

# Speaking the Language of your Banker

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I have a great idea for a  
business.....

## First...have a Plan !

- What type of entity should I choose for my business?
- Do I have the necessary capital to get this thing off the ground?
- What makes me think this can really work?
- Who can I talk to for advice?

# What type of entity should I choose?

- Sole Proprietorship
- Limited Liability Company
- Corporation (C-Corp or an S-Corp)
- Partnership
- Seek the advice of an Accountant or attorney....put him on your team!

# How much equity do I need?

- What assets do I need to acquire
- Will I need to fund inventory
- How long will I need to subsidize operations before cash needs are met from sales
- How much of what I need will a bank loan me?

# Sources of Capital

- Cash/ Home Equity
- Family members
- Investor / Partner
- Bank Loan

# Types of Business Loans

- Term loan for “hard” assets
- Revolving Line of Credit to even out ups and downs in cash flow
- SBA Loans

# Start up Businesses are difficult to loan to.....

- Certain industry types are inherently more challenging
- Bank does not have historic information to make a determination of likelihood of success
- What is the resume of the new business owner
- How thorough and realistic is the business plan

# How to Get a Bank to say “YES”

- Business Plan with realistic analysis of industry and projections
- Experience in the industry-management resume
- Adequate capital and equity to withstand adversity...can the new business cash flow it's debt
- Credit History
- Three legs of the credit stool

# Summary

- Most important first step is creation of a realistic business plan.....Identify opportunity and the competitive advantages you have.....why will you be successful?
- Determine assets and capital needed to get the business started
- Obtain advice of a team of “Trusted Advisors” to test the likelihood of success

# Where to Get More Information

- SBA Resource Book
- Banker
- Accountant
- Advisory companies
- Internet