free period before paying their bills.

6

Eight Easy Tips for Fundraising

(7 of 8)

Your customers might help

Ask for a deposit, it’s common!

Require payments before you do the job.

Billing annually for year-long service contracts and offering incentives for pre-payments are typical.

7

Eight Easy Tips for Fundraising

(8 of 8)

Find an outside equity investor

An individual 'angel' is usually only a close friend
Venture capitals want majority control of growing companies.

8

WHAT'S AN ANGEL INVESTOR?

What’s an angel investor?

(1 of 2)

Wealthy, entrepreneurial individuals.

Provide capital in return for a proportion of the company equity.

What’s an angel investor?

(2 of 2)

Take high personal risk in the expectation of owning part of a growing and successful business.

For this reason, not all small businesses are suitable for Angel Investments.

IS MY BUSINESS SUITABLE FOR ANGEL INVESTMENT?

Is My Business Suitable for Angel Investment?

You need to raise a reasonably modest amount.

$15,000 - $360,000.

Is My Business Suitable for Angel Investment?

(2 of 6)

You are willing to develop a personal relationship with a business angel.

Typically, business angels want hands-on involvement in the management of their investment, an amicable friendship can help this coexistence.

Is My Business Suitable for Angel Investment?

(3 of 6)

You are prepared to offer the business angel a high return.

Average annual return of 20%-30% annum.

You have to understand your products and markets.

Is My Business Suitable for Angel Investment?

Some angel investors specialize in expansion financing for businesses with successful histories.

Angels also finance start up and early stage capital for companies without a track record.

Is My Business Suitable for Angel Investment?

You need an experienced and professional management team.

If there are weaknesses in the existing team, a business angel can often provide the missing skills or introduce new management.

Is My Business Suitable for Angel Investment?

Your business can offer the angel the possibility of an exit

Common exits include:

- Trade sale of the business to another company.
- Repurchase of the business angel's shares by the company.
- Purchase the business angel's share by the company's directors or another investor.

WHAT IS VENTURE CAPITAL?

What is Venture Capital?

(1 of 2)

Provided as seed funding to early-stage, high-potential growth companies.

Given in the interest of generating a return.

What is Venture Capital?

(2 of 2)

Comes from institutional investors and high net worth individual.

Pooled together by investment firms.

What is a Venture Capital Firm?

(1 of 3)

Typically comprised of small teams with technology backgrounds.

Also people with business training or deep industry experience.

What is a Venture Capital Firm?

(2 of 3)

Typically invest in novel technologies.

Will help firms they invest in with both skills and capital.

What is a Venture Capital Firm?

(3 of 3)

Most investments are done in a pool format.

Several investors combine their investments to invest in many different startup companies.

Spreading out risk.

What is a Venture Capitalist?
(1 of 2)

Person that makes venture investments.

Expected to bring both managerial and technical expertise to investments.

What is a Venture Capitalist?

(2 of 2)

Viable option for small companies who cannot secure a bank loan.

They will usually get significant control over company decisions.

Typically reject 98% of presented opportunities.

Should I Use a Venture Capital for Financing?

Your business needs innovative technology.

Needs potential for rapid growth.

Should I Use a Venture Capital for Financing?

Like angel investments, you'll need a well-developed business model of secure venture capital investments.

Need an impressive management team.

Should I Use a Venture Capital for Financing?

(3 of 6)

Be prepared to give venture capitalists or venture capital firms a significant share of company control.

Trade off for their investments.

Should I Use a Venture Capital for Financing?

(4 of 6)

Be prepared to accept new leadership and workers in your business.

Venture capitalists usually have good resources.

Should I Use a Venture Capital for Financing?

Make sure to give venture capitalists an avenue for escape.

This will increase the likelihood of investments.

Should I Use a Venture Capital for Financing?

Understand that a huge share of profit return will be given to venture capitalists.

You will lose some control as a tradeoff.


BEWARE OF DEBT OVERLOAD, FIVE INDICATORS

Beware of Debt Overload, Five Indicators

When raising funds for a new business idea or expansion, beware of over borrowing and building debt.

Ideally, long term debt payments, including mortgage and credit card payments, shouldn't exceed 36% of your gross monthly income.

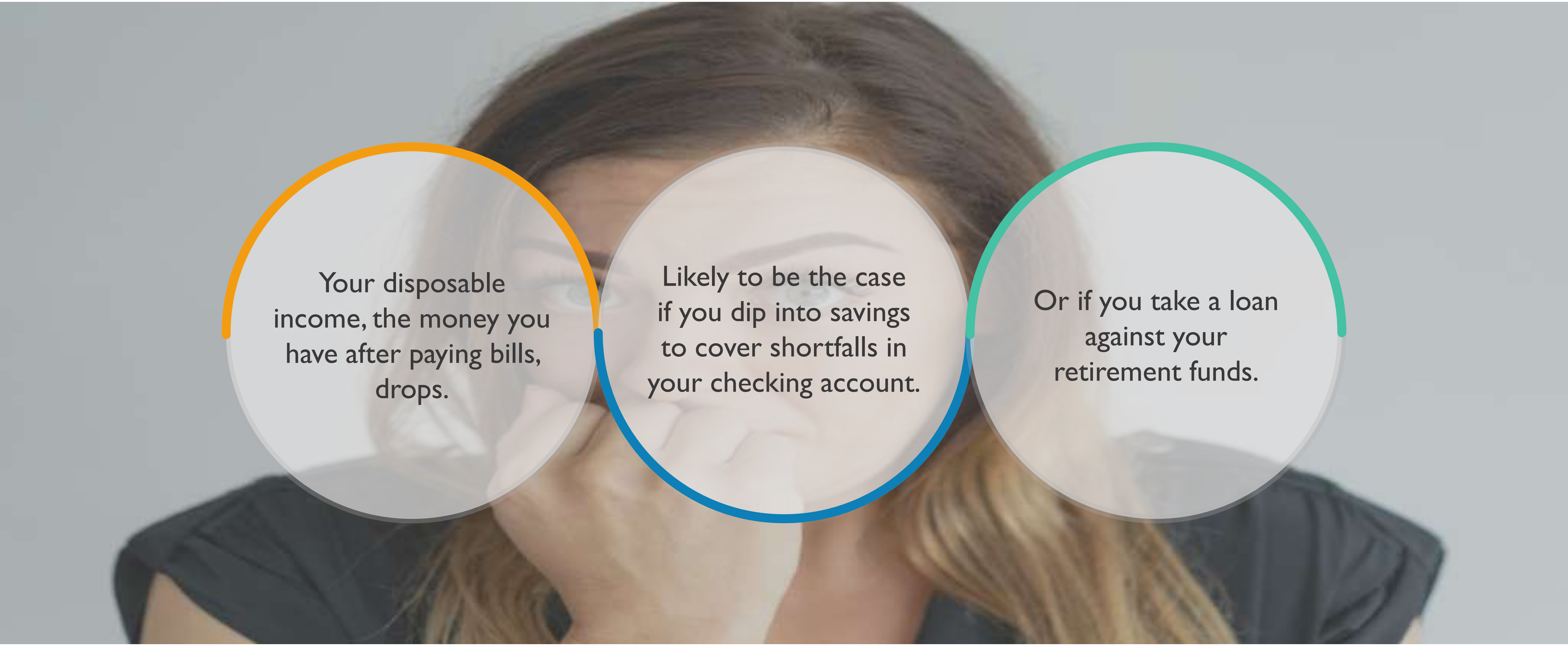
Beware of Debt Overload, Five Indicators

If you're trying to attract investments for your business, high debt is a huge turnoff.

Here are five simple indicators of dangerous debt.

Beware of Debt Overload, Five Indicators

(3 of 8)

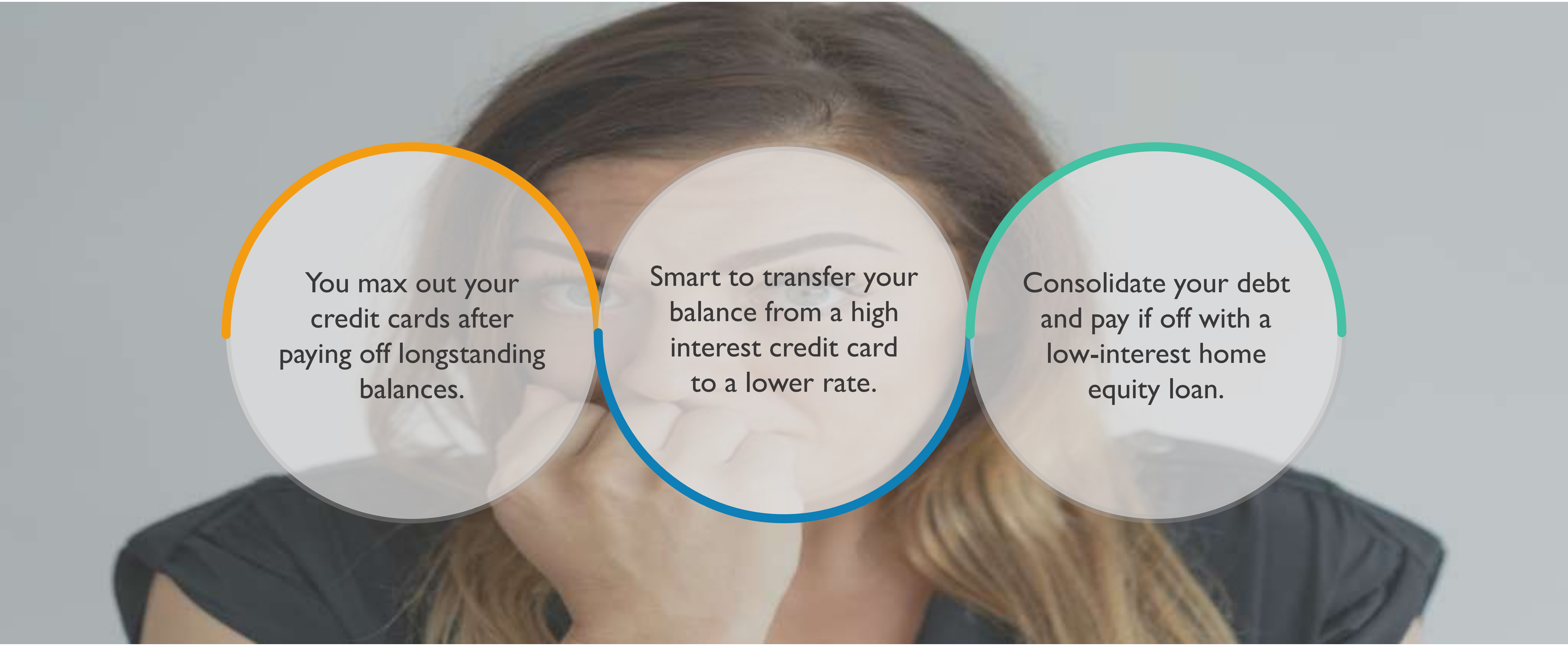


Your disposable income, the money you have after paying bills, drops.

Likely to be the case if you dip into savings to cover shortfalls in your checking account.

Or if you take a loan against your retirement funds.

Beware of Debt Overload, Five Indicators



You max out your credit cards after paying off longstanding balances.

Smart to transfer your balance from a high interest credit card to a lower rate.

Consolidate your debt and pay if off with a low-interest home equity loan.

Beware of Debt Overload, Five Indicators

You make only minimum payments on your debt.

Taking this route will take you years to pay credit debt.

Beware of Debt Overload, Five Indicators

You're unprepared for financial hardships.

Maintain an emergency fund, three to six months of expenses, so you can survive a worst case scenario.

Beware of Debt Overload, Five Indicators

Your gut is telling you that your debt is too high.

You're comfort level is just as credible an indicator as anything else.

Ready Set Present

Beware of Debt Overload, Five Indicators

Remember, if your debt is high and your credit history is bad, you will have a difficult time finding investors .

Debt will also take away from personal capital investments in your business.

20 More Simple Debt Indicators

(1 of 12)

If these twenty trend pertain to you, you might be overspending or accumulating too much debt.

Keep that debt low to finance your business!

20 More Simple Debt Indicators

You charge inexpensive items.

You charge items you might not buy with cash.

20 More Simple Debt Indicators

(3 of 12)

You charge more each month to accounts with outstanding balances.

You charge items you don't need, and then feel guilty.

20 More Simple Debt Indicators

You charge items on a delayed payment plan.

You assume your credit cards entitle you to a particular standard or living, regardless of your actual income.

20 More Simple Debt Indicators

(5 of 12)

You dip into your savings account for items and never replenish your supply.

You have no savings account.

20 More Simple Debt Indicators

(6 of 12)

You only shop at stores where you can use card.

Medical insurance is too expensive to afford.

20 More Simple Debt Indicators

You are reluctant to open bills from creditors.

You ignore payments until your next paycheck.

20 More Simple Debt Indicators

You're still paying for last Christmas when this Christmas arrives.

Discussions of monthly bills become arguments.

20 More Simple Debt Indicators

(9 of 12)

You write checks today on funds that will be deposited tomorrow.

You don't have a budget.

Fundraising

20 More Simple Debt Indicators

(10 of 12)

You purchase items on a “lay-away plan”.

You purchase the most expensive brand to keep up with others your age or in your income bracket.

20 More Simple Debt Indicators

You postdate checks.

You've applied for more credit cards to enable you to pay off other credit card balances.

20 More Simple Debt Indicators

If these indicators hit home, think about changing your habits to lower debt and build a healthy credit history.

Bad debt/credit history = bad for financing your business.

Enough about debt, let’s move on to quantifying your start up costs.


HOW MUCH MONEY DO I NEED?

How Much Money Do I Need?

If you're starting up a business, you need to determine your start up costs.

Here are five easy tips for estimating this number plus some additional questions to consider:

How Much Money Do I Need?

(2 of 7)

1

Make a business plan, then change it.

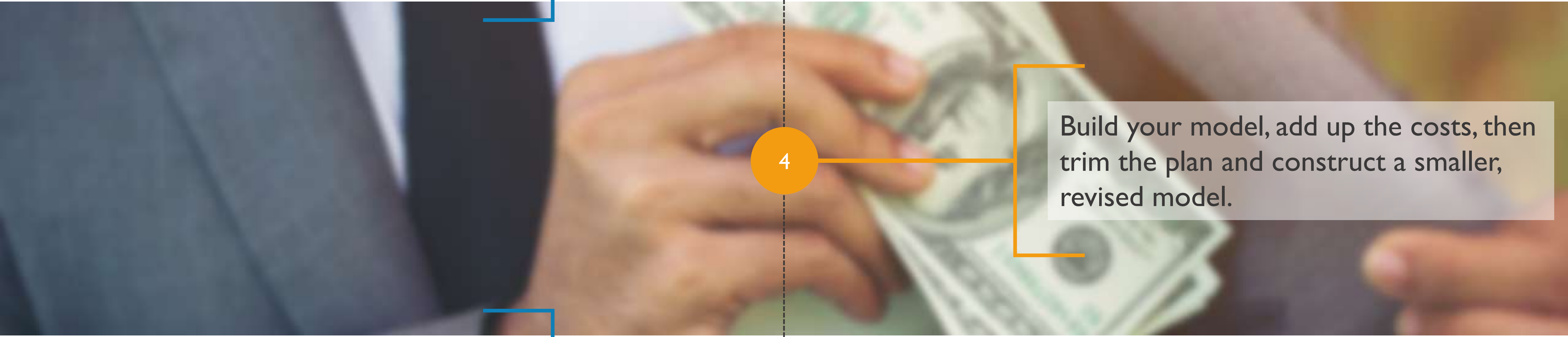
2

Determine all costs with an initial outline, then alter these numbers as the plan evolves.

How Much Money Do I Need?

3

Be willing to pull back on expenses.



4

Build your model, add up the costs, then trim the plan and construct a smaller, revised model.

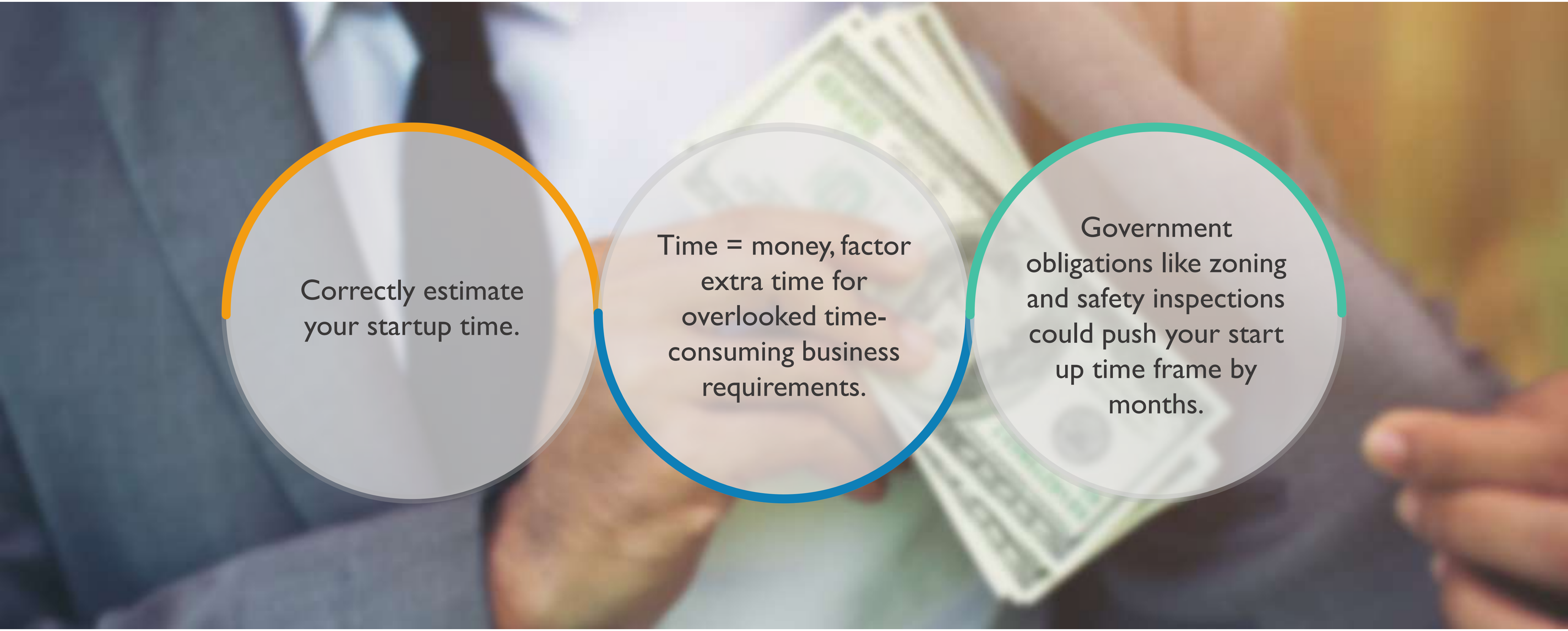
5

Calculate your initial cash flow.

How Much Money Do I Need?

Don't under price your business, pinpoint expected revenue and determine your costs based around these estimates.

How Much Money Do I Need?



Correctly estimate your startup time.

Time = money, factor extra time for overlooked time-consuming business requirements.

Government obligations like zoning and safety inspections could push your start up time frame by months.

How Much Money Do I Need?

(6 of 7)

Be realistic about the cost of money.

Don’t self-finance larger ventures.

Factor in cost of capital when determining initial expenses.

How Much Money Do I Need?

It's important to follow these guidelines to accurately determine your start up costs.

Over borrowing or seeking too much investment could cripple your business.

SIX QUESTIONS TO DETERMINE STARTUP COSTS

Six Questions to Determine Startup Costs

(1 of 5)

When determining your startup costs, ask yourself these six questions for guidance.

Six Questions to Determine Startup Costs

(2 of 5)

1

Will you need to hire specialists, like a lawyer or an accountant?

2

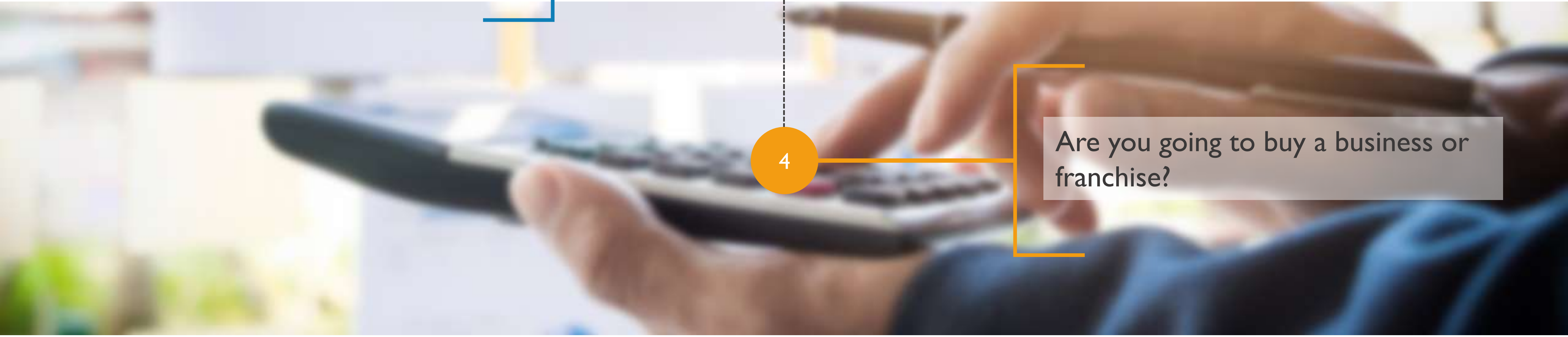
Will you need to buy some office furniture or equipment?

Six Questions to Determine Startup Costs

(3 of 5)

3

What supplies will you need on hand for Day One?
Do you need to purchase a beginning inventory?



4

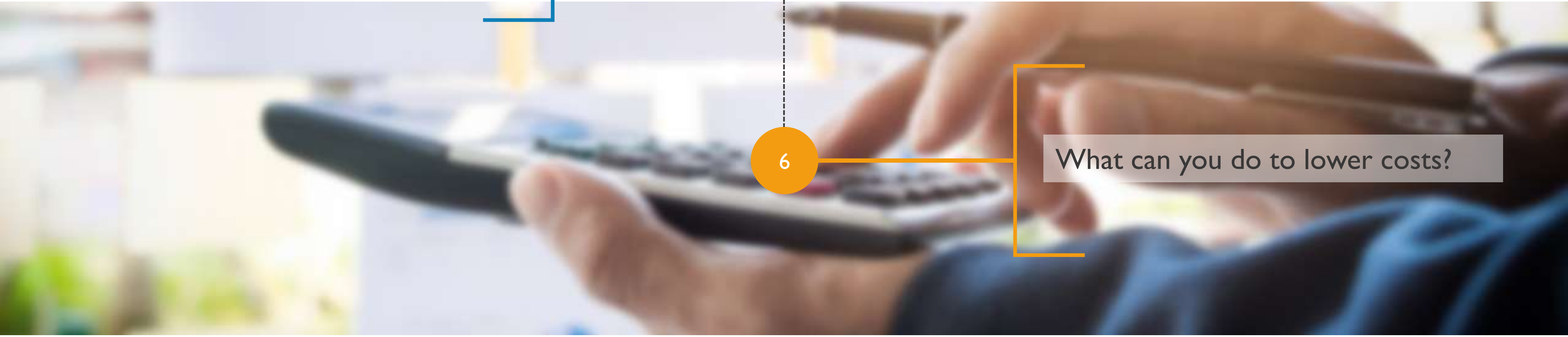
Are you going to buy a business or franchise?

Six Questions to Determine Startup Costs

(4 of 5)

5

Will you have construction costs, and if so, how much needs to be done by professionals and how much can you do yourself?



6

What can you do to lower costs?

Six Questions to Determine Startup Costs

(5 of 5)

Remember, overestimating and underestimating start up costs is bad:

Overestimating will stress your credit and undermine control over you business.

Underestimating will cause underfunding and cripple progression.

Borrowing Money from Friends and Family

Most small companies and startups look to banks, venture capitalists and angel investors for funding options.

Borrowing money from friends and family is a tired and true way to start a business.

Borrowing Money from Friends and Family

Doesn't stretch credit.

You don't need a flawless business plan.

People that you know and trust are many times the logical choice to help your get started financially.

Borrowing Money from Friends and Family

Make sure they have the financial means to make a worthwhile contribution.

Only ask a small group of friends and relatives.

Borrowing Money from Friends and Family

Treat them as if they were any other investor.

Incorporating them as investors will change the dynamic of your relationship.

Borrowing Money from Friends and Family

Friends and family members care about you and the success of your business, more so than other investors.

Set ground rules like a repayment plan.

Borrowing Money from Friends and Family

No matter how close you are with somebody, money changes people.

Personal complications can arise from their involvement with your company.

Borrowing Money from Friends and Family

(7 of 7)

Be confident, have confidence in your business, show this.

This affords them the dual satisfaction of helping a loved one in need and making a wise choice with their money.

What is Seller Financing?

(1 of 7)

Most small business sales are finance, at least in part, by the sellers themselves.

Buyers are almost always told by advisors to only buy if there is an element of seller financing.

What is Seller Financing?

(2 of 7)

Seller financing insures the buyer that the seller believes in the business.

The seller wouldn’t invest in a company that he/she is not confident about.

What is Seller Financing?

It also sets incentive for the seller to succeed in the creation of the business by investing his/her own money.

Acts as an indicator of the seller’s faith in the future of the business.

What is Seller Financing?

(4 of 7)

Sellers of small businesses usually allows buyer to pay some of the purchasing price of the business in the form of a promissory note.

What is Seller Financing?

(5 of 7)

Common when business is large enough to make a cash sale difficult for the buyer (over $100,000), but too small for the mid-market venture capitalists (under $5 million).

Also common when the business does not appeal to traditional lenders.

What is Seller Financing?

(6 of 7)

Rule of thumb: sellers will typically finance from 1/3 – 2/3 of the sale price.

Interest rate of the seller note is typically below bank prime rates.

What is Seller Financing?

For example, a service business which sells for $500,000 might have a structure where a buyer lends $150,000 and a seller finances $350,000.

The seller might run for five to seven years and carry an interest rate of 8% to 10%, monthly payments are the norm.

WHY WOULD A SELLER OFFER FINANCING?

What is Seller Financing?

(1 of 4)

Sellers are nearly always reluctant to offering seller financing.

When the buyer is unknown, the seller's fear of seller financing is the greatest.

What is Seller Financing?

Most business brokers want to wait until the buyer prospect is known before suggesting the amount and terms of seller financing.

What is Seller Financing?

(3 of 4)

Offering seller financing up front can attract buyers and speed up a business sale.

Seller financing is seen by buyer prospect as comforting proof that the seller is not afraid of the business's future.

What is Seller Financing?

Sellers can also get better prices for businesses with self financing.

Seller financing leads to speedier sales because if the seller is playing bank, the deal will be quicker, banks take anywhere from 30 to 120 days to approve and close a loan.

Why Should a Buyer Ask for Seller Financing?

(1 of 3)

A seller notes is a bond for performance.

Sellers have strong motives to maintain the business goodwill if they have a remaining stake in its future ability to pay back the seller notes.

Why Should a Buyer Ask for Seller Financing?

(2 of 3)

After a sale, the seller and buyer frequently disagree about the future of the business.

If a seller note is in place, the seller has motive to temper any irritation caused by the buyer with forbearance.

Why Should a Buyer Ask for Seller Financing?

The fact that the business owes the seller a major amount of money can change the nature of the seller's attitude.

A seller who is still owed money is more likely to be solicitous and helpful.

How is Seller Financing Usually Secured?

(1 of 6)

Most sellers add security provisions.

Personal guarantees, specific collateral, stock pledges, life and disability insurance policies, even restrictions on how the business is run.

How is Seller Financing Usually Secured?

Most common is the requirement for a personal guaranty by the buyer and the buyer's spouse.

Sellers expect this, and if a buyer objects the seller will question their seriousness.

How is Seller Financing Usually Secured?

Specific collateral is another common source of security.

With no bank financing, the seller wants a first mortgage on any real estate and first security agreements on personal property in the sale.

How is Seller Financing Usually Secured?

(4 of 6)

Another security is ‘stock pledge’.

Buyer is required to form a corporation and give the seller the rights to ‘vote the stock’ in case of seller note default.

Speedier solution than foreclosure .

How is Seller Financing Usually Secured?

(5 of 6)

Life and disability insurance policies on key member of the buyer's new management team are less frequent.

Term life insurance rates are relatively low, so more common.

How is Seller Financing Usually Secured?

(6 of 6)

Restrictions on how the business is run are sometimes added.

Can require the new owner to preserve certain account or employment relationship, tat certain operating ratios are maintained, etc.

HOW CAN BOTH BUYER AND SELLER BENEFIT?

How Can Both Buyer and Seller Benefit?

(1 of 4)

Don’t lose sight that this is just a normal transaction between two parties who must each benefit if a deal is to be struck.

How Can Both Buyer and Seller Benefit?

Buyers are just looking for a fair change to buy a job and a reasonable return on investment.

Sellers are just looking to sell a business they created, they want the most they can get, but have learned to be practical.

How Can Both Buyer and Seller Benefit?

(3 of 4)

If you are a buyer, seller financing can offer you better terms and a friendlier lender:

You will be able to buy the business quicker because you don't have to wait for banks.

No loan processing or guarantee fees, and no invasive lender controls/audits.

How Can Both Buyer and Seller Benefit?

(4 of 4)

If you are a seller, it is advised to commit early to seller financing:

This will save you time, and time is money.

You'll get a better price with more buyer prospects.

There are many more buyers who can afford to take a chance when the admission price is reasonable.

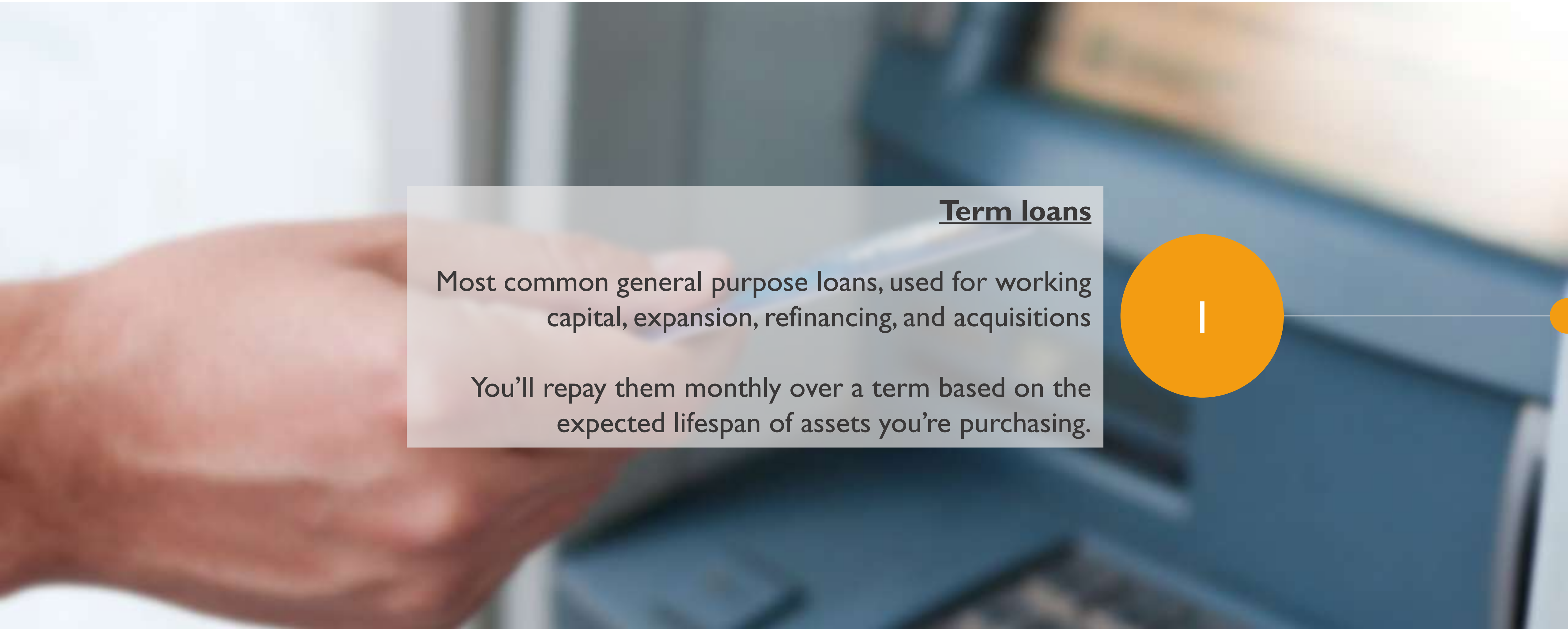
Types of Bank Business Loans

(1 of 8)

If you're planning on using a bank to raise funds for a For-Profit business, you need to understand the different types of loans you can apply for.

Explanation of six different types of bank loans follows:

Types of Bank Business Loans



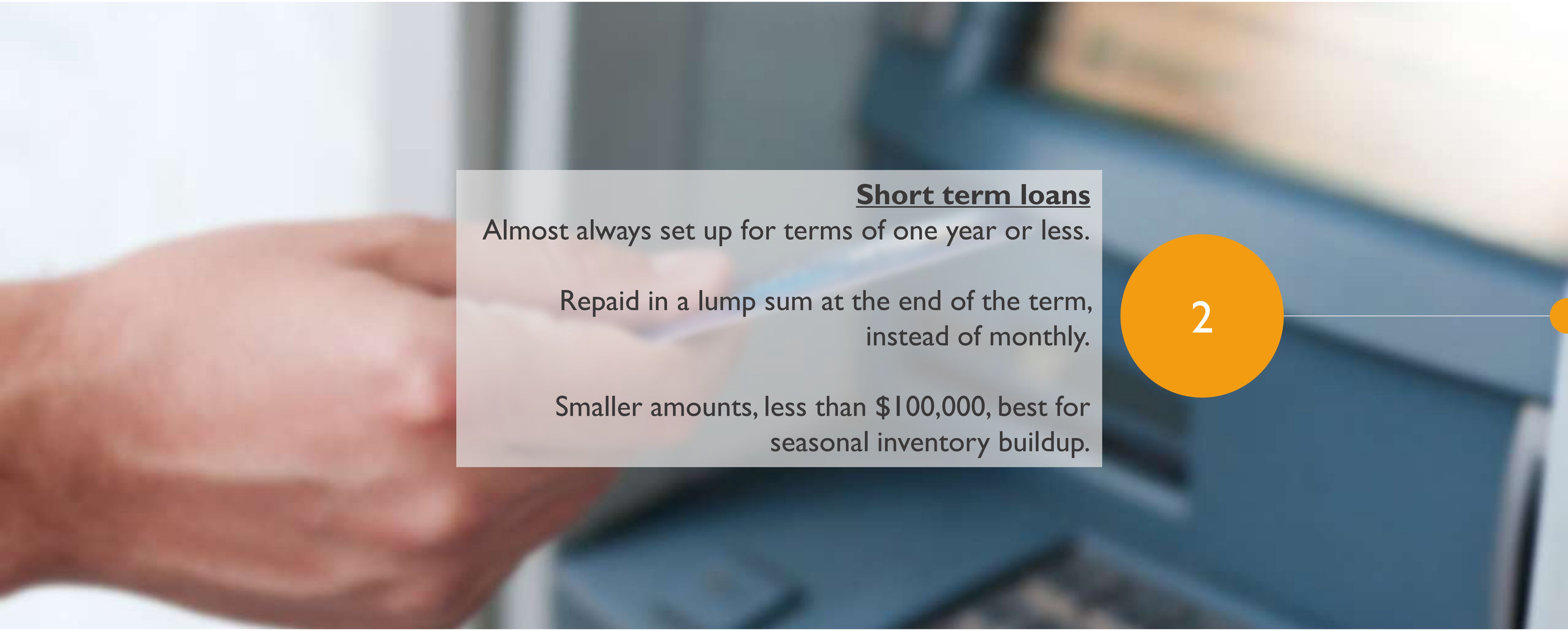
Term loans

Most common general purpose loans, used for working capital, expansion, refinancing, and acquisitions

You'll repay them monthly over a term based on the expected lifespan of assets you're purchasing.

1

Types of Bank Business Loans



2

Short term loans

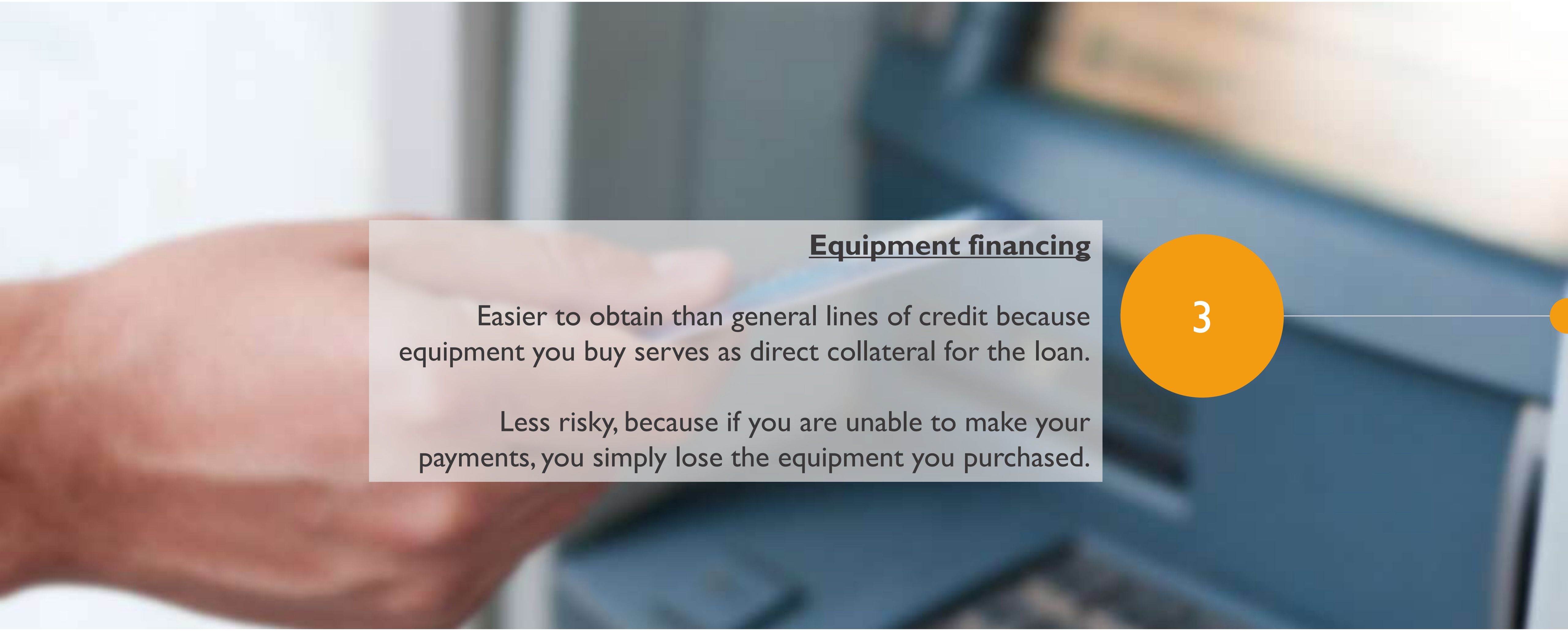
Almost always set up for terms of one year or less.

Repaid in a lump sum at the end of the term, instead of monthly.

Smaller amounts, less than $100,000, best for seasonal inventory buildup.

Types of Bank Business Loans

(4 of 8)



Equipment financing

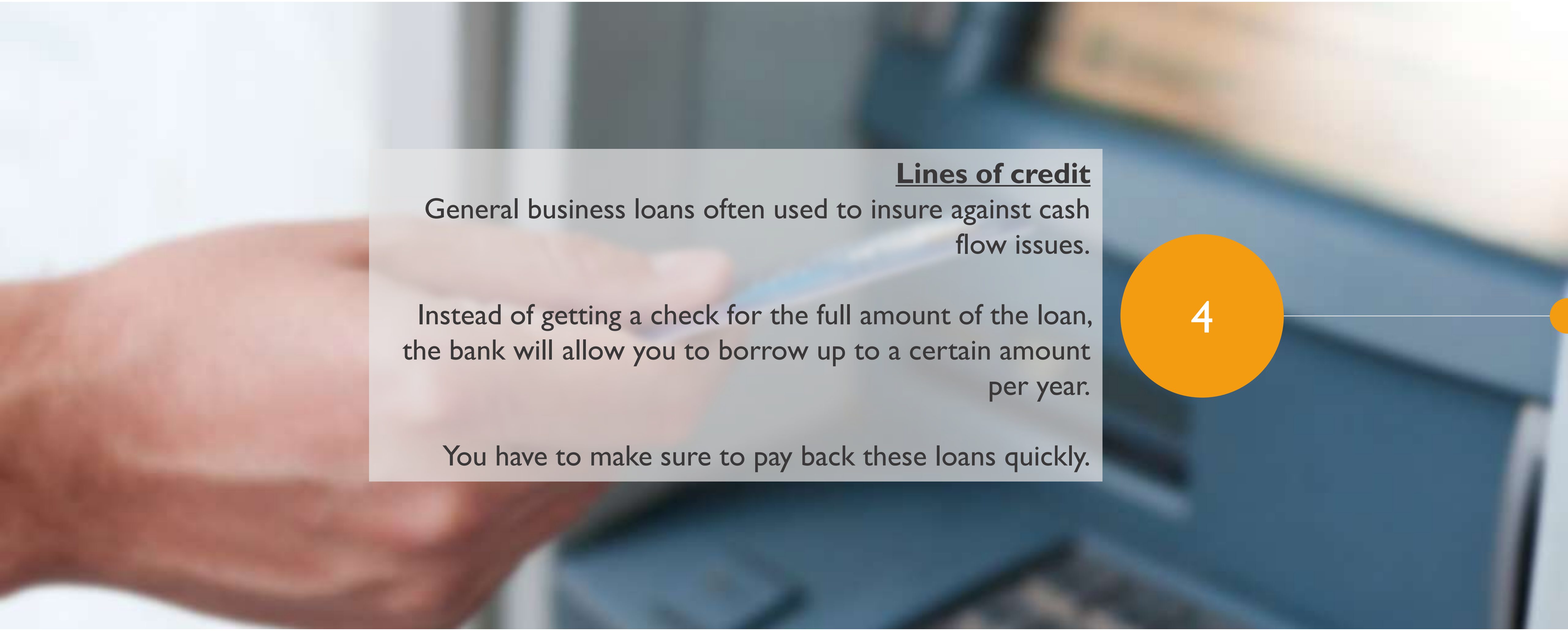
3

Easier to obtain than general lines of credit because equipment you buy serves as direct collateral for the loan.

Less risky, because if you are unable to make your payments, you simply lose the equipment you purchased.

Types of Bank Business Loans

(5 of 8)



Lines of credit

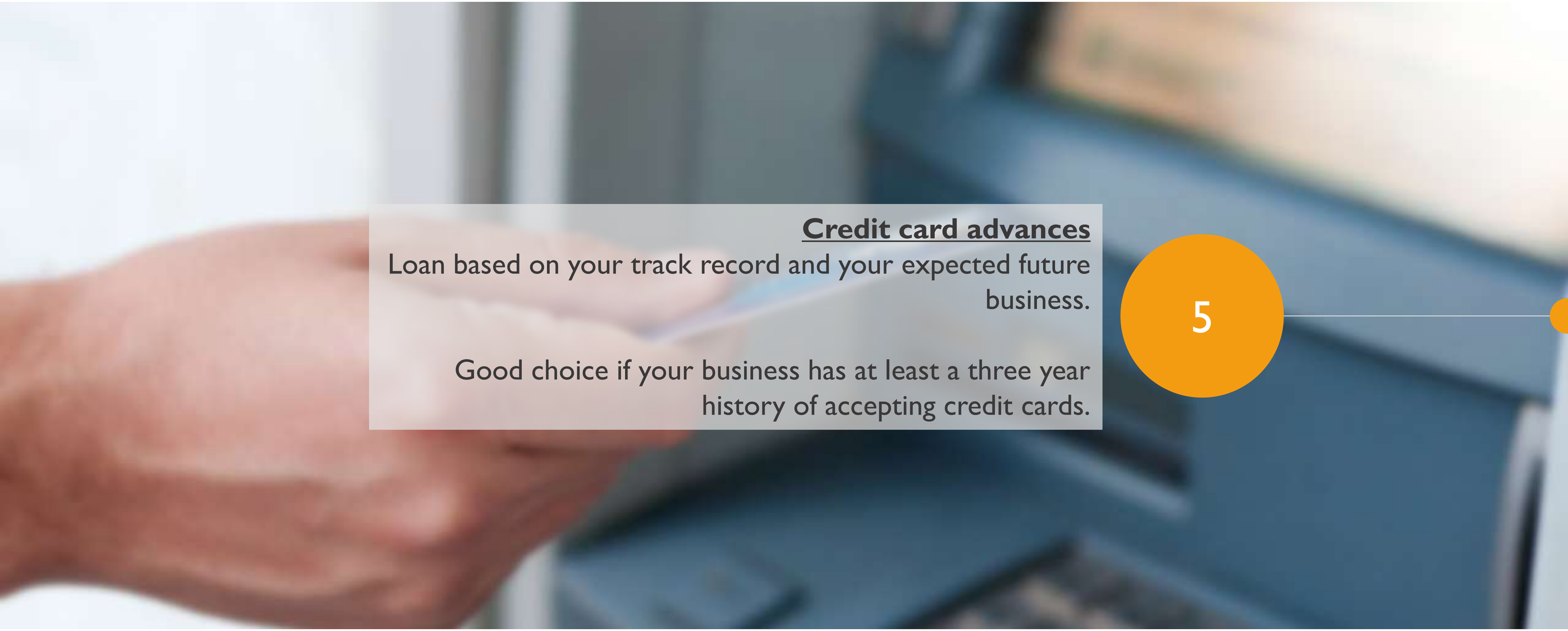
General business loans often used to insure against cash flow issues.

Instead of getting a check for the full amount of the loan, the bank will allow you to borrow up to a certain amount per year.

You have to make sure to pay back these loans quickly.

4

Types of Bank Business Loans



5

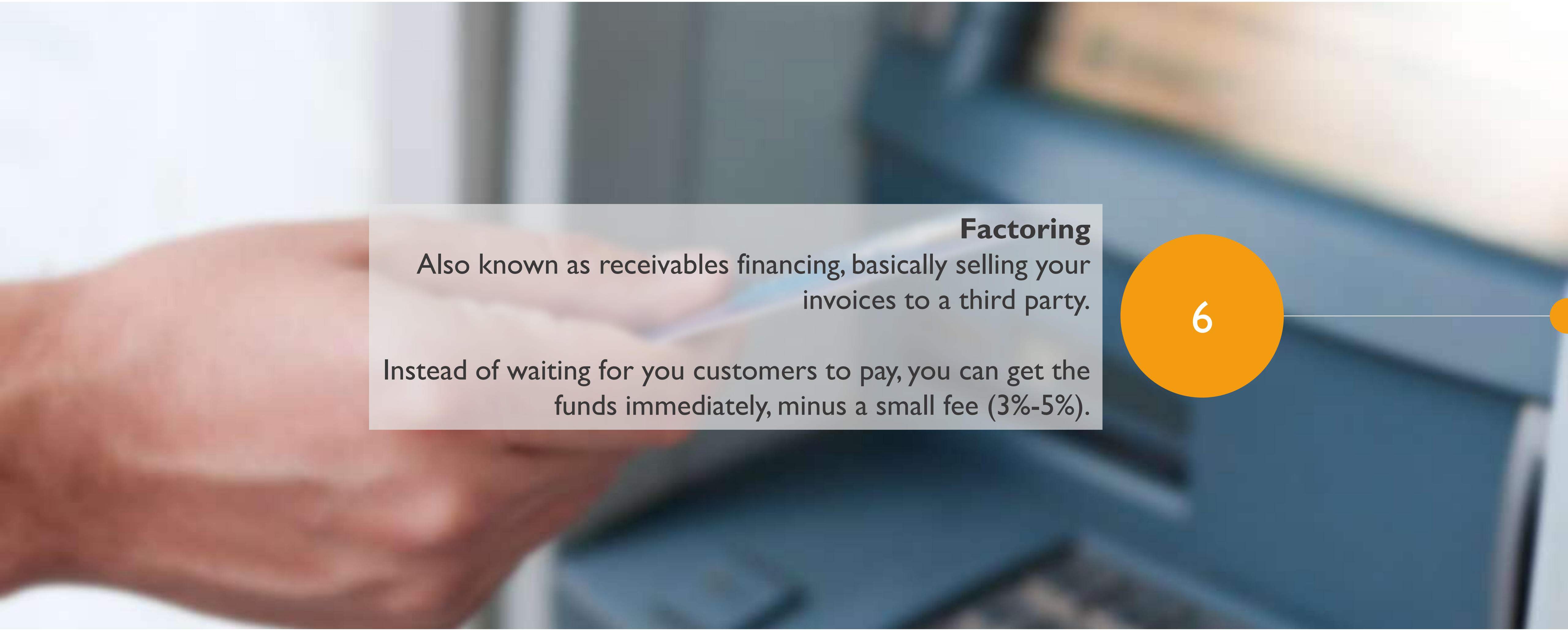
Credit card advances

Loan based on your track record and your expected future business.

Good choice if your business has at least a three year history of accepting credit cards.

Types of Bank Business Loans

(7 of 8)



6

Factoring

Also known as receivables financing, basically selling your invoices to a third party.

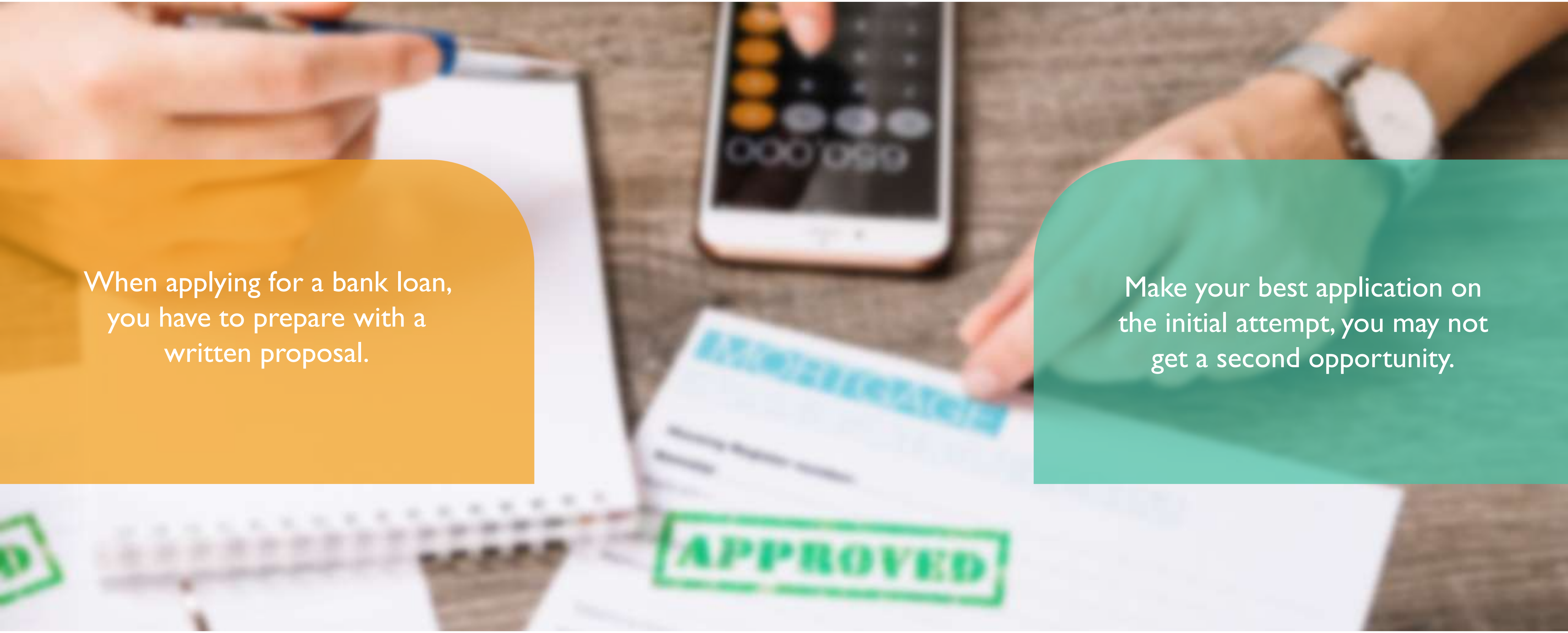
Instead of waiting for you customers to pay, you can get the funds immediately, minus a small fee (3%-5%).

Types of Bank Business Loans

(8 of 8)

Your business might be a good candidate for factoring if you have:

Applying for a Business Loan from a Bank

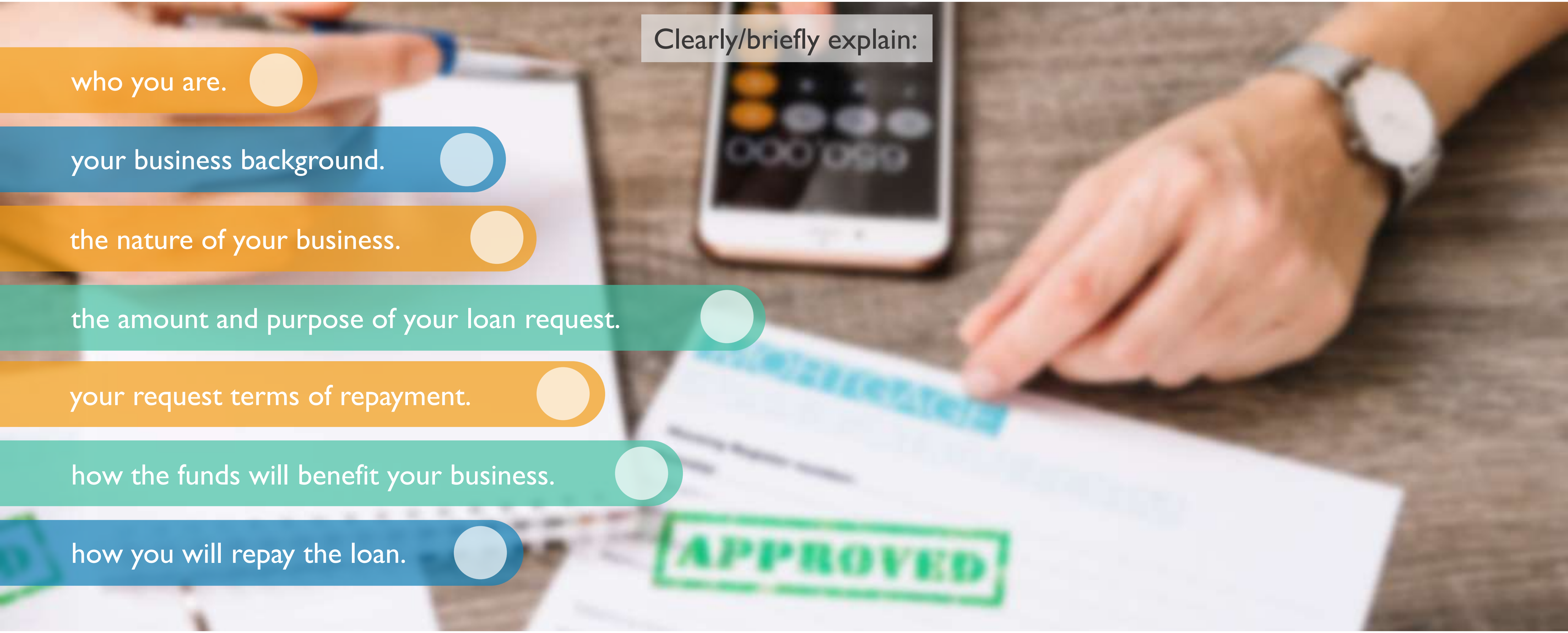


When applying for a bank loan, you have to prepare with a written proposal.

Make your best application on the initial attempt, you may not get a second opportunity.

Applying for a Business Loan from a Bank

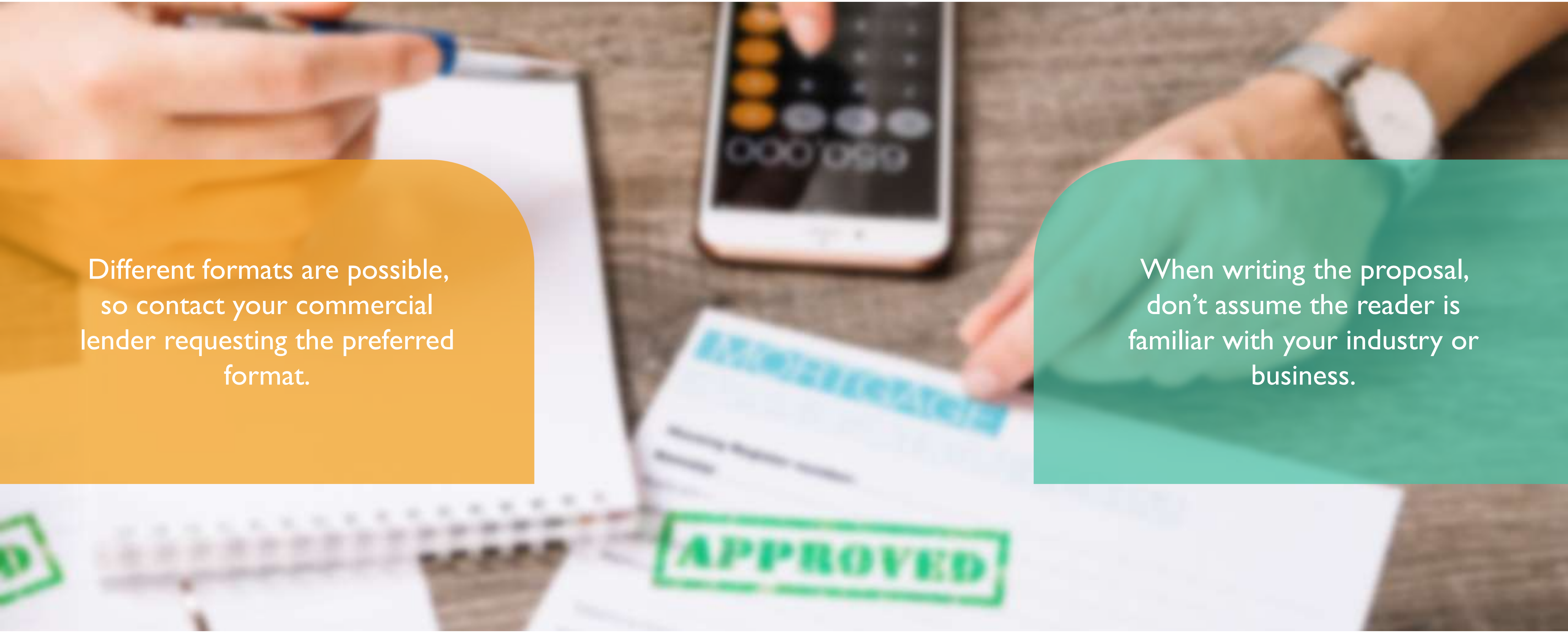
Begin your proposal with a cover letter or executive summary



Clearly/briefly explain:

- who you are.
- your business background.
- the nature of your business.
- the amount and purpose of your loan request.
- your request terms of repayment.
- how the funds will benefit your business.
- how you will repay the loan.

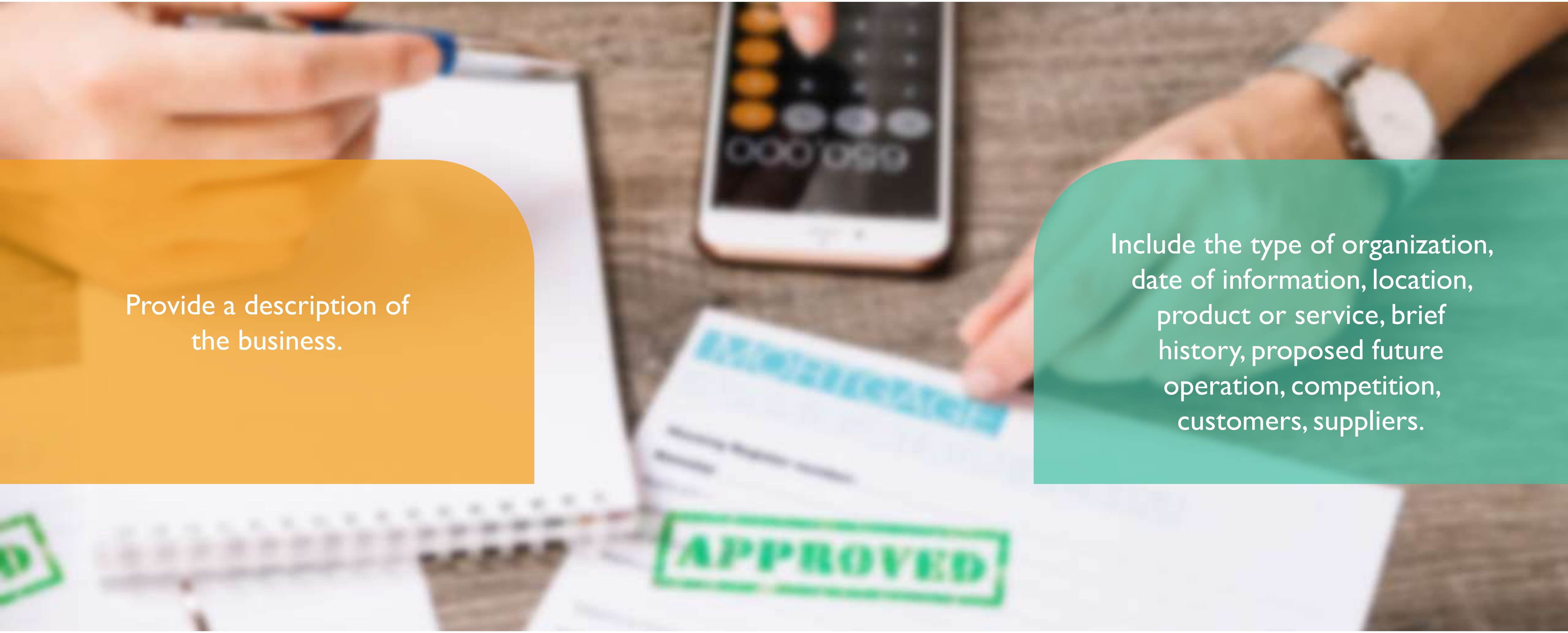
Applying for a Business Loan from a Bank



Different formats are possible, so contact your commercial lender requesting the preferred format.

When writing the proposal, don't assume the reader is familiar with your industry or business.

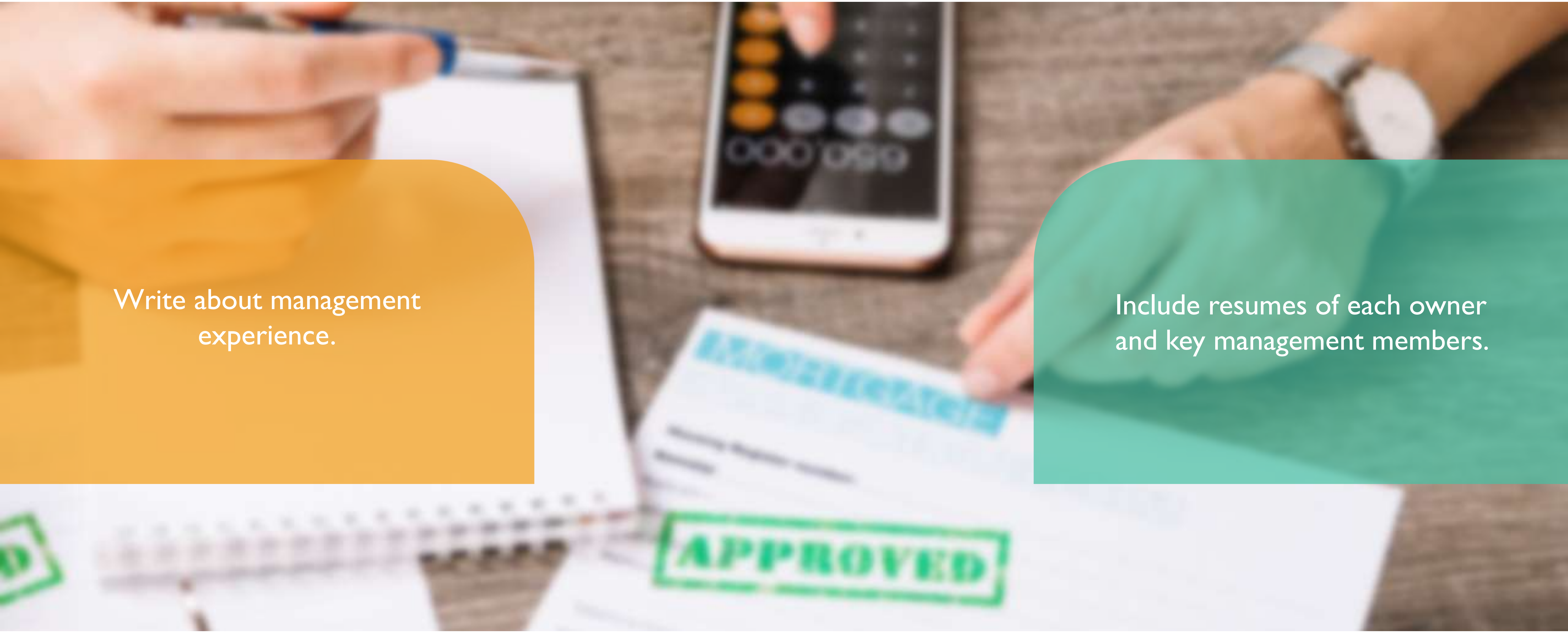
Applying for a Business Loan from a Bank



Provide a description of the business.

Include the type of organization, date of information, location, product or service, brief history, proposed future operation, competition, customers, suppliers.

Applying for a Business Loan from a Bank



Write about management experience.

Include resumes of each owner and key management members.

Applying for a Business Loan from a Bank

Include personal financial statements.

SBA requires financial statements for all principal owners (20% or more) and guarantors.

Shouldn't be older than 90 days, attach a copy of last year's federal income tax return.

Applying for a Business Loan from a Bank

Provide a brief written statement indicating how the loan will be repaid.

Include repayment sources and time requirements.

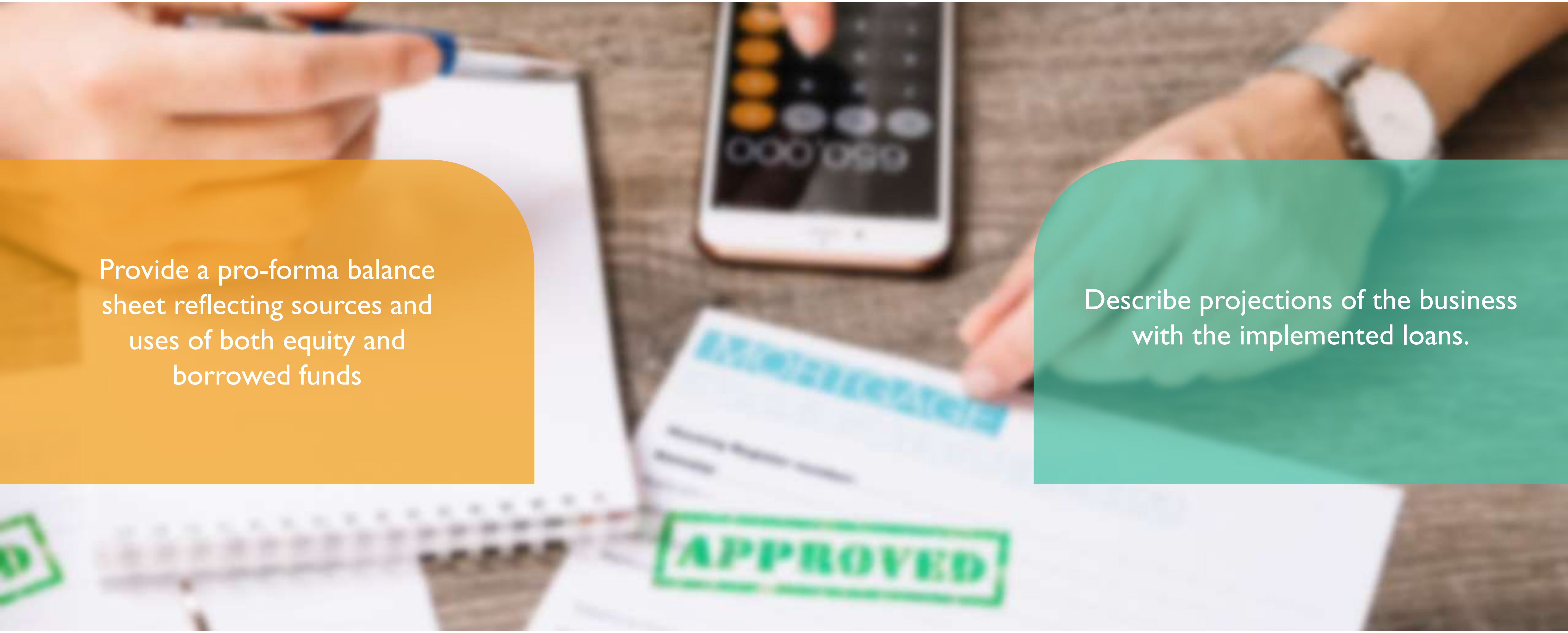
Cash flow schedules and budgets could support this statement.

Applying for a Business Loan from a Bank

Describe the existing business.

Provide financial statements for at least the last three years, plus a current dated statement (no older than 90 days) including balance sheets, profit and loss statements, and a reconciliation of net worth.

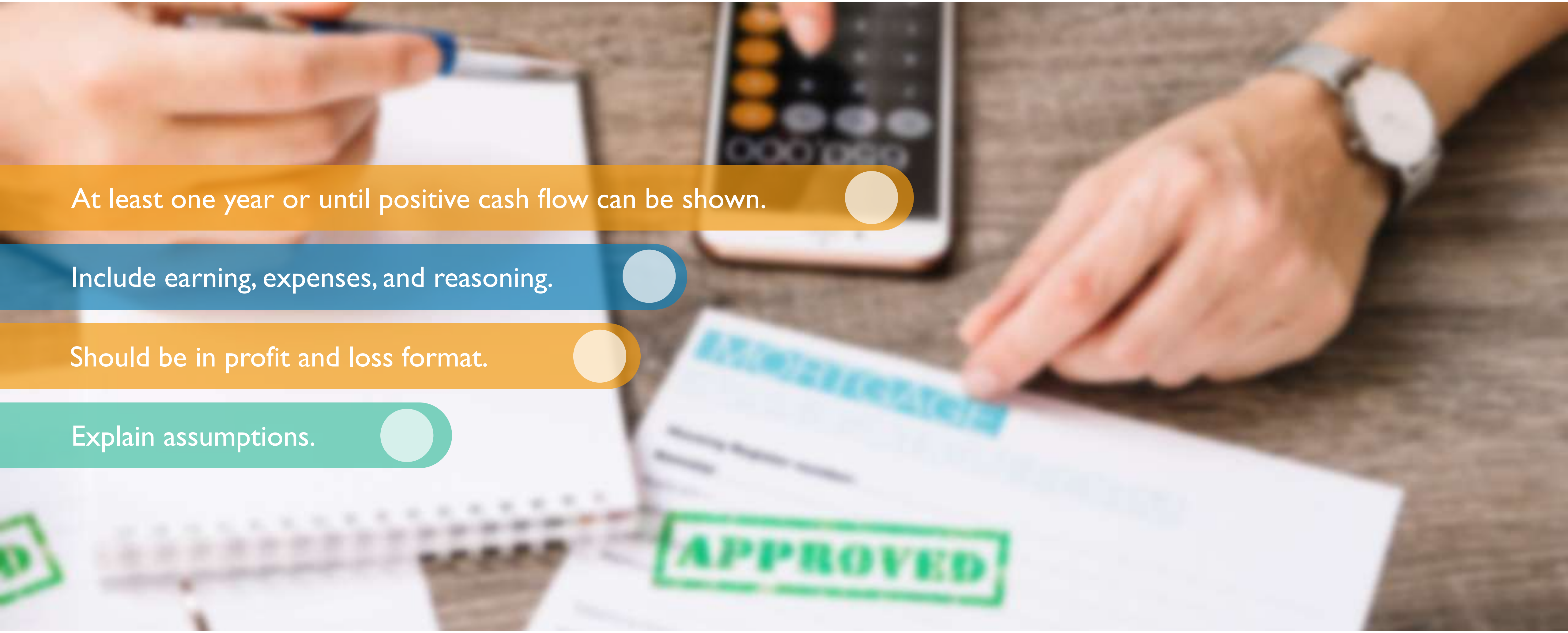
Applying for a Business Loan from a Bank



Provide a pro-forma balance sheet reflecting sources and uses of both equity and borrowed funds

Describe projections of the business with the implemented loans.

Applying for a Business Loan from a Bank



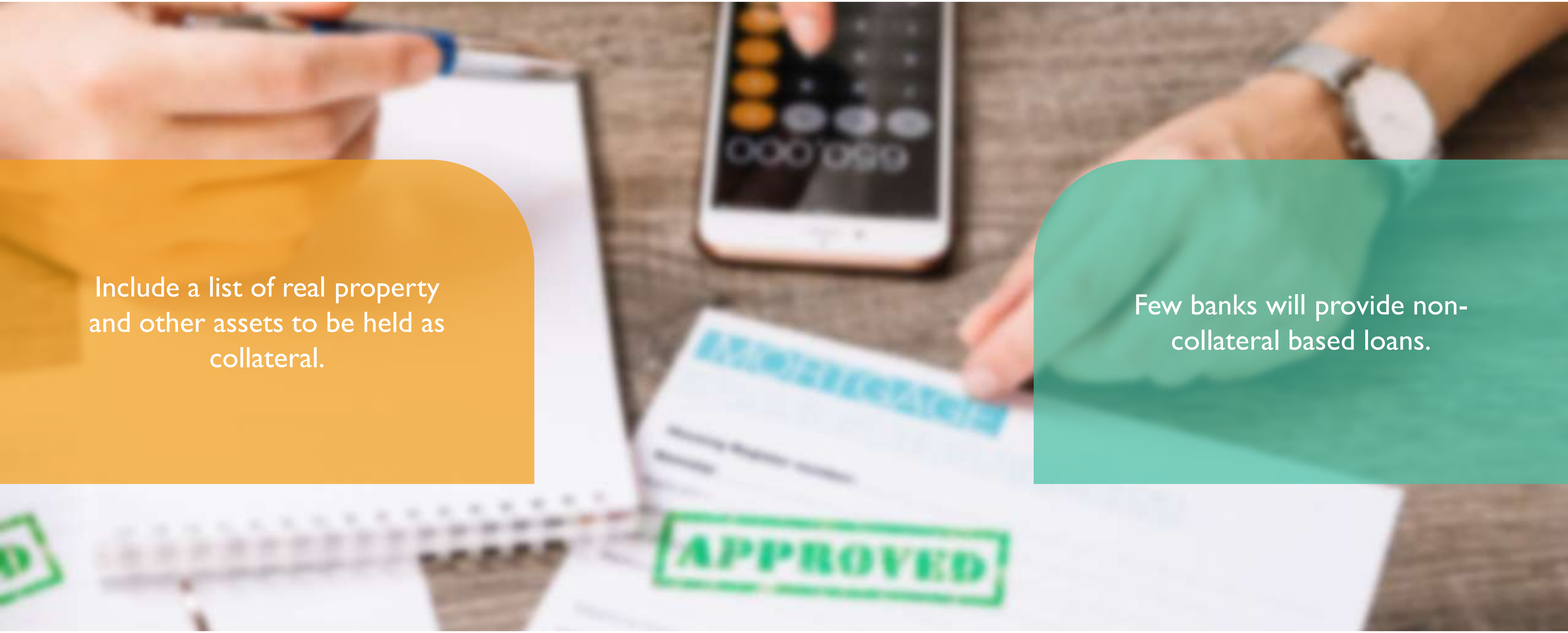
- At least one year or until positive cash flow can be shown.
- Include earning, expenses, and reasoning.
- Should be in profit and loss format.
- Explain assumptions.

Applying for a Business Loan from a Bank

These other items might be useful during the application process:

Lease, franchise and purchase agreements, articles of incorporation, plans and specifications, copies of licenses, letters of reference, letters of intent, contracts, partnership agreement.

Applying for a Business Loan from a Bank



Include a list of real property and other assets to be held as collateral.

Few banks will provide non-collateral based loans.

Applying for a Business Loan from a Bank

(13 of 13)

All loans should have at least two identifiable sources of repayment.

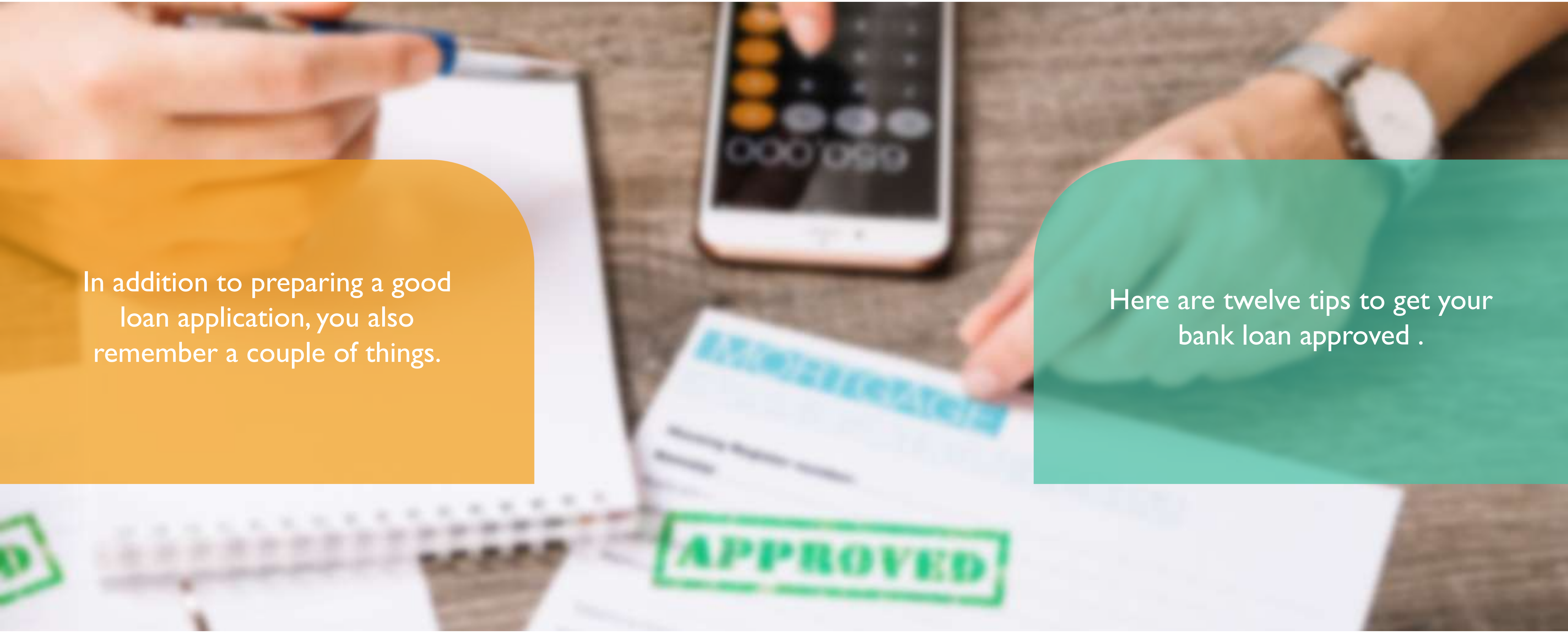
First source is ordinarily cash flow generated from profitable operations of business.

The second is usually collateral pledged to secure the loan.

12 TIPS FOR GETTING A BANK LOAN APPROVED

12 Tips for Getting a Bank Loan Approved

(1 of 16)

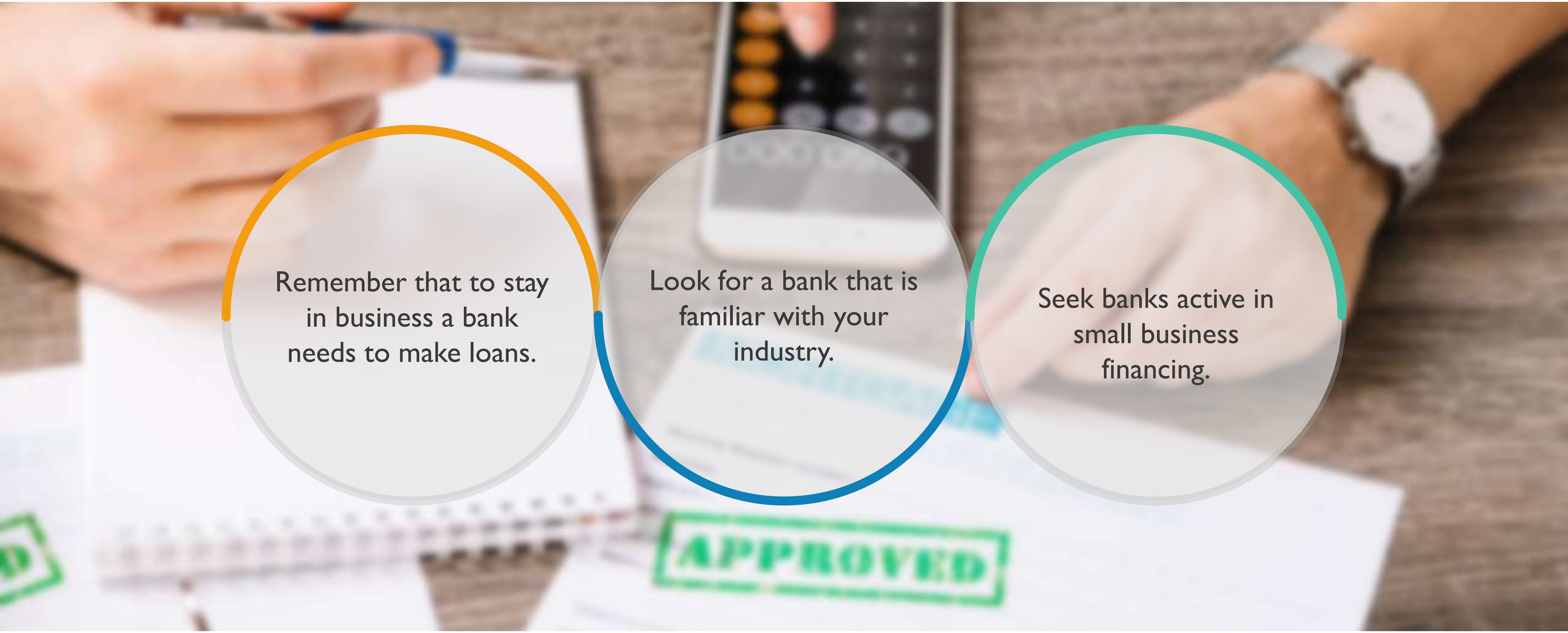


In addition to preparing a good loan application, you also remember a couple of things.

Here are twelve tips to get your bank loan approved .

12 Tips for Getting a Bank Loan Approved

(2 of 16)



Remember that to stay in business a bank needs to make loans.

Look for a bank that is familiar with your industry.

Seek banks active in small business financing.

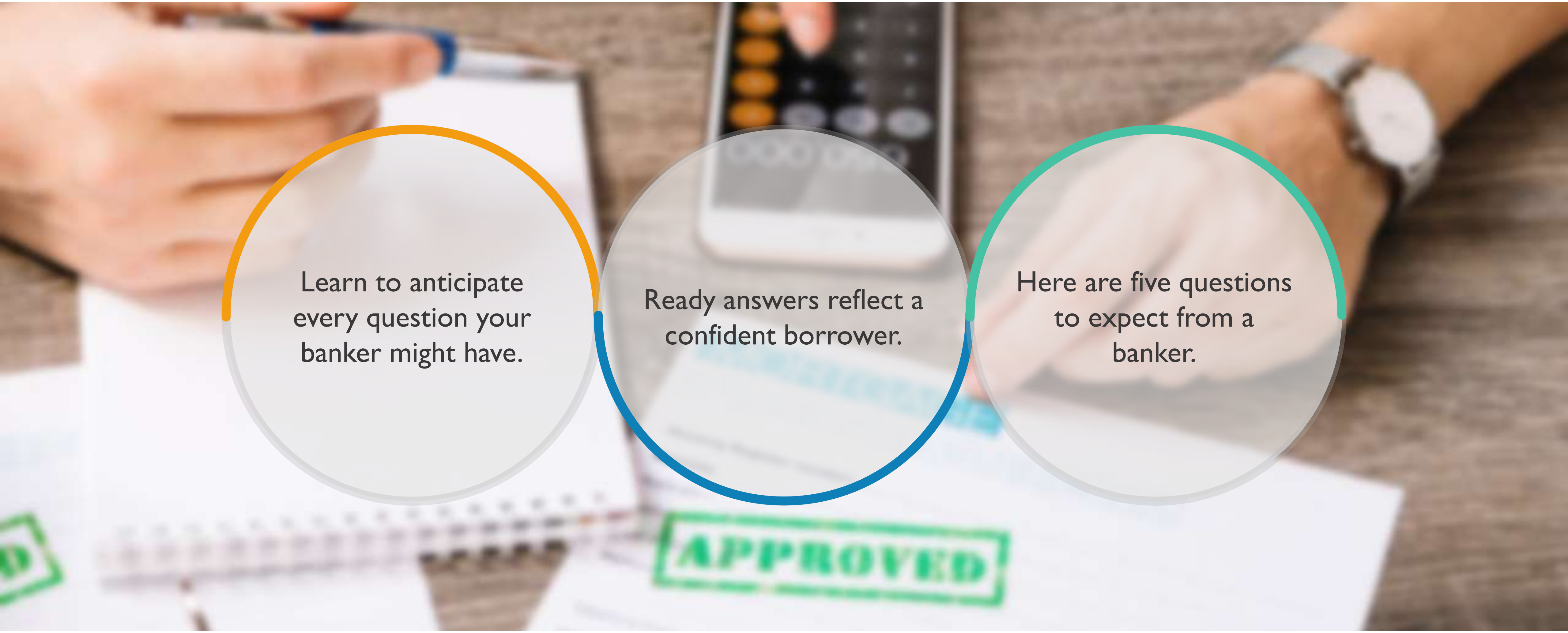
12 Tips for Getting a Bank Loan Approved

As a small business entrepreneur, be thoroughly prepared to explain your business when requesting a loan.

You need to show your bankers that a loan is a low-risk option.

12 Tips for Getting a Bank Loan Approved

(4 of 16)

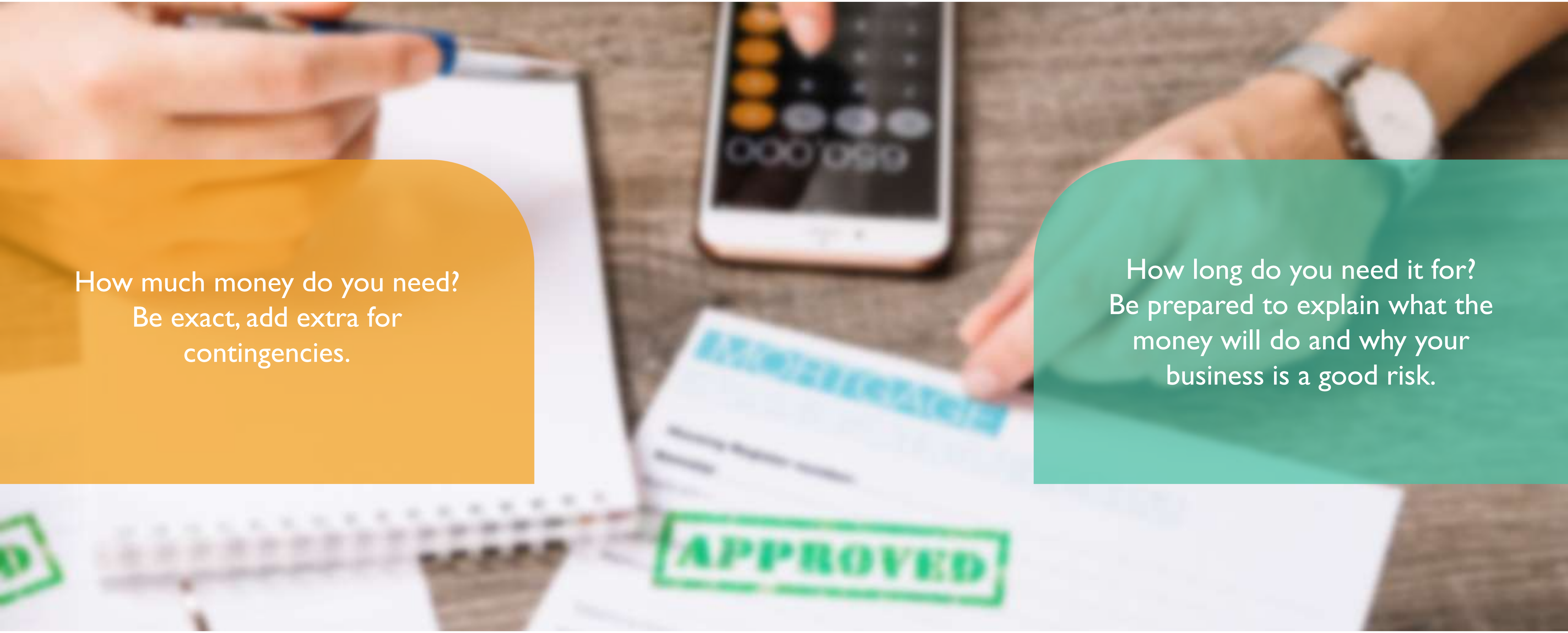


Learn to anticipate every question your banker might have.

Ready answers reflect a confident borrower.

Here are five questions to expect from a banker.

12 Tips for Getting a Bank Loan Approved



How much money do you need?
Be exact, add extra for contingencies.

How long do you need it for?
Be prepared to explain what the money will do and why your business is a good risk.

Ready Set Present

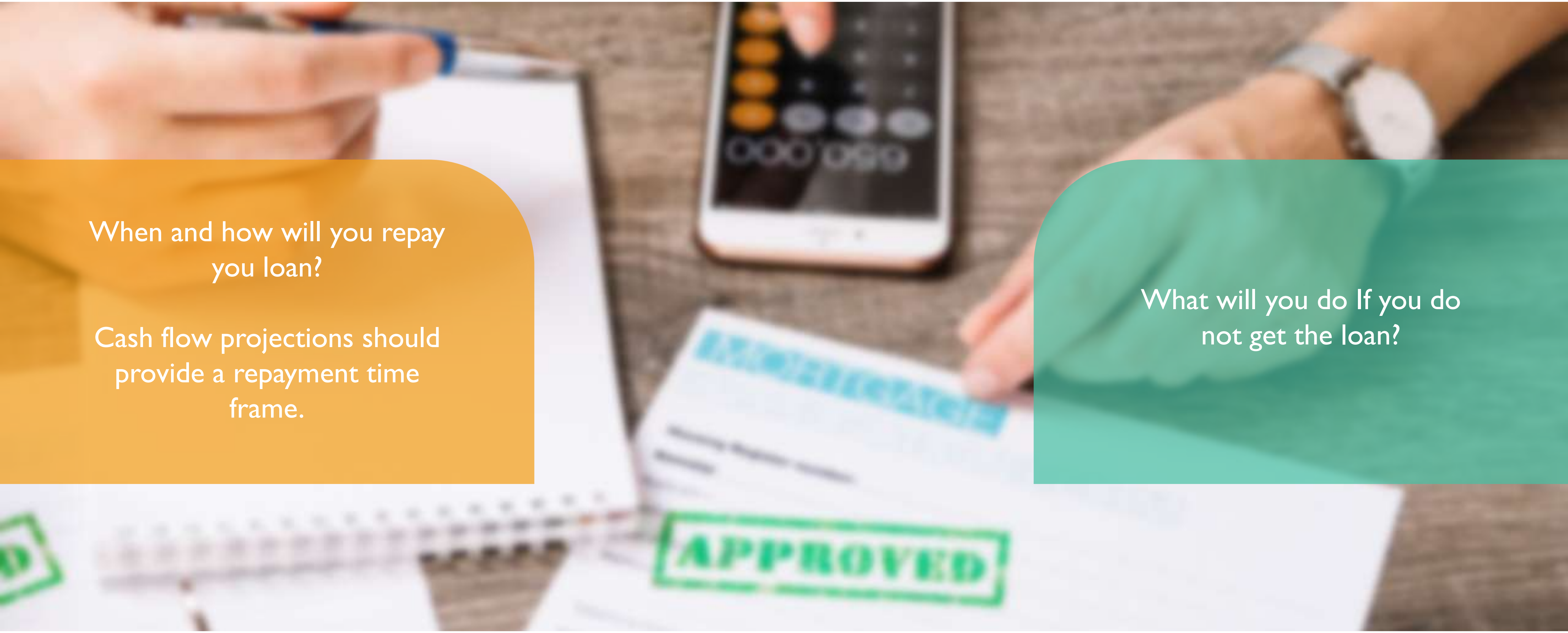
12 Tips for Getting a Bank Loan Approved

What are you going to do for it?

Businesses use loans for three things:

1. Buy new assets
2. Pay off old debt
3. Pay for operating expenses

12 Tips for Getting a Bank Loan Approved



When and how will you repay you loan?

Cash flow projections should provide a repayment time frame.

What will you do If you do not get the loan?

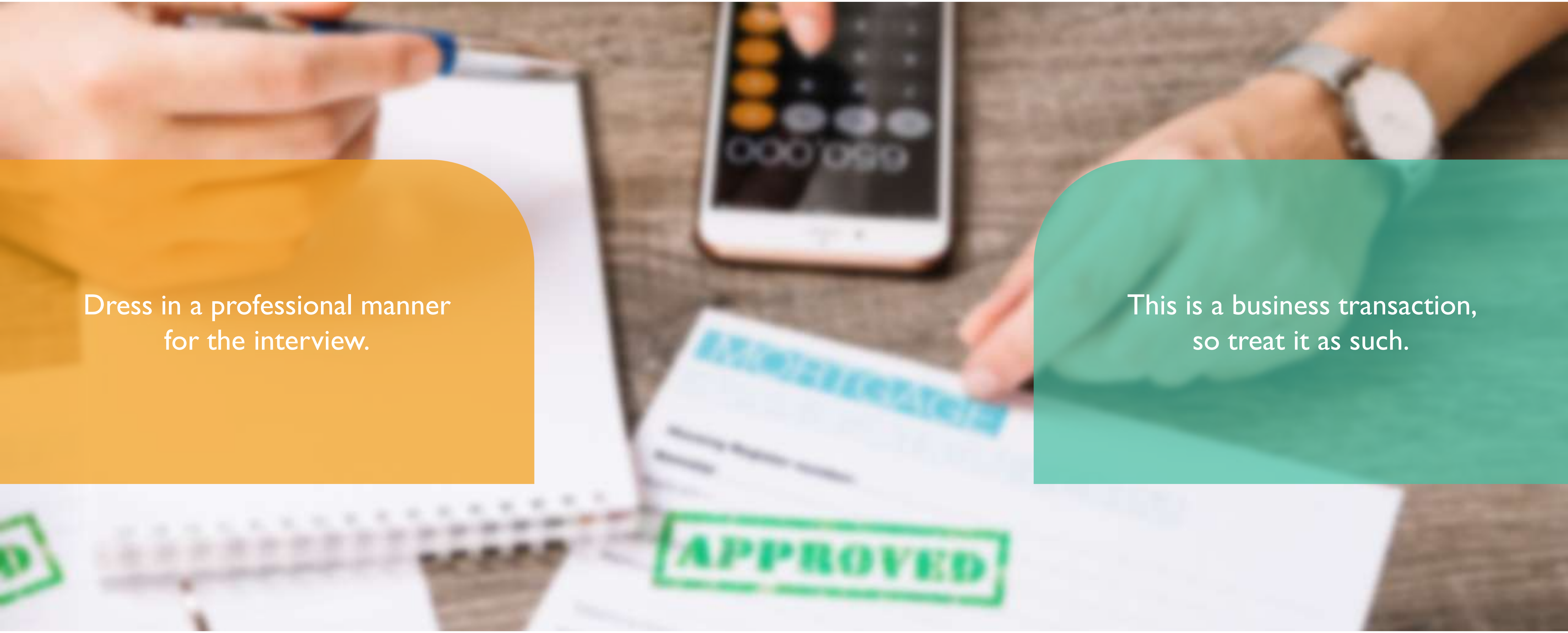
12 Tips for Getting a Bank Loan Approved

Do not take an apologetic and negative attitude.

Present yourself as an entrepreneur who can and will repay the loan.

Boost your image by providing your loan officer with promotional materials about your business:
like ads, articles, and press releases.

12 Tips for Getting a Bank Loan Approved



Dress in a professional manner for the interview.

This is a business transaction, so treat it as such.

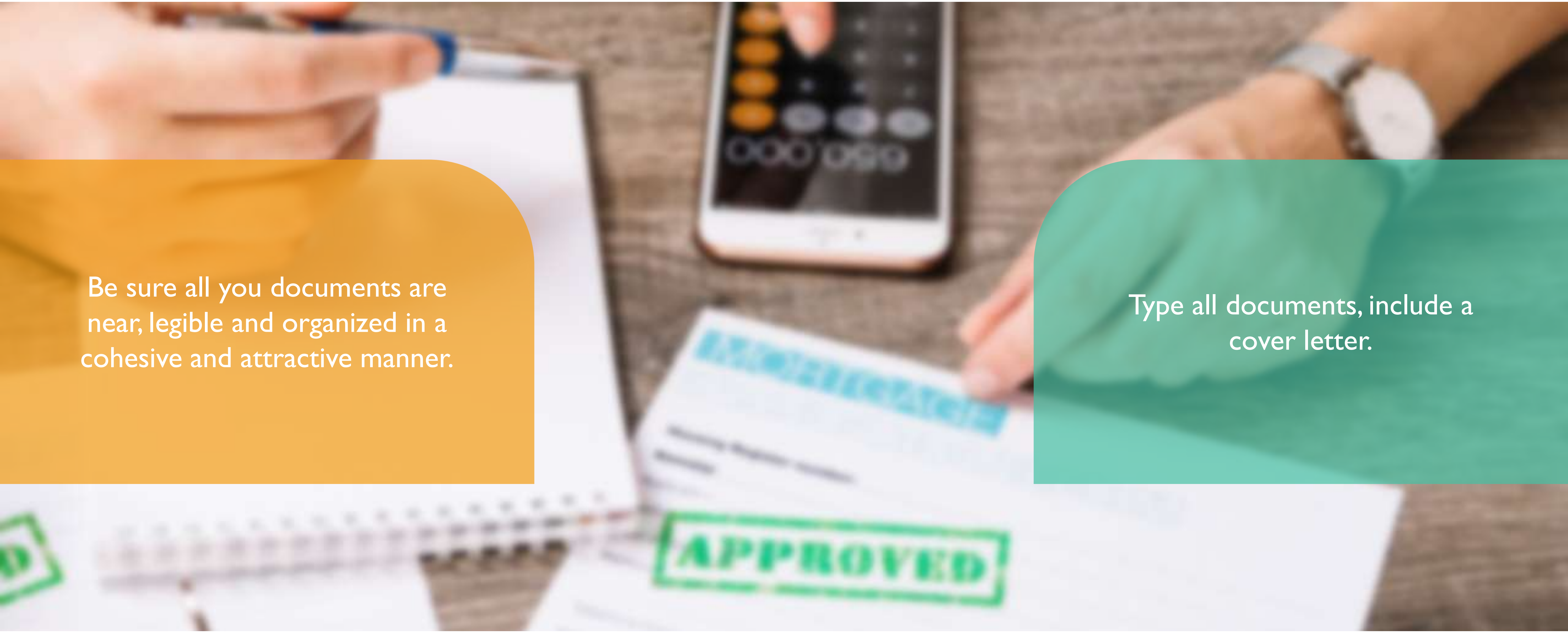
12 Tips for Getting a Bank Loan Approved

Do not stretch the truth in your loan application.

Avoid broad, vague statements.

Lenders can easily check many of the facts in your application, you have to be able to support each statement with data.

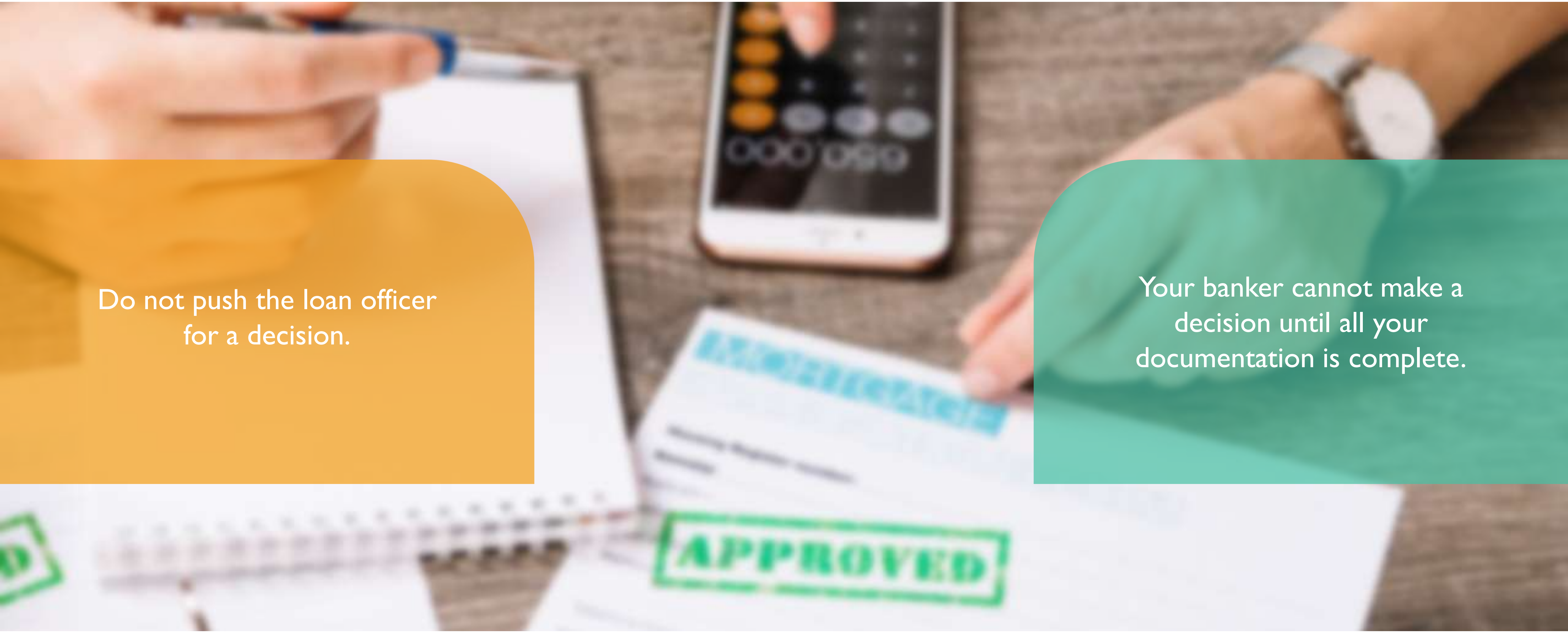
12 Tips for Getting a Bank Loan Approved



Be sure all you documents are near, legible and organized in a cohesive and attractive manner.

Type all documents, include a cover letter.

12 Tips for Getting a Bank Loan Approved



Do not push the loan officer for a decision.

Your banker cannot make a decision until all your documentation is complete.

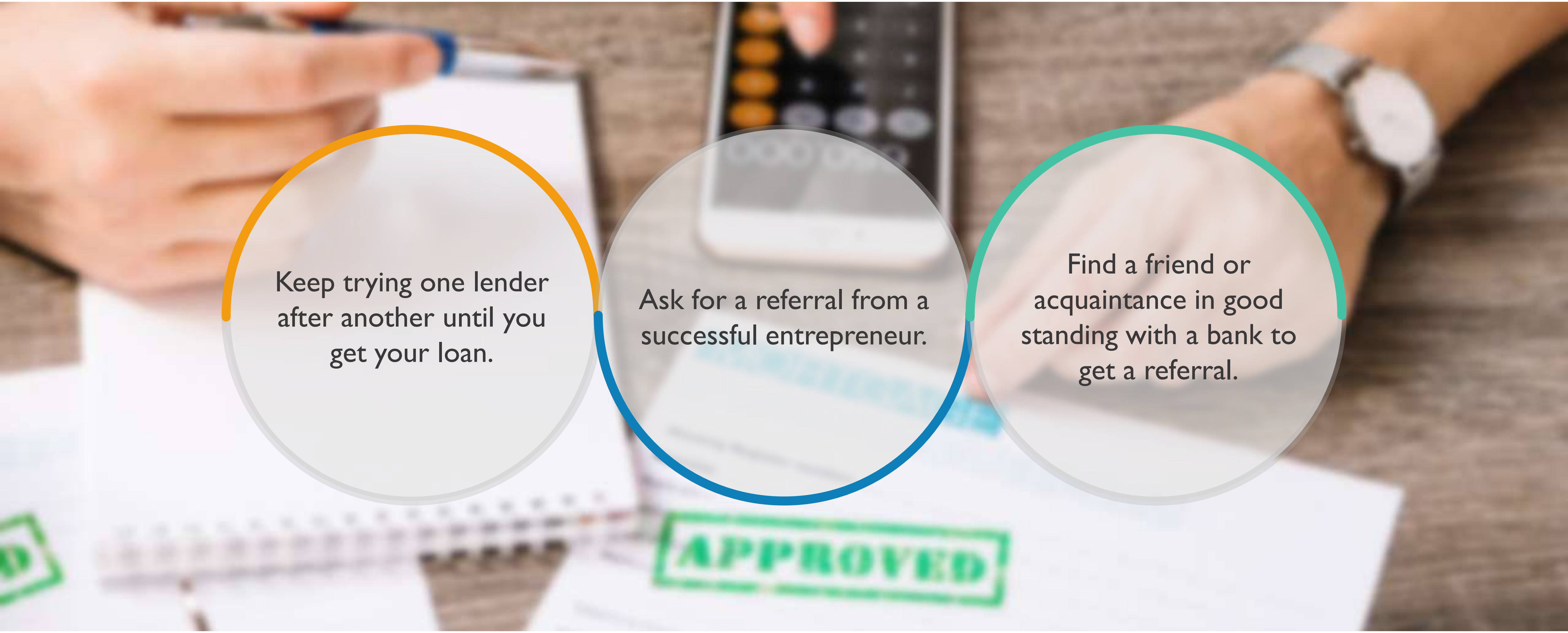
12 Tips for Getting a Bank Loan Approved

Be confident

Show that you can make a success out of the money that the bank will lend to you.

12 Tips for Getting a Bank Loan Approved

(14 of 16)

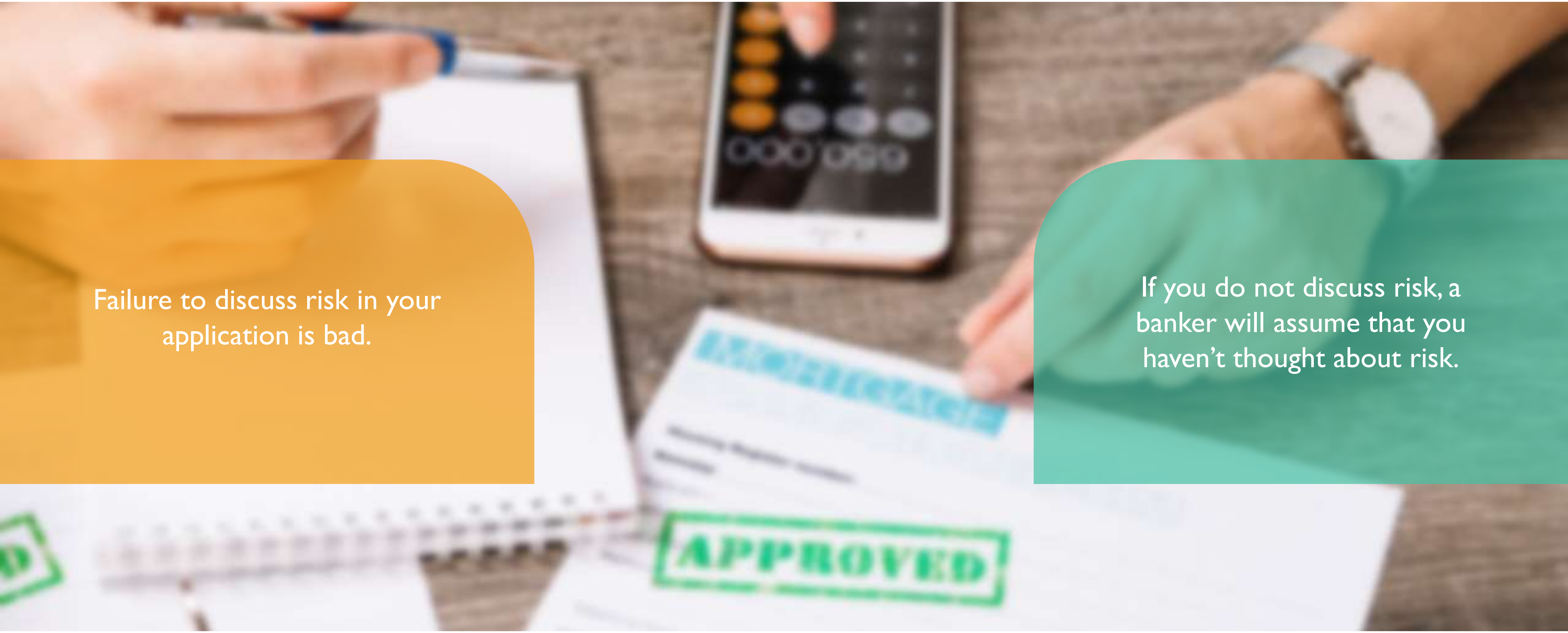


Keep trying one lender after another until you get your loan.

Ask for a referral from a successful entrepreneur.

Find a friend or acquaintance in good standing with a bank to get a referral.

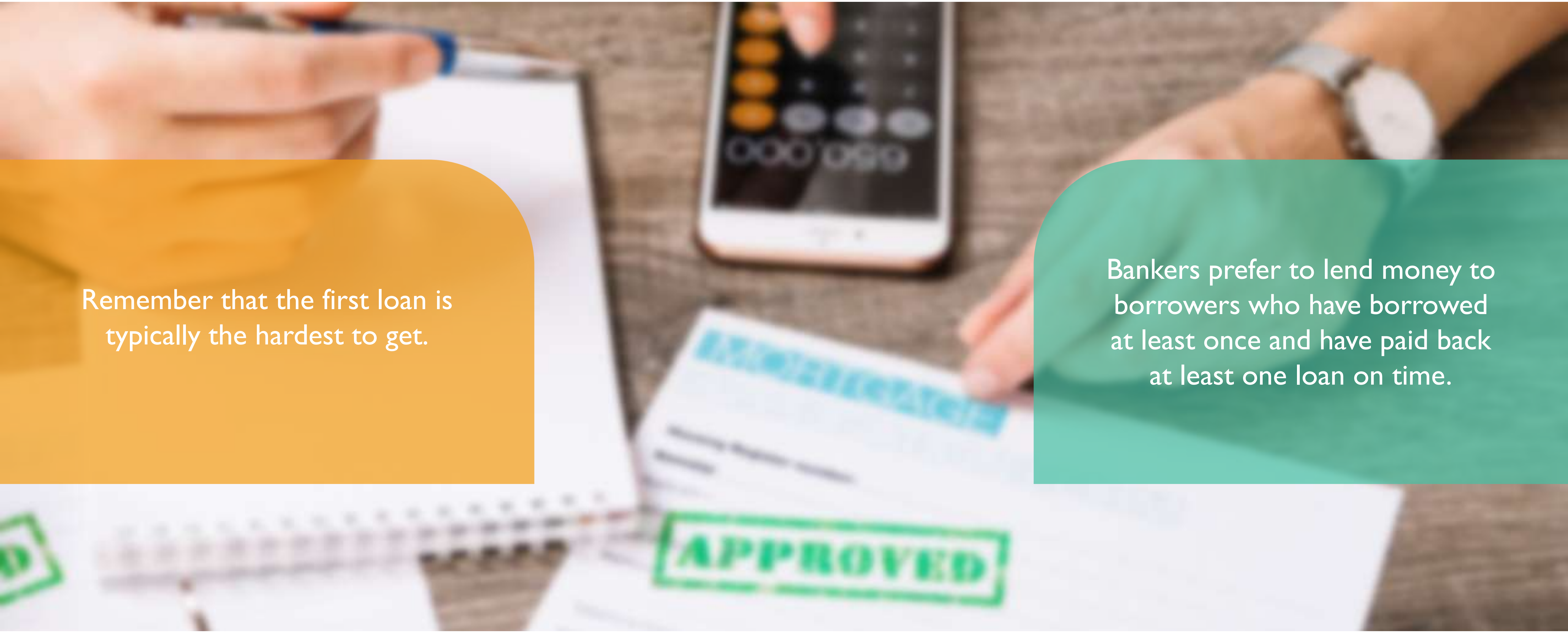
12 Tips for Getting a Bank Loan Approved



Failure to discuss risk in your application is bad.

If you do not discuss risk, a banker will assume that you haven't thought about risk.

12 Tips for Getting a Bank Loan Approved



Remember that the first loan is typically the hardest to get.

Bankers prefer to lend money to borrowers who have borrowed at least once and have paid back at least one loan on time.

What is the Government's Role?

(1 of 3)

Government agencies generally do not make direct loans to business owners.

Government provides a guaranty to banks and lenders for money lent to small businesses.

What is the Government's Role?

(2 of 3)

This guaranty is a promise to pay a portion of the loan back to the banks in case the business owner defaults on the loan.

A guaranty reduces the lender's risk, which allows the lender to make loans to business owners who don't qualify for traditional loans.

What is the Government’s Role?

(3 of 3)

Some state and local government agencies and non-profits will make loans directly to a business.

This means you do not have to go through the bank to acquire a loan.

SCENARIO: BAKE SALE VS. BUSINESS LETTER

Scenario: Bake Sale vs. Business Letter

Which Fundraising Program Is More Effective?

The **bake sale.**

The letter to **L.L. Bean, Local Inn, & Red Bull.**

Scenario: Bake Sale vs. Business Letter

Bake Sale

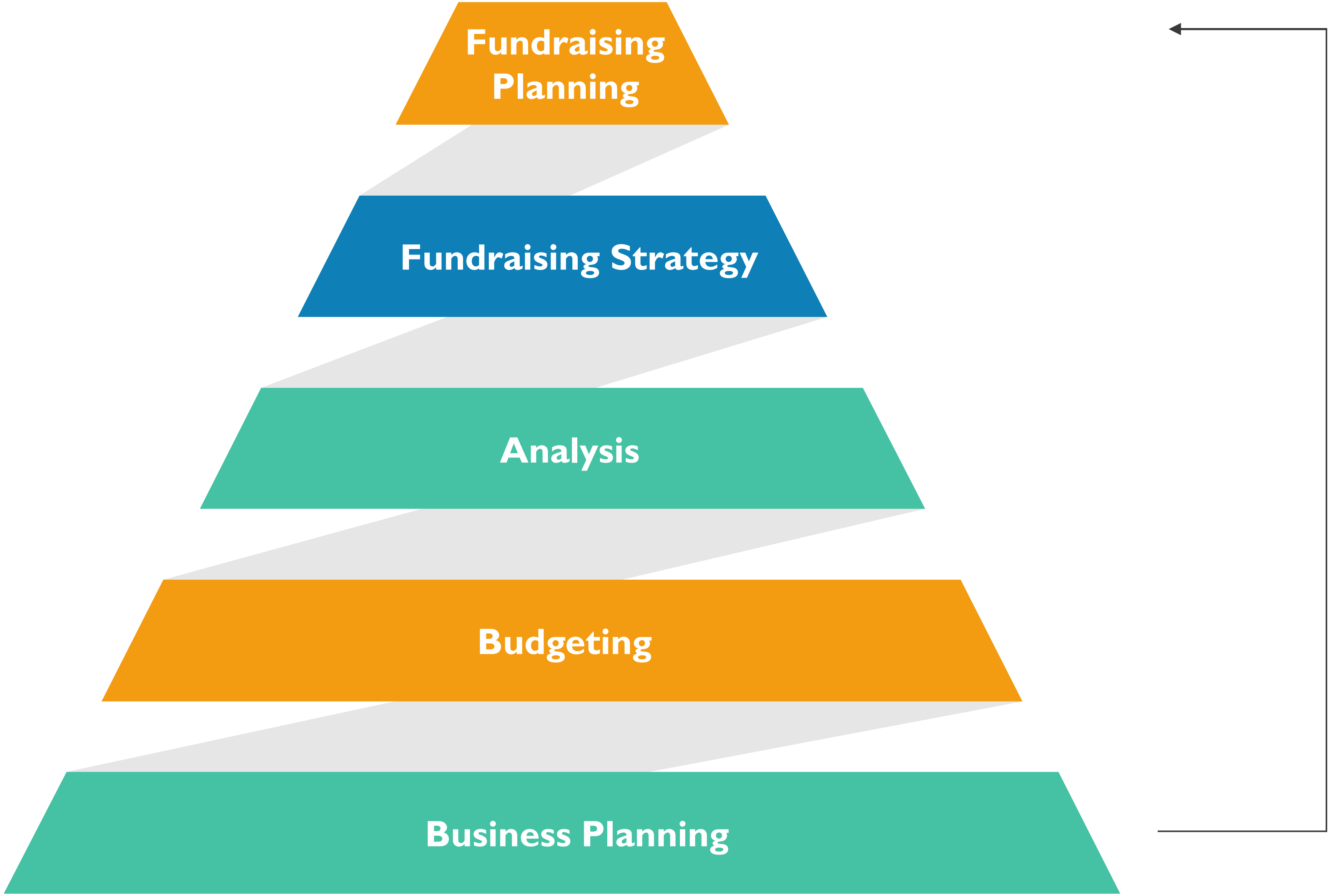
- **Needed:** 84 to bake 24 items (2 dozen each); 6 to sell
- **Sale price:** 50¢/each
- **# needed to sell:**

2000 (x 0.50 = $1,000)

- **Customers:** game attendees
- **Personnel:** Volunteers
- **Direct costs:** Zero (volunteers will donate the cost of their goods)
- **What is the benefit/return?**

Target Letter

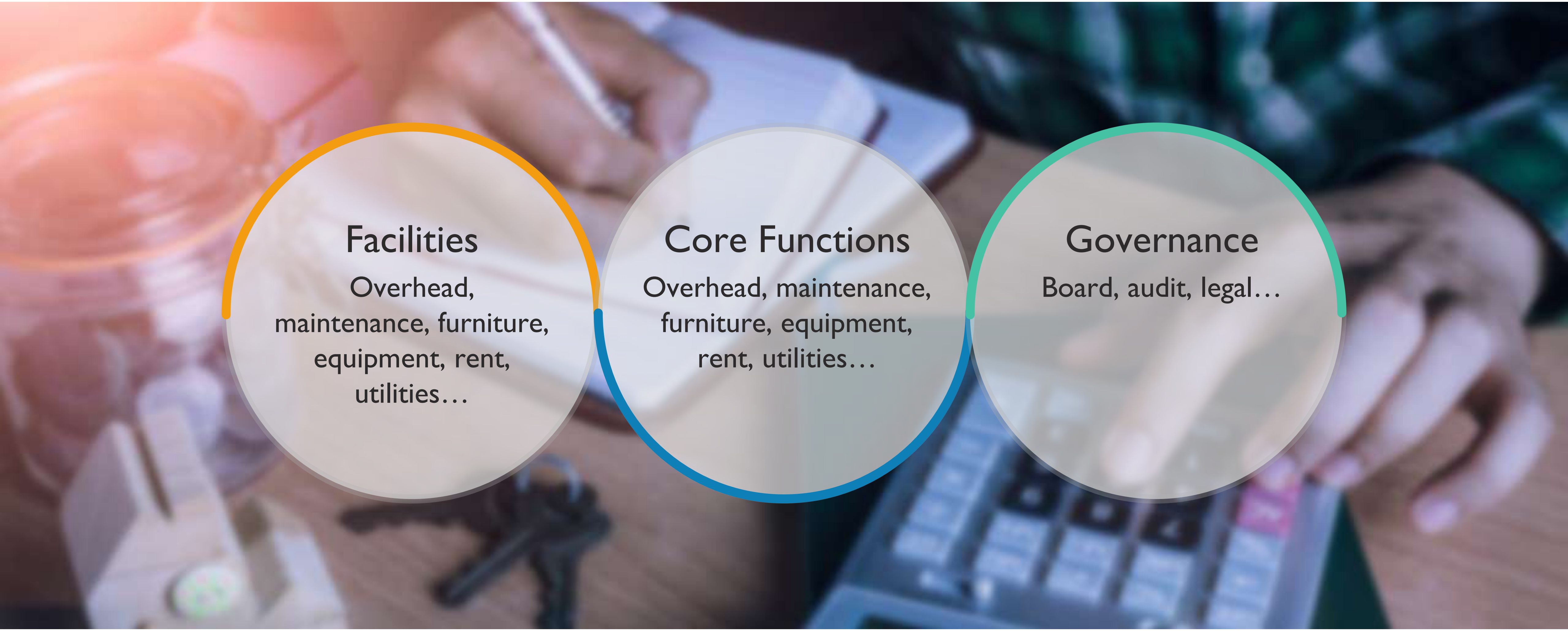
- **Needed:** 3 people to write letters, follow-up calls and/or in person visits
- **Sell price:** $500 for signage at football event and press release in paper
- **# of letters to be written:** 1
- **Customers:** 3 Targeted Businesses
- **Personnel:** Volunteer
- **Direct costs:**: Signage
- **What is in it for these businesses?**


Fundraising Planning
Fundraising Strategy
Analysis
Budgeting
Business Planning

WHAT IS THE ORGANISATION'S PURPOSE AND WHAT ARE IT'S GOALS?

WHAT ARE THE SPECIFIC OBJECTIVES
(START DATE - END DATE)

Budgeting: What Are the Central Costs



Facilities

Overhead, maintenance, furniture, equipment, rent, utilities…

Core Functions

Overhead, maintenance, furniture, equipment, rent, utilities…

Governance

Board, audit, legal…

Budgeting: Operational Costs

What is the organization's overall budget?

Core costs…

Current projects…

Upcoming new projects…

Analysis: Fundraising

(1 of 2)

Fundraising history?

Current resources

Current trends

Known facts

Fundraising resources?

People

Time

Systems

Skills

Data

Analysis: Fundraising

(2 of 2)

The Big Picture?

Analysis: Fundraising History

Current Funding?

Grants, contracts, gifts, fees, other earned income, gifts/help in kind, community fundraising events.

Trends and Needs?

Rises in costs, over-reliance on one funding source, untapped sources for additional fundraising, know funding facts, other fundraising providers.

Analysis: Fundraising Resources

People, Time, Systems?

Trustee/staff/associates/volunteers/ team members.

Time available at the right time.

Management structure for fundraising.

Administrative structure for fundraising.

Skills and Data?

Public Relations, networking, making the case for support, writing bids, budgeting.

Funding databases, on-going intelligence.

Analysis: The Big Picture

Changes in Policy?

Market trends.

Service delivery.

Social and community cohesion.

Shareholders and stock holders.

Public image.

Changes in Criteria?

General to specific symptoms/causes.

Empowerment .

Priorities.

Analysis: The Big Picture

(2 of 2)

Trends and Changes?

- Grants vs. earned income
- Web based fundraising
- Patterns of donations/giving
- Partnership work

Fundraising Strategy:

Business Plan

Proposed sources

Project Needs

Contingency

Resources needed

Fundraising Plan:

Project Needs in Detail

Proposed sources

Who and how to action

By when

Expected decision date

Record of progress

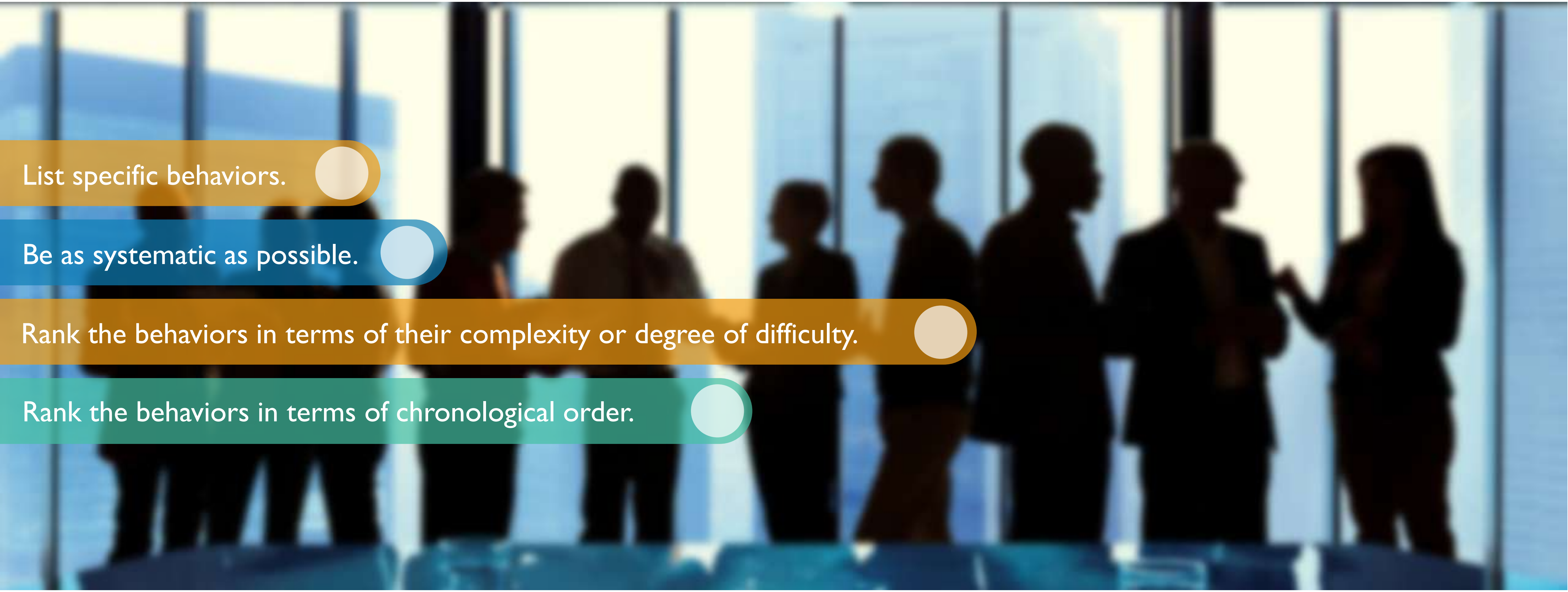

Fundraising Planning
Fundraising Strategy
Analysis
Budgeting
Business Planning


WHAT IS YOUR NEXT STEP

Fundraising

Action Plan

Action Steps



- List specific behaviors.
- Be as systematic as possible.
- Rank the behaviors in terms of their complexity or degree of difficulty.
- Rank the behaviors in terms of chronological order.

Action Steps

Begin with the least difficult behavior.

Advance to a more difficult behavior.

Break difficult behavior down into several smaller behaviors.

Attach time limits to each behavior.

Action Steps

- Repeat specific behavior until mastered.
- Review all previous behaviors.
- Advance to next most difficult behavior.
- Measure and evaluate.
- Keep records (preferably visual).

Fundraising

Action Steps

(4 of 4)

Reinforce through reward and punishment.

Use visual reminders (pictures, charts, etc.)

Remember: "A small goal is enough!"

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