

ABOUT THE SBDC:

Small Business Development Centers of the Northern California (Norcal SBDC) help individuals manage the growth of their businesses. Our sole focus is on helping you improve your bottom line.

Our expertise can help take the mystery out of business management and allow you to focus on the issues most critical to the success of your company. Our Business Advisors have years of experience and know what it takes to operate profitably and grow a business in Northern California.

SBDC services address: business plans, financial projections and budgeting, operating challenges, purchase or sale of a business, funding your venture, loan packaging, and more. All private coaching/advising services are offered at no cost to the client.

FIND US AT NORCALSBDC.ORG

OR ONE OF OUR LOCATIONS:

APTOS - SANTA CRUZ SBDC
(831) 479-6136
SANTACRUZSBDC.ORG

EUREKA - NORTH COAST SBDC
(707) 445-9720
NORTHCOASTSBDC.ORG

FAIRFIELD - SOLANO SBDC
(707) 646-1071
SOLANOSBDC.ORG

FORT BRAGG - MENDOCINO SBDC
(707) 964-7571
MENDOSBDC.ORG

NAPA - NAPA-SONOMA SBDC
(707) 256-7250
NAPASONOMASBDC.ORG

OAKLAND - ALAMEDA COUNTY SBDC
(510) 208-0410
ACSBDC.ORG

PLEASANT HILL - CONTRA COSTA SBDC
(925) 602-6840
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SAN FRANCISCO - SAN FRANCISCO SBDC
(415) 937-SBDC (7232)
SFSBDC.ORG

BERKELEY - TECH FUTURES GROUP
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SAN JOSE - SILICON VALLEY SBDC
(408) 248-4800
SVSBDC.ORG

SAN JOSE - SBDC HISPANIC SATELLITE
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SBDCHC.ORG

SAN MATEO - SAN MATEO SBDC
(650) 574-6402
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SAN RAFAEL - MARIN SBDC
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SANTA ROSA - NAPA-SONOMA SBDC
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**ARCATA - NORCAL SBDC LEAD CENTER -
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SMALL BUSINESS DEVELOPMENT CENTERS

YOUR FIRST STEP TOWARD FINANCING



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YOUR FIRST STEPS TOWARDS FINANCING:

WHAT YOUR LENDER NEEDS:

- COMPANY'S FINANCIAL STATEMENTS INCLUDING THE BALANCE SHEET, INCOME STATEMENT AND BUSINESS TAX RETURNS
- COLLATERAL
- PERSONAL FINANCIAL STATEMENTS AND TAX RETURNS
- MONTHLY CASH-FLOW PROJECTIONS BASED ON OBTAINING THE LOAN
- THOROUGH BUSINESS PLAN
- SPECIFIC DETAILS ON HOW THE LOAN WOULD BE USED
- COMPANY MANAGEMENT PROFILE & OUTLOOK

BEYOND THE BASICS:

Establishing relationships with creditors and lenders prior to seeking funding is key to successful financing. The more they know and understand you as a person, the more they will trust you. When it comes to money, nothing is more important than trust.

Additionally, be sure to find the right lender. If you approach a lender known for helping businesses that are far different from your own – your chances of success are much smaller. The **Northern California Small Business Development Centers** (Norcal SBDC) can assist you in finding loans in your community.

Several variables are weighed by banks and lenders in making loan decisions. Those include: credit history, financial stability of the company, the company's ability to service debt, strength and value of the collateral, economic outlook, and the support available by the company's guarantors.

1 FINANCIAL STATEMENTS:

Having a professional analyze your financial statements prior to asking for a loan can help you clean up simple mistakes and unnecessary flags for potential lenders. Additionally, having an accountant or a **Norcal**

SBDC Business Advisor help you understand the contents of your financial statements will prepare you for answering lender questions.

Keep in mind that financial statements report conditions during a defined period of time. If you have a large project or sale that is pending, proof of that pending income should be provided to the lender. Providing a written

summary of the financial statements can go a long way to helping you get funding.

2 ABILITY TO SERVICE DEBT:

Having a plan to pay back a loan is crucial to securing funding. Prepare projections with expenses and earnings and incorporate the new loan payments into your plan. **Norcal SBDC Business Advisors** have a template for this spreadsheet and can help.

Be sure to include a built in safety net for when projections fall short of expectations. This advance consideration helps lenders know that you've thought the request through, have considered cash flows, and are committed to repayment of the debt.

3 COLLATERAL VALUE:

Collateral is essential to business lending in today's market. Without it, a lender relies solely on future performance or existing cash flow to repay the debt. This can translate into higher risk and interest rates for borrowers.

Loans that are self-collateralizing – meaning that the asset purchased with loan funds has a defined market value (such as equipment loans) – are sometimes easier to secure. Construction improvements on storefronts that are leased or rented are more difficult to secure and lenders can ask for a "blanket lien" on the business assets. Be prepared to provide a collateral package to your lender and try to confine the lien to specific assets so that others are unencumbered for future financing.

A **Norcal SBDC Business Advisor** can help determine the best use of available collateral for your business.

INDUSTRY OUTLOOK:

Lenders typically rely on written material about any given industry, may not fully understand yours, and could misinterpret average standards of performance.

Don't allow your company to be lumped into industry trends that don't adequately reflect your company's future. Be proactive by providing a summary of what is happening industry-wide and how you are approaching future opportunities. A **Norcal SBDC Business Advisor** can show you how to find relevant industry information to include in your loan package.

5 GUARANTOR SUPPORT:

By approaching your lender with a personal guarantee, you send a clear message that you are willing to stand behind your business. It is a big red flag for a potential lender when questions regarding the development of a corporation to protect personal assets are mentioned, so be aware of the message you're sending.

6 INCREASE YOUR ODDS:

Over the past three years, **Norcal SBDC Advisors** have assisted companies like yours secure \$66.8 million in loan funds. With locations throughout Northern California and confidential no-cost coaching just a click or call away – don't wait to find out how our services can benefit your business.