



Understanding What Lenders & Investors Are Looking For From a Business Plan

PRESENTATION



Before Applying for Financing

Lending Institution



Small Business



It is important to understand what the requirements are before applying for financing

Know Exactly What the Money Will Be Used For

Equipment



Building



Marketing



Employees



Credit Rating and Score

- Your business and possibly your personal credit rating as an owner will be important to obtaining financing



Business Plan or Feasibility Study



- Your business plan must be complete
 - Outline your business in detail for each area
 - Show how you will make money and in what time frame
 - Your financials must match your plan and be able to prove you can meet your revenue targets
 - You need to have accurate expenses
 - You need quotes to back up the figures for the assets you want to finance

Financials

- Existing Financials
 - 2-3 Years of Compiled Financial Statements by a CPA
 - ✓ Must be a minimum of Notice to Reader
- Projected Financials
 - 3-5 Years of Proforma Statements



Financials That Will Be Reviewed At Minimum

- Cash Flow
 - ✓ **Cash Coming In** > **Expenses**
- Positive Working Capital
 - ✓ **Current Assets** > **Current Liabilities**
- Current Ratio between 1.2 and 2
 - ✓ **Current Assets** / **Current Liabilities**
- Debt Equity Ratio – dependent on industry
 - ✓ **Total Liabilities** / **Shareholder's Equity**



Market Analysis

- Do you know your Market Size and Market Segmentation for your industry and your business
- Do you know your Competition and your differentiation from what they offer.
- Do you know your exact Target Market
- Do you know your SWOT and understand how to overcome weaknesses and threats.



Marketing Plan Needs to Make Sense

- Can you explain your **products** and **services** and show marketability?
- Does the **pricing** make sense ?
- Are you selling the product through right **distribution**?
- Are you spending enough on **promotion** and choosing the right marketing mediums?



Sales Plan is Sound

- Do you have the right **go to market strategy** in place to make sales?
- Is your **sales forecast** realistic?
- Is the **margin** you are making adequate after **cost of sales / cost of goods**?



Management Team Has Experience

- Owners
 - Have **experience and background** in the industry
 - Have **experience** in running or managing a business
 - Have **leadership** in order to guide staff

- Other Managers and Advisors
 - Have **experience and background** in their area of expertise



Your Plan / Financials

- Your overall plan has to support the 5 years of proforma financial statements you will be required to provide.
 - Income Statement
 - Balance Sheet
 - Cash Flow Statement
- You must understand what your break even point and what you need in order to meet all financial obligations including your loan payments.
- You need to calculate key ratios to make sure your go forward plan supports your goals as well as shows the bank that your business is not a risk to loan money.

Obtaining Your Funding

- Understand **base requirements** from the lending institution before submitting a business plan or feasibility study
- Before applying or submitting your plan meet with an account manager and understand their **individual requirements**



Contact Us



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