



**Money Doesn't Grow on Trees, But Getting a Business Loan is Easier Than You Think!**

**Biz2Credit<sup>®</sup>**

Helping Small Businesses Grow...

*10 Proven Steps to Get Funding*

**Dawn Fotopulos, Founder of Hidden Profit Prophet.com  
and Associate Professor of Business, The King's College  
Anita Campbell, Founder and CEO, Small Business Trends  
Rohit Arora, CEO & Co-founder, Biz2Credit**

*Weds, July 8, 2015 from 3:00-4:00 PM (EDT)*



Helping Small Businesses Grow...



# Today's Presenter



## **Anita Campbell, Entrepreneur, founder of SmallBizTrends.com**

- Importance of small businesses in the economy
- Tips for growing small companies



## **Dawn Fotopulos, Author of Accounting for the Numberphobic: A Survival Guide for Small Business Owners**

- Mistakes to avoid when applying for a loan
- Unlocking the hidden profit in your business



## **Rohit Arora, CEO of Biz2Credit**

- Top sources of funding in the ever-changing credit marketplace
- Ways to improve your creditworthiness

# Today's Presenter



## Dawn Fotopulos

Founder, Hidden Profit Prophet

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### **Associate Professor of The King's College (2004-Present)**

- Business Strategy
- Workshops Conducted for Business Owners
- 5 Steps to Unlock Hidden Profits in Your Business.

### **Award Winning Author Accounting for the Numberphobic: A Survival Guide for Small Business Owners**

- Best Business Book of 2015 in Economics
- Growing your profits and cash flow

### **Professional speaker and Contributor**

- EO (Entrepreneur's Organization)
- Entrepreneur.com

### **Former Vice President for Citigroup**

# Today's Presenter



## Anita Campbell

Entrepreneur & Founder of Small Business Trends

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### **Founder and CEO of Small Business Trends, LLC**

- Award-winning online publication [www.smallbiztrends.com](http://www.smallbiztrends.com) for small business owners and people who interact with them
- Premier source of information, breaking news and advice covering issues of key importance to small businesses

### **Former senior executive with Bell & Howell Company**

- CEO of a Technology subsidiary

### **Leading expert on small business ownership topics**

- Frequently quoted as small business expert in national publications i.e. New York Times & Wall Street Journal

# Today's Presenter



**Rohit Arora**

CEO & co-founder of Biz2Credit.com

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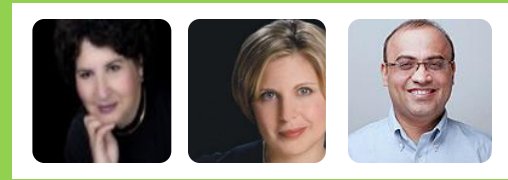
**Arranged more than \$1.2 billion in funding to more than 200,000 clients since 2007**

**Biz2Credit's network consists of more than 1.6 million users and over 1,300 lenders**

**One of the country's leading experts in small business finance; frequently quoted by CNBC, Wall St. Journal, Inc., American Banker, and others**

**Named "2011 Entrepreneur of the Year" and "2014 Fast Fifty" by Crain's New York Business.**

# Discussion Topics



- **What do lending institutions look for?**
- **Besides banks: Who are the lenders?**
- **All loans are not created equal**
- **Other types of credit**
- **5 mistakes to avoid when applying for a loan**
  - **How to improve your chances of getting funding**
- **Other topics related to entrepreneurship and small biz growth**

# What do Lending Institutions Look For?

- **Credit history**
- **Cash flow history**
- **Business plan**
- **Loan documentation**
- **Collateral (when applying for secured loans)**
- **Proof of a profitable business model**
- **Repayment of debt in a timely manner**
- **Potential value of customers**





# Besides Banks, Who Are The Lenders?

- **Brand name banks are not the only lenders**
- **Community banks**
- **Institutional lenders**
  - Direct Lending Investments
  - Petra Partners
  - Ranger Capital
- **Other types of alternative financing**
  - Cash advance companies are also active in small business lending
  - Interest rates can be extremely high (30-40%) and at quicker terms



# All Loans Are Not Created Equal

- **SBA loans**
- **Traditional loans**
- **Marketplace lending**
- **Working lines of credit**
- **Business credit cards**
- **Real estate loans**
- **Factoring**
- **Venture and angel investors**
- **Merchant cash advance**
- **Kickstarter, Indiegogo, other peer-to-peer loans**

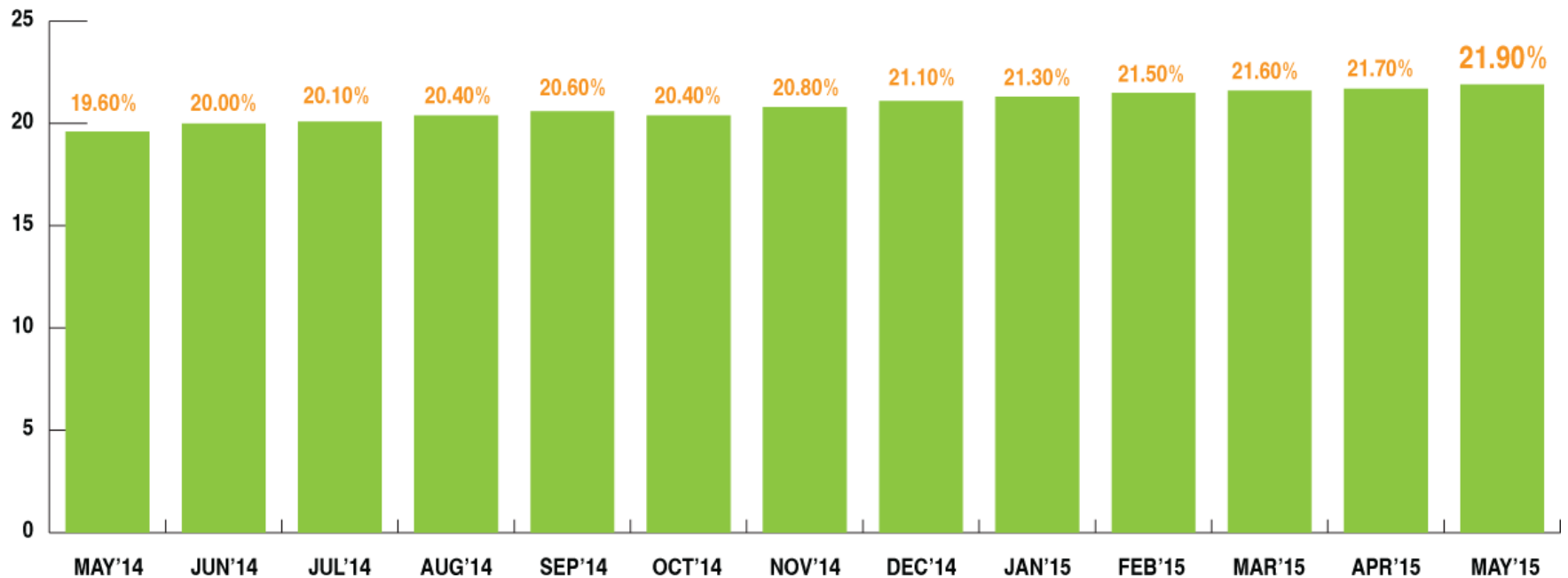




# Loan Approvals at Big Banks

“Low interest rates continue to prevail. In fact, big banks are granting a higher percentage of small business loan requests than at any time since the recession, Lending to businesses remains to be a profitable component of bank portfolios when the loan amounts are substantial. Thus, it is a good time to borrow. Things won't stay like this forever.”

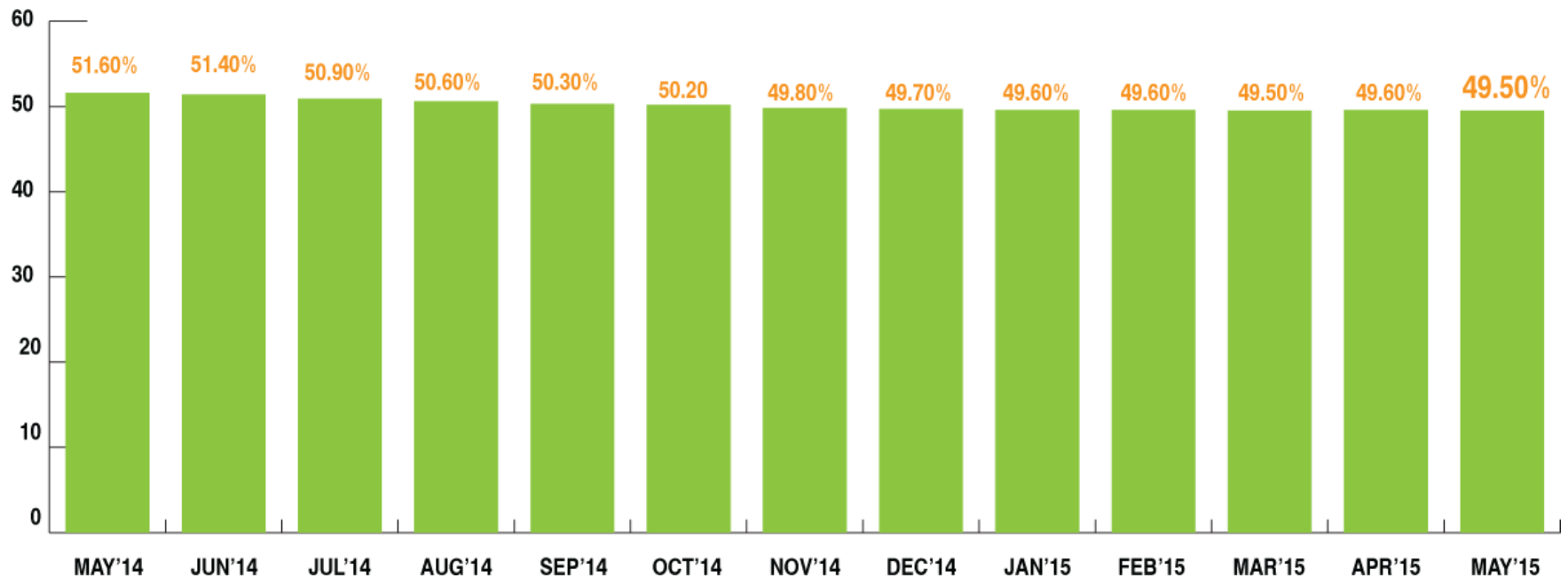
- Biz2Credit CEO Rohit Arora



# Loan Approvals at Small Banks

“Electronic lending marketplaces, such as Biz2Credit, process loan requests from business owners quickly; this works against small banks - especially ones that are doing lots of SBA loans, As the industry has evolved over the past few years, quick decision-making has become increasingly important. Small banks often are not technologically equipped to get loans done fast.”

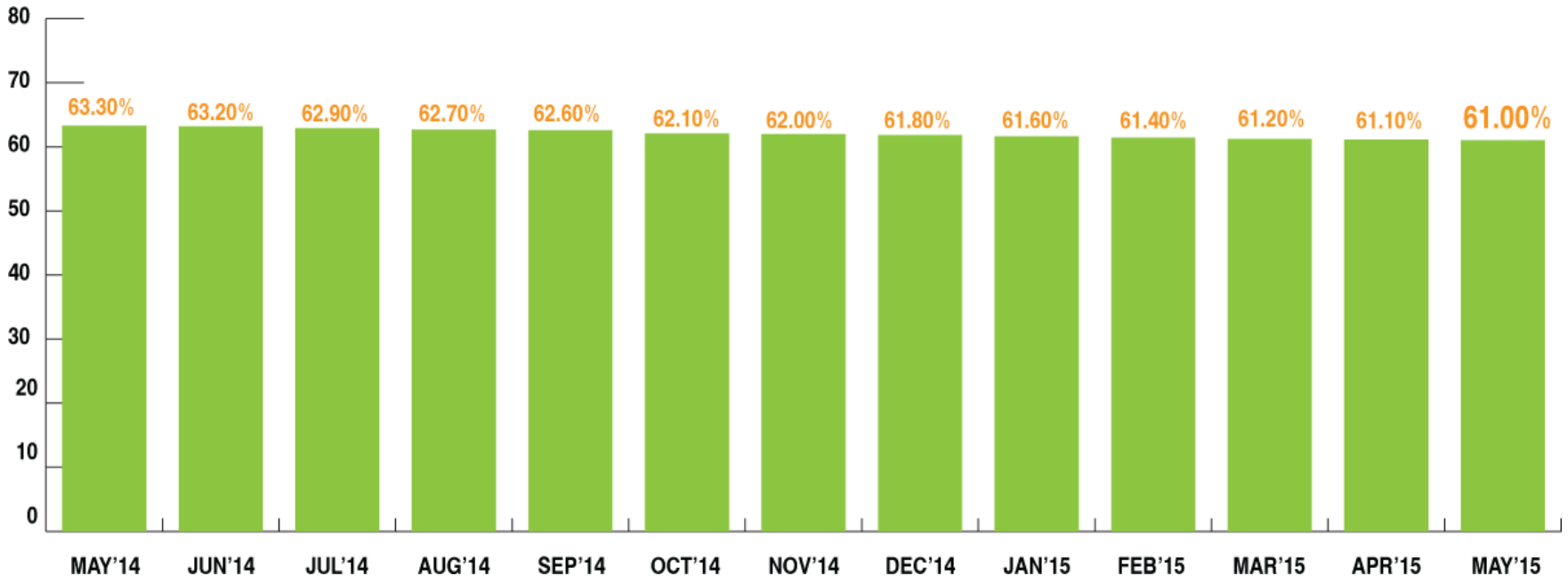
- Biz2Credit CEO Rohit Arora



# Small Business Loan Approvals by Alternative Lenders

“Institutional lenders are establishing themselves as mainstream lenders in the small business marketplace and are continuing to replace cash advance companies, which typically charge interest rates that are simply too high, Institutional lenders are offering more attractive loan packages to businesses on marketplace lending platforms, such as Biz2Credit's. As a result, they are making funding deals with more creditworthy borrowers.”

- Biz2Credit CEO Rohit Arora

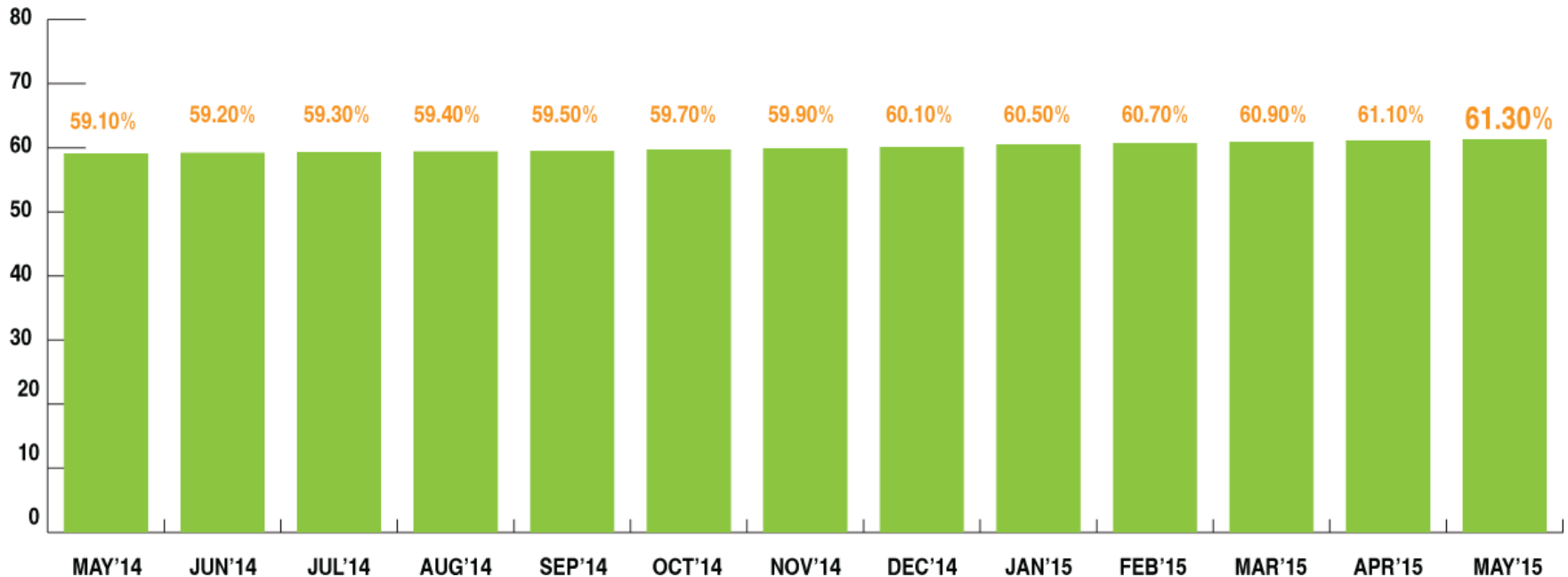


# Loan Approvals at Institutional Lenders



“With the relatively strong economy, businesses are no longer forced to borrow at any cost, Alternative lenders that charge substantially higher rates tend to be receiving requests from borrowers that are less creditworthy than others.”

- Biz2Credit CEO Rohit Arora

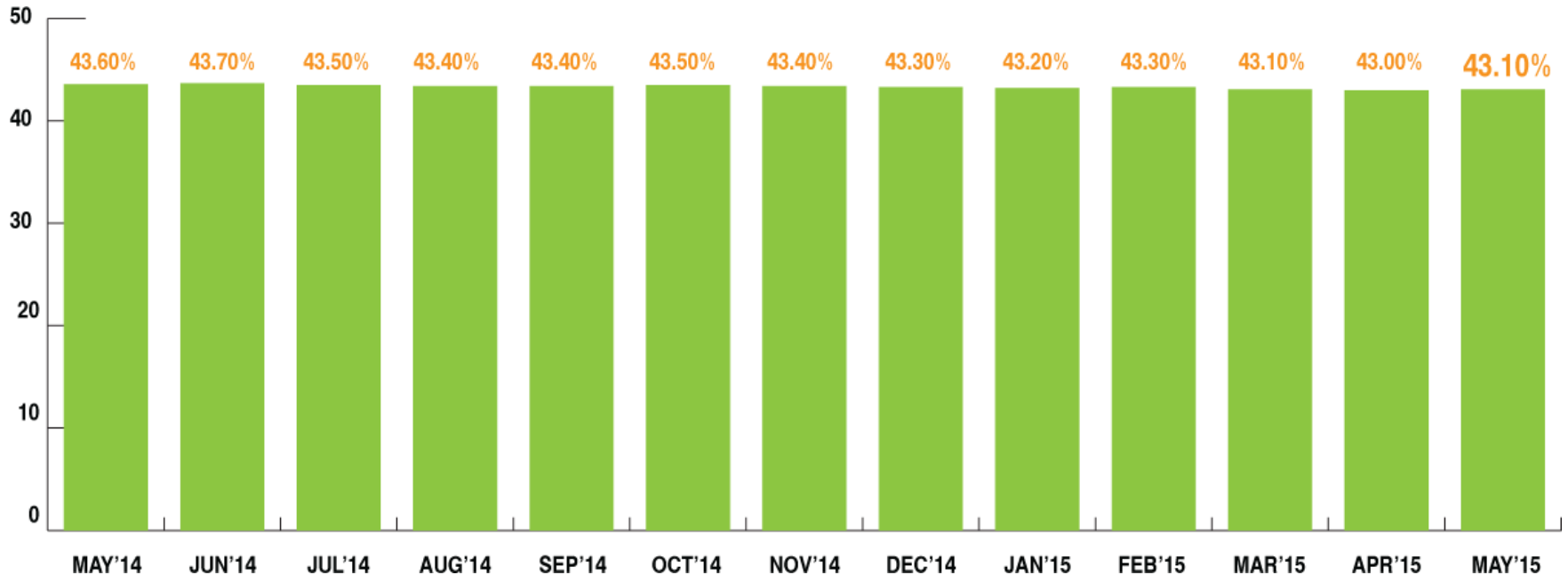


# Credit Union Approvals of Small Business Loans



"Credit unions have shown little momentum this year. They are still lagging in technological upgrades and hampered by the MBL cap that allows them to lend only 12.25% of their total assets,"

- Biz2Credit CEO Rohit Arora





# 5 Mistakes to Avoid When Applying For a Loan

- **Don't wing it!**
- **Think like a banker, not a business owner**
- **Be clear on how you plan to use the money**
- **Be clear on how you will repay your loan**
- **Match the life of the loan to the life of the asset you are financing**







# #1 Don't Wing it

## **Numbers need to be strong and stand on their own**

- Financials speak for themselves

## **Make sure financials current, accurate and complete**

- It matters if it's a negative or positive

## **Accurate bookkeeping is critical**

- Find one at [ProAdvisor.com](http://ProAdvisor.com)





## #2 Think Like a Banker

### **Don't apply for a loan when you need the money**

- Being prepared and knowing when your business will need a boost in funding is helpful

### **When you need the cash, your business looks like it's on life support**

- Financial institutions are less inclined to take that risk

### **Don't take on large debts in your personal life when applying for a loan for the business**

- Your personal and business finances are the same

### **Apply for a loan during the strong cash flow months**

- Bankers present loans to their lending committee





# #3 Describe How You Will Use The Money

## **Explain how the loan will benefit the growth of your business**

- Expanding operations to meet demand
- Effective marketing to develop new relationships
- Systems/ IT for existing customer engagement

## **Use loan capital to build your asset base**

- Fixed assets and cash is positive leverage

## **Paying yourself a fatter salary is not a good reason**

- Shark Tank Mr. Wonderful says “you are dead to me!”





## #4 Explain How You Intend to Repay The Loan

### **Getting the loan is the easy part; paying it back is the hard part.**

- Cash flow projections strengthen your application
- Would you invest in a business that has your risk profile?

### **Lenders are in the business of making money on loans**

- They need to be assured they are going to get their money back in a timely manner

### **Remember, a credit line can be called at anytime. Play offense.**

- Brodsky: “If your working capital is negative, you will go bankrupt it’s just a matter of time.”





## #5 Match The Life of The Loan to The Life of The Asset You're Financing

- **Make sure your business has a viable long-term plan**
- **Consider inventory levels and other credit lines**
- **Ask for more than you think you'll need**
- **Evaluate benefits of a short-term vs. long-term loan**
- **Machinery and other equipment costs-longer term**

### **5 Simple Steps to Unlock Hidden Profit**

[www.hiddenprofitprophet.com](http://www.hiddenprofitprophet.com)



# Ten Steps to Securing Credit

## Step 1 - Build a business credit history

- Open a business credit card and pay it in full each month
- Building a consistent payment history will demonstrate ability to repay a loan

## Step 2 - Gather documentation

- Make sure you complete your loan application -- incompleteness is the number one reason loans are denied.
- Get your financials in order and make sure your books are up to date



# Ten Steps to Securing Credit

## Step 3 - Line up references in case they are needed

- Vendors
- Customers
- Business partners
- Colleagues

## Step 4 - Improve personal credit score

- Consider applying to a credit monitoring service that includes educational information about how to improve your personal credit score



# Ten Steps to Securing Credit

## **Step 5 - Establish a business entity (LLC or C-corp) separate and apart from yourself personally as a sole proprietor.**

- While not directly a factor that will improve your chances, this shows your seriousness as a business.
- Make sure your entity is in good standing with the state you organized in and all “franchise taxes” and fees are paid up.

## **Step 6 - Pay down debts**

- Clear up any late payments and reduce balances.
- Don't max out your credit cards, as it lowers your credit score.)





# Ten Steps to Securing Credit

## Step 7 - Stand out from the crowd and build credibility with an online presence

- Tell your story in your website in your About section
- Include pictures of your operation and team
- Have some recent customer testimonial
- Check your online listings on review sites and places like Google Local, Facebook local, Yelp etc.
- Address negative reviews quickly, politely and professionally
- Updates Facebook, Twitter and LinkedIn profiles
- Make a good first impression when they research you.

## Step 8 - Improve cash flow and accounts receivable

- Send out invoices timely
- If you have any outstanding invoices, follow up to get them paid
- Offer cash discounts for prepayment



# Ten Steps to Securing Credit

## Step 9 - Lower Your Operating Costs

- Negotiate discounts with creditors
- Check credit card and PayPal statements to eliminate unnecessary subscription expenses you may have forgotten
- Move to smaller monthly cloud payments to spread costs out
- Make your financials look good

## Step 10 - Apply to multiple lenders

- Each lender is different and lenders look at different risks differently.
- Applying to multiple lenders will increase your chances of getting a “yes.”
- Online platforms, such as Biz2Credit open access to many lenders and makes the application process faster and more efficient
- Technology widens choices much further than any individual can find on his/her own



# Q&A

# Thank You For Joining us!

**Biz2Credit**<sup>®</sup>

Helping Small Businesses Grow...

 **Small Business  
TRENDS**

