

The Top 10 Tools for Financing *Your* Business

As Used in Dozens of Financings Totaling Over \$500 Million

Could you use an extra million dollars or so to run your business? What a crazy question, *of course* you could! At Graphic Arts Center in Portland, Oregon, we borrowed millions of dollars year-after-year to fund our 24% per year growth over a decade. We showed the banks our “*true assets*” and matched them and our business plan to their lending preferences. Here are the top ten things you can do to parallel our successes:

1. **Understand Your Debt/Equity Needs** = *Evaluate both areas before financing the wrong one!*
2. **Lenders Do Business with People They Like** = *Market yourself and your company on a regular, periodic basis long before you need money.*
3. **Match Business Plans to Financial Audiences** = *Investors and lenders have different preferences; try **packaging** your presentation appropriately.*
4. **Identify Your Company's "True Assets"** = *You have "assets" far beyond the ones on your balance sheet. Identify things like market position, trade name strength, secured receivables, and contractual futures.*
5. **Tune Up Monthly Reports & Results** = *The pressure is on to produce good monthly results once serious discussions begin; be well prepared with smart, timely reports and numbers.*
6. **Pursue Many & Varied Lenders** = *You may like a particular lender or have heard of a good one, but seek the **best match** by shopping among many. Then match your "true assets" to their "true preferences".*
7. **Know Your Position on Terms** = *Some lenders don't need the "deem insecure" paragraph; know what **you really need** and you'll put together the best deal.*
8. **Network to Find the Best Lenders & Deals** = *Others have run this race before, so network broadly to your advantage!*
9. **When You Switch, Do It Nicely** = *You may need that old lender sometime again in the future, so **burn no bridges!** Exit nicely.*
10. **Eventually All Relationships End...and so does the lending!** *Bank mergers, personnel transfers, and a mere drifting away will end your deal. Remember, the **document will dictate** what happens at this point.*



As one banker said: “My interest is in the future and is focused on recovering my principal.” Look for *relationships*, *outsell* lenders, and *always* be on the lookout for their replacement. As I look at my article from ten years ago, I find these are still salient success factors for borrowing. Two adds: know your lenders’ needs and positions, and seek financing with the smaller, local, community banks and credit unions (they have money, want to lend, and some even do SBA loans up to \$5 million backed by the economic stimulus of 2009-2010).

Prepared by Craig W. Kramers, president of Corporate Partners Inc. Kramers is a much requested speaker and writer on the subjects of strategy, financing, acquisitions, and management of rapid business growth. He’s been CEO of 8 operating companies and personally participated in dozens of borrowings totaling over \$500 million. ArtFinTools 3-12-98 updated 12-20-09
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