



# Fundraising for For-Profits

# Program Objectives (1 of 3)

- ✦ Understand what Financing for For-Profits encompasses
- ✦ Why you should raise funds for profitable businesses
- ✦ Comprehend how much money you should raise for certain projects

# Program Objectives (2 of 3)

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

# Program Objectives (3 of 3)

- ✦ 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

# Eight Easy Tips for Fundraising





# Eight Easy Tips for Fundraising (4 of 8)

## 4. 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%

# Eight Easy Tips for Fundraising (6 of 8)

## 6. 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

# Beware of Debt Overload, Five Indicators





# Beware of Debt Overload, Five Indicators (1 of 8)

- ✦ 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

# 20 More Simple Debt Indicators (12 of 12)

- ✦ 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

# Six Questions to Determine Startup Costs



# Types of Bank Business

## Loans (4 of 8)

### 3. Equipment financing

- 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)

## 4. 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



# Applying for a Business Loan from a Bank (6 of 13)

- ✦ 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

# 12 Tips for Getting a Bank Loan Approved (3 of 16)

- ✦ 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

# Analysis: Fundraising (1 of 2)

## ✦ Fundraising history?

- Current resources
- Current trends
- Known facts

## ✦ Fundraising resources?

- People
- Time
- Systems
- Skills
- Data

# Download “**Fundraising for Profits**” PowerPoint Presentation **ReadySetPresent.com**

**172 slides** include: 9 points on fundraising for-profits, 27 points on fundraising tips, 4 points on angel investors, 16 points on analyzing your business for angel investment, 16 points on venture capital, firms, & venture capitalists, 12 points on evaluating venture capital for financing, 17 points on debt overload, plus 20 more, 16 points on how much money you need, 6 questions on startup cost, 15 points on borrowing money from others, 13 points on seller financing, 6 points on why a seller would offer financing, 6 points on why a buyer should ask a seller for financing, 16 points to secure seller financing, 11 points buyer & seller benefits, 26 points on business loans, 31 points on applying for a bank loan, 12 tips for getting bank approved, 6 points on the government’s role, & action steps.

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