



HOW TO TALK TO YOUR BANKER (When You Need \$\$)

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AMP SoCal Webinar Series: Episode 10
November 8, 2018 10:00 a.m. – 10:30 a.m.

About AMP SoCal

- The Advanced Manufacturing Partnership for Southern California (AMP SoCal) is a collaboration of more than 150 different organizations.
- Its goal is to strengthen the industrial ecosystem for aerospace and defense manufacturers.
- AMP SoCal is led by the University of Southern California (USC) Sol Price School of Public Policy - USC Center for Economic Development.
- AMP SoCal supports the aerospace and defense manufacturing industry within the 10-county Southern California region.

Logistics

- All audio will stream through your computer speakers.
- Please submit your questions anytime throughout the presentation in the chat box, located on the bottom of your screen.
- Webinar recording and slides are posted within one week of the event.

ampsocal.usc.edu/webinars

Today's Speaker



Tomás Durán

Administrator for Special Projects at the USC Center for Economic Development, Lead for AMP SoCal Strengthening Competitiveness Program (SCP)

Small Business Debt Options

	 SBA and Bank Loans	 Alternative Loans	 Equipment Loans and Leases	 Invoice Financing	 Merchant Cash Advance	 Use Retirement Money
Amount of Financing Available	\$5K- 5 Million	\$2K-500K	\$5K- 15 Million	\$100-150K	\$2K-500K	As much as you have in your retirement account
Typical Turnaround Time	1-4 weeks	Less than 1 week	1-2 weeks	1-3 business days	3-5 business days	3-4 weeks
Required Personal Credit Score	600+	500+	500+	530+ (no credit check in some cases)	500+ (no credit check in some cases)	Not Applicable
Required Age of Business	2 years+	1 year+	Startups Ok	Startups Ok	Startups Ok	Startups Ok
Typical Use of Funds	Working Capital, Expansion, and Real Estate	Working Capital and Expansion	Buying Equipment	Filling Cash Flow Gaps	Working Capital and Expansion	Starting a Business or Buying an Existing Business
Relative Cost	Lowest	Medium	Low	Medium	Highest	Medium
Typical Time to Repay	10 years	1 month - 5 years	1-7 years	1 week-3 months	4-12 months	Not Applicable
Collateral Needed?	Yes	No	The equipment is the collateral	No	No	Not Applicable

Source:
fitbizloans.com

Telling Your Story

Getting past the **initial screening** can be a challenge.

For a larger loan request (\$ 500,000 or more) a site visit from a loan officer and enough **initial information** about your company to interest him/her in lending to you.

Neither **financial statements** alone nor your **company web site** are not enough to inform a lender.

Business plans are not helpful in telling the company's real story to a lender

Those **key things that make the company different** from its competitors must be described by someone who understands them.

Accountant prepared documents can't be substituted.

This can only really be done by the owner or chief operator with an **organized narrative**.

Sharing Your Story

Your Financial Line Card- A **slide deck that can narrated** in person or over the phone while the lender watches on their computer.

Presentation should be designed to **open the dialogue**, not close the deal.

Goal is to whet the lender's appetite for **learning more about your firm** and how their loan can help you grow.

An effective presentation will get them interested enough in your business and loan request that it **merits a site visit**.

PowerPoint, Google Slides and Keynote are common programs used to make a slide deck. There are many others available online.

Telling your company's story with **12-15 power point slides** that you narrate will increase your chance of securing interest and a visit from a lender and start the process for the loan you want.

Typical Questions from Lenders

1. **How much** money do you need?
2. How is your **credit profile** (sometimes business and commercial)?
3. How will you **use** the money?
4. How will you **repay** the loan?
5. Does your business have sufficient net operating income to cover **debt service**?
6. What **collateral** is available to secure the loan?



Source: Opportunity Fund: <https://opportunityfundloan.org>

Presenting Your Story

The key elements in a good slide deck presentation are:

1. **Team Description:** what is your track record and who are the key players – short descriptions of no more than one sentence for each is recommended
2. **Your market segment:** How big is your market estimated to be and where do you fit – this is research data that's easy to look up on google.
3. **Who is your customer:** Be specific but you don't have to name them. For example, Defense prime contractors, drone manufactures, etc.
4. **Who you are in that market:** what distinguishes your company from the competition and why do customers seek you out – is it quality, pricing, service, dependability, problem solving– the top three reasons.

Source: Concerned Capital, Inc: <http://concernedcapital.org>

Presenting Your Story cont'd

5. **Your secret formula for making money** – good companies always perform well for a reason – what's yours?
6. **Clear statement of long-term and short-term financial goals:** Sales forecasts for this year are short term but your market share objective is long-term. Graphs and charts that clearly display financials are needed here – may need 3 slides to do it right.
7. **Resources needed to achieve your plans:** How much money is needed for new hires, plant expansion, raw material purchases – substantiate your loan request
8. **Payback:** how long you will need to repay the loan request and a solid two year profit projection.
9. **Images and branding-** Include photos (those that can be shared) of products and your operations to give the lender a sense of who you are.

Common Red Flags for Lenders

1. Bad or nonexistence credit
2. Short or no operating history
3. Negative cash flow
4. Loan Size doesn't fit need
5. Insufficient collateral
6. Lack of preparation
7. Bankruptcy or judgments
8. Concentration of customer base



What's next- The Loan Proposal

The full proposal should discuss

1. How much money you **need**.
2. How your business will **use** the money.
3. How you will **repay** the loan.
4. What you will do if your business is **unable to repay** the loan.

Loan Proposal Elements

Executive Summary

Business Profile

Management Experience

Loan Request

Loan Repayment

Collateral

Personal Financial Statements

Business Financial Statements

Equity Investment

Projections

Other Items (if applicable)

Lease (or copies of proposal)

Franchise agreement

Purchase agreement

business licenses, registrations & certs.

3rd party contracts

Source: Small Business Administration ; <https://www.sba.gov/offices/district/nd/fargo/resources/how-prepare-loan-proposal>

Questions and Discussion



Attend our upcoming event

ACCESSING CAPITAL FOR DEFENSE SUPPLIERS

Learn what financing option is right for your business at our panel discussion and one-on-one lender meetings.

**SPACE IS LIMITED
REGISTER BY NOV. 30**

Unless you've won your fortune, you will need access to affordable, reliable capital for daily operations and future investments. However, capital programs can vary widely. Find out what financial option makes the most sense for your business by attending Accessing Capital for Defense Suppliers, hosted by the AMP SoCal Strengthening Competitiveness Program.

The event will feature a panel discussion covering different capital access options, such as:

- **Equity**
- **Senior Debt (\$250,000 and above)**
- **CDFI Lender (\$250,000 and below)**
- **Crowdfunding**

Learn about financier expectations and the conditions for investment. One-on-one lender meeting will also be offered to the first 10 registrants, which will include free pre-meeting financial support. AMP SoCal will assist you in organizing your financials and your pitch so that your business can fully profit from this valuable opportunity.

REGISTER AT

<http://bit.ly/accessing-capital>

EVENT DETAILS

DAY

TUESDAY
DEC
11

TIME

9:00 AM
TO
12:00 PM

University of Southern California

Price School Research Centers

Gateway Building

3335 S. Figueroa St. Unit A
Los Angeles, CA 90007



Parking: USC Shrine Parking Structure
678 W 32nd Street Los Angeles, CA 90007
enter via 32nd St - **\$12 fee**

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