

6 DARE 2 FUND Your Business

YOU'VE put together your business plan, a budget, and formed your business. Now it's time to figure out how much money you need to get your business going and possibly put together some financing. Most of us would just as soon go to a bank for a loan as get a root canal. But, banks can be our friends. They provide some indispensable services:

- They validate our business to our customers by showing them we're in business.
- They keep accurate records concerning debits and credits to our accounts (something we **MUST** have when we reconcile our books each month).
- They're a source for potential funding.

Banking Your Business



Set up a separate business account. If possible, use a bank where you have an existing relationship. Identify, and begin cultivating, a relationship with a bank managerial employee with decision-making authority. Fortunately, banks are well equipped to help you set up your business account and should offer these attractive features at little or no cost:

- Checking accounts and checks
- Online banking
- Deposit/endorsement book and stamp
- Merchant teller
- Banking card

Your Bank will need

- Personal identification (a picture I.D.: drivers' license or passport) for everyone who has check-signing privileges.
- Federal ID number (your SS# for sole proprietor) or an EIN (Employer Identification Number) for a corporation.
- DBA listing if your business name is different than your name. Get this through your county office (*see Chapter 3*).

EVERYTHING YOU NEED

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www.Dare2Now.com

Funding/Loans

Now that you've put together your budget, (Chapter #5) you should know how much money you need to start your business and operate it on a monthly basis. **There are three primary sources for funding your business:**

1. Self-funded
2. Family and friends
3. Outside sources

Self-Funded

An assessment of your current “cash-available” situation is necessary when looking to self-fund.

SOURCE	Amount
Savings/CDs	\$
Home equity loan*	\$
Home refinance with cash-out*	\$
Stock or bonds* (sell or borrow against)	\$
Vehicle(s) to refinance*	\$
IRA/401K retirement accts* (caution: penalties)	\$
Cash from credit cards* (caution: high rates)	\$
TOTAL	\$

* Any additional monthly payments should be added into your budget.

Family & Friends



Here are six easy steps to help you successfully raise money for your business from friends and family:

1. **Start** with your simple business plan.
2. **Practice your “pitch”** and be able to concisely describe your business in a few minutes or in a more detailed 30-minute show-and-tell.
3. **Make a list** of potential friends and relatives who would be open and interested in *a potentially very profitable investment opportunity*.
4. **Make initial/informal contact** to gauge interest and then *follow-up with a formal meeting*.
5. **Present your business** along with your written business plan during a formal meeting. Describe the investment opportunity and answer any questions. Close with, “Is there any reason you can’t write me a check today?” This will *uncover any objections*, allowing you to address any doubts or concerns of potential investors.
6. **Have a simple Loan Agreement** available for discussion and don’t be afraid to ask for the money! As the owner of a business, if you’re organized as an “S” corporation, “C” corporation or LLC, you can also sell shares/stock in your company (*go to www.Dare2Now.com for more information*).

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Other Sources

Don't be intimidated by banks. Their business is loaning money and they exist to serve you, their customer. It helps to understand the four "C's" of obtaining a loan:

1. **Credit:** rest assured the bank will quickly pull up your credit reports. Obtain a copies of your credit reports before you go to the bank. Be prepared to discuss any "red flags" that show up.
2. **Character:** this can be somewhat elusive to define in this age of automation and limited banking relationships, but this will definitely include your personal history, any bankruptcy, pending litigation or liens.
3. **Capacity:** Do you have the ability to repay your loan?
4. **Collateral:** The security you offer the bank insures you'll be able to repay your loan. This can include real estate, stocks or other personal assets.

TWO OTHER sources offer a wide range of interest rates and still require the four "C's" to obtain a loan:

1. **Credit Unions** are very similar to banks except they normally require an affiliation with an employer or organization. Their loan rates are very competitive, often lower than a bank.
2. **SBA (Small Business Administration) loans** are also a possibility. Your banker can show you what's available and the steps you need to take.

Accounting & Taxes

Don't make the mistake of not having a complete handle on your accounting and taxes. Readily available, inexpensive software products can easily track your sales, expenses, profit & loss, and produce the reports needed for your taxes and accounting needs. The best-of-breed, best-selling business software products can be found at www.Dare2Now.com.

If you don't have time or the expertise to do your own bookkeeping, find a CPA to help with your monthly reports, filing of taxes and to help guide you with your financial strategies. Your best source to find a qualified CPA is through a referral from a friend or small business acquaintance.

NEXT STEP:
LOCATE Your Business

EVERYTHING YOU NEED

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