

Steps to Securing Funding for Your Small Business

Personal Preparation

Before you approach a lending institution, it is important to be aware of the personal elements lenders consider:

- **Credit:** What is your credit score (all three reporting entities)? Do you have a successful financial track record or are you working to improve?
- **Collateral:** Do you have the necessary assets to secure your loan? Are you aware of what can and cannot be used for collateral?
- **Character:** Do you display professionalism and follow-up in a timely manner?
- **Cash:** (Otherwise known as Owner Equity) Do you have the necessary personal cash to invest into your business (rule of thumb – 20% of the total of what you are borrowing)?

Planning Your Business

Once you are comfortable with your personal situation and preparation for a loan, it is important that you have the following elements in place for your business:

- **Business Plan:** This describes all aspects of your business, provides market and competitor analysis, describes the products and or services you will be offering, explains how you will operate your business and provides the research conducted to support the plan.
- **Financial Documents:** Included here are your Personal Financial Statement, the company's projected Balance Sheet (1 per year for 3 years), Projected Profit and Loss Statement (monthly for year 1 and quarterly for years 2 and 3), Projected Cash Flow Statement (monthly for year 1 and quarterly for years 2 and 3).
- A clear definition of the **primary and secondary forms of repayment.**
- **Any other information** which may be required by the lender

Visit the banks or financial institutions that best suit your needs.
Start with the institution with which you already have a relationship.

Loan APPROVED

Congratulations! Time to grow your business.

Loan DISAPPROVED

First ask your loan officer why the application was turned down. See what you can do to make any changes and resubmit.

Again, ask why the package was disapproved. It may be time to reassess your business idea/plan. Are there other forms of financing available for you to access funds for your business?