

A high-angle, slightly blurred photograph of three business professionals in a meeting. A woman in a dark suit is leaning over a desk, looking at a laptop. Two men in light-colored shirts are looking at the same laptop. The scene is brightly lit, creating a professional and collaborative atmosphere.

# Financing a Small Business

Richard Parker, [www.diomo.com](http://www.diomo.com)

David Nilssen, [www.GuidantFinancial.com](http://www.GuidantFinancial.com)



Sponsored by

**GUIDANT**  
FINANCIAL GROUP™

[www.GuidantFinancial.com](http://www.GuidantFinancial.com) | 888.472.4455

# Hosting



David Nilssen

Founder, Guidant Financial Group

- 2007 SBA Young Entrepreneur of the Year
- 2007 Top 40 Entrepreneurs Under 40, Biz Journals
- 2008 & 2009 Ernst and Young Entrepreneur of the Year, Finalist

[www.GuidantFinancial.com](http://www.GuidantFinancial.com) | 888.472.4455



Sponsored by  
**GUIDANT**  
FINANCIAL GROUP™

# Presenting

Richard Parker  
Founder



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

- Author
- Broker
- Entrepreneur
- 20 years of Industry Experience



[www.GuidantFinancial.com](http://www.GuidantFinancial.com) | 888.472.4455



Sponsored by  
**GUIDANT**  
FINANCIAL GROUP™

# Today's Credit Market



- The credit crunch is still alive
- Lack of financing can be an opportunity



# Banks

- Banks have never been a big factor in small business sales
- Business sales are always a “risky” investment by banks – lack of hard assets
- In the best of times banks were not a big player in SME business sales
- If you’re financeable, you don’t need the banks



# No Money Down?

- Get real – this is not an infomercial
- If you buy for \$0 down what about working capital
- Why would a seller “give away” the business?
- Equity minimums
- Zero down deals can be had but it takes time to find



# Down payments

- The Less You Put Down The More You Have To....
- Impress the seller!
- Be completely honest with your situation
- Be willing to pay their price to accept your terms



# Options

- SBA
- Seller Financing
- All-Cash
- Retirement Plans
- Outside investors
- Friends and family



# SBA Loans

- The SBA doesn't lend money
- Guarantee to bank varies
- Biz and the buyer must qualify
- Will finance the business and property
- Goodwill can be financed
- Like to see the Seller participate as well
- Typically 25% buyer and or buyer/seller participation



# The Good...

- Money is available
- Validates the business
- Ten-year tem
- May blend business and property (17 year amortization)



# The Bad...

- Want you first-born as collateral
- Use the worst of the last two-three year's tax returns
- Page one tax returns used for their modeling
- In best of times less than 10% of SME deals get SBA financing



# Why Bother Trying?

- You Should Bother Trying To Get An SBA Loan
- Contact “Preferred Lenders”
- Find out what they need/want to see
- Worth running opportunities through their test
- A declined loan is leverage for a buyer with the seller



# Seller Financing

- Why it is a must
- Realistic terms
- Convincing the seller – bring it up early
- It's the norm so don't be discouraged
- Even rigid sellers cave in – sometimes they need to see it's their only option



# All Cash Deals

- They are NOT the norm – don't be bullied
- Only happen in the very low-end of business sales
- Must get a significant discount if you go this route
- Money better spent to grow the business as long as you can service any debt



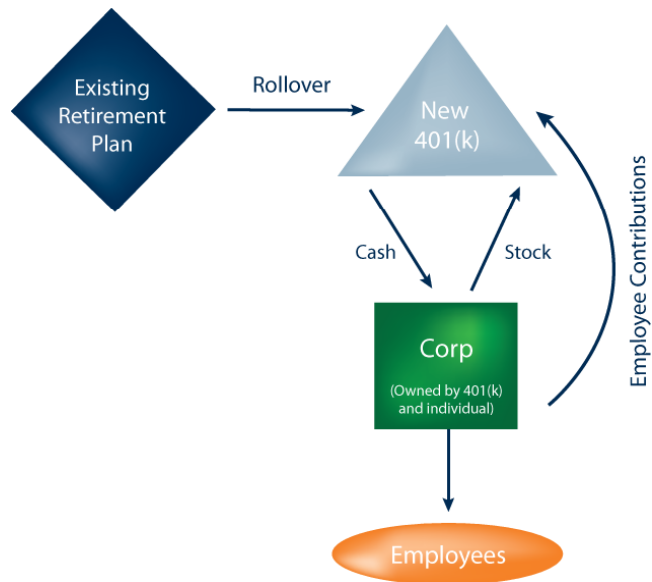
# Equity-Based Funding



- 401(k) Small Business Investing
- Debt-free investing
- Up to 100% of your IRA/401(k)
- Ongoing employee benefits
- Use as equity injection for a loan



# Created in 4-Simple Steps



1. New corporation formed
2. Specific 401(k) created
3. Roll all/part of retirement assets
4. 401(k) invests in business's stock
5. Employees make ongoing contributions



# Outside Investors

- Excellent time to get investors – LOTS of available capital
- Get them lined up first
- Understand their criteria
- They bet on the jockey more often than the horse
- Keep them in the loop



# Family and Friends

- Last resort
- Can be a very difficult situation – your relationship will NEVER be the same
- Need to be sure they will be there to write the check
- What happens if the deal goes sour?



# Other Considerations



- Do not mislead the other side about your situation
- There is money out there
- Have realistic expectations
- Seller financing is the best option



# Thank you for Attending



- Richard Parker
- [www.Diomo.com](http://www.Diomo.com)



- Guidant Financial Group
- Toll-free: 888.472.4455
- [www.GuidantFinancial.com](http://www.GuidantFinancial.com)

## Next Webinar

Performing Due Diligence

March 10<sup>rd</sup> @ 10a PST

