That First Business Loan

Dorothy Browning
Women’s Business Center
Best Way to Get into Business

Equity Financing
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)
- 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!