

January 2-6, 2012

Professional Development January 2-3
Exhibits Open January 4-6

Financing Your Business

Harvey Mackler, MAS

GEMPIRE/gwi

MAS - 1 pt
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How To Finance Your Business

Presented by
 Harvey A. Mackler, MAS
 GEMPIRE/Floral Promotions
 UPIC GEMPIRE

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THE QUOTABLE ENTREPRENEUR

Quote
 "Entrepreneurship is like camping.
 You're complaining the whole time,
 but when you look back at it,
 you think,
 'That was pretty neat.' "

A judge is an attorney who
 can't make payroll

Show me the money!

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What We Will Discuss

Sources of debt and equity
 Benefits & costs associated with each
 Learn about the sources
 How to present a request and grow to understand their
 needs
 How to give them what they want

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A Few Definitions

Debt
Equity

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Traditional Sources of Both

Bank
Finance Company or Factor
Personal dollars
Investors
Credit Cards

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Hint - How To Choose A Bank


Historically I have stressed smaller community banks
Large bank commitment today. Dependence upon
personal credit strength, credit scoring, personal credit
reports
Significance of honesty

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Watch out for open windows



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Hint - Improve Cash Flow

A/R - discounted and other creative terms, merchant charge card, aggressive collection efforts, lock box
A/P - dating, negotiated terms, transferable letters of credit, direct invoicing by vendor, candid discussions with vendors

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Costs & Other Issues

Interest rate
Ownership, control
Repayment terms
Reporting

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What They Expect

They want their rate of expected return - no more no less
Ultimately they must be repaid

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Bank - Debt

Unsecured
Secured - Business Assets
Rates tied to an index
Financial reporting
The four C's

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4 C's of Credit

- C haracter
- C apital
- C ash Flow
- C ollateral

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Finance Company

SBA - tied to business and personal assets
A/R financing - detailed reporting, higher costs, need to invoice timely (how to fund Friday's payroll with next Monday's invoices)
Costs associated with these types of debt.

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Hint - Finance All CAPEX

Don't dwell on rates on smaller amounts.
Borrow whenever it is available to you.

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Sunny Day



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Personal Dollars

- Debt or equity
- Finance assets
- Borrow from 401K
- Borrow against life insurance
- Credit cards

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Credit card financing is a time-honored Inc. 500 tradition

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Friends & Family

Debt or equity
Be aware of SEC requirements

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33%

Percentage of 2000
Inc. 500 CEO's who raised
start-up capital
from friends
and family.

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Equity Comments

An upside is expected - judgment day
Higher costs, both financial and management
Legal control, decisions and ownership
Benefits - enough money to run your business

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How To Approach

- Develop relationship prior to the request
- Significance of a business plan
- Show them how they will get what they expect
- Maintain a relationship



When All Else Fails

Maybe financial ownership is not for you

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Resource Guides

www.annualcreditreport.com
www.entrepreneur.com/bestbanks
www.inc.com/guides
www.cfa.com

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Square peg



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