

# That First Business Loan



**Dorothy Browning  
Women's Business Center**

# Best Way to Get into Business



## **Equity Financing**

# That First Business Loan



**What will determine your ability  
to get a business loan?**

# Banks look for:



## The Four C's

- Capacity
- Capital
- Collateral
- Character

## Banks look for:



- ✓ **Good personal credit**
- ✓ **Ability to repay the loan**
- ✓ **Well thought out business plan**
- ✓ **Experience/research**
- ✓ **Personal commitment**

# Optimizing Your Loan Prospects



- **Know your credit score  
([annualcreditreport.com](http://annualcreditreport.com))**
- **Clean up as possible**
- **Pay off any collections**
- **Pay off credit card debt**
- **Establish credit if you don't have it**

# Optimizing Your Loan Prospects:



## **Develop a Realistic Budget**

- **Start-up costs/Expansion costs**
- **Monthly expenses**
- **Monthly revenue**
- **Best-case, worst-case scenario's**

# Optimizing Your Loan Prospects:



## **Assess Your Collateral**

- **Home Equity**
- **Convertible securities**
- **Business Assets**
- **Personal Assets**

# Finding a Bank



- **Start with your current bank**
- **Ask friends/family in business**
- **Meet with the banker before you ask for a loan**
- **Research on banks focus**
- **Don't forget credit unions**

# Finding a Bank: SBA options



- **SBA does not directly lend money**
- **Work with banking partners to guaranty a loan – up to 80%**
- **Requests with too many issues still will not be approved.**

# The Loan process



- **Make an appointment**
- **Dress nice, business casual OK**
- **Bring copies of your business plan with financial projections**
- **Personal financial statement, tax return, sample product**

# The Loan process: Behind the Scenes



- **Thorough review of documents**
- **Development of a presentation for loan committee**
- **Loan committee approval**
- **Days to weeks time frame**

# Non-Banking Options



- **Crowd Sourcing**
- **Friends and Family**
- **Home Equity**
- **Economic Development Corporations**
- **Grants???**

# Kansas City Microloan



## **Goals of microloan program**

- **improve the credit of the individual so they are ultimately bankable by traditional means**
- **provide funds to start or grow the business**

# Kansas City Microloan



- **\$500 - \$50,000**
- **Average loan of \$7,000**
- **Interest rates between 8 -12%**
- **Justine PETERSEN = lending agency**

# Kansas City Microloan



- **Not Credit-score driven**
- **Ability to repay**
- **Mainstream bank account (Bank On, Save Up)**
- **Realistic business plan and projections**
- **Collateral, co-signer**

# Microloan Results to date



- **17 loans**
- **Three for \$15,000, smallest loan \$600**
- **Glass of Milk cupcake Co.**
- **Hippie Chow**
- **My Three Son's Daycare**



# Process



- **One on One Meeting**
- **45 minutes: credit assessment**
- **45 minutes: business assessment**
- **Determination of next steps**
- **Technical assistance needed**

# Contact Information



Dorothy Browning  
Women's Business Center  
dbrowning@kansaswbc.com  
(913)-492-5922

**Men welcome!**