HOW TO GET APPROVED FOR A BUSINESS LOAN

Loan Application
Mistakes to Avoid

Must Haves for SBA-Backed Loans

Repair Your Damaged Credit Score

Spotlight:
Agency 2.0 Promotes Crowdfunding Campaigns

Small Business Loan Alternatives
HOW TO SECURE FINANCING FOR YOUR SMALL BUSINESS AT A TRADITIONAL BANK

Banks are the largest lenders for small businesses across the United States. But getting a traditional bank loan for a small business is often a huge challenge.

Applying for a Small Business Loan? Get Your Paperwork in Order

Gathering documents while applying for a small business loan is often a hassle. Yet there’s no way to avoid loan documents when you’re trying to secure funds.

How 7 Changes at the SBA Would Boost Small Business Lending

Business leaders say new Small Business Administration (SBA) chief Linda McMahon needs to focus on lending in order to truly make a difference.
16  10 Small Business Must-Haves When Seeking SBA Backed Loans
You can't get a loan directly from the Small Business Administration (SBA). However, this government agency guarantees some loans will be repaid.

20  15 Small Business Loan Mistakes You Can Make
Small businesses have traditionally had a hard time accessing extra capital — i.e. through small business loans — from banks, big and small.

24  How to Check and Repair a Negative Credit Score for Business Loans
Your credit rating plays an important role when you are trying to secure funds for your small business.

28  Can’t Get a Loan from a Bank? Here are Alternative Funding Options
Securing funds to either start or grow business was once every entrepreneur’s worst nightmare.

31  What is Purchase Order Financing and is It Right for Your Business?
You just got a big order but your inventory of supplies is down. No need to worry about losing the business.

33  20 Secrets to Saving Emergency Funds for Your Business
It makes shrewd business sense to build an emergency fund, cash put aside for a rainy day.

37  The Difference Between Loans, Cash Advances and Factoring
Getting the right financial product for your small business is important.

41  8 Steps to Avoid Cash Flow Problems at Your Small Business
Inadequate cash flow can cripple a small business.

45  Agency 2.0 Gets Your Crowdfunding Campaigns More Attention
Crowdfunding is becoming a huge opportunity for businesses to get off the ground.

47  "This is part of a larger effort to do something bigger."
Financing Edition 2017

Did you know that 72% of small business loan applications are rejected?

That might not be the most positive statistic, but there are plenty of things you can do to improve your chances of getting a loan.

In this Finance edition of the Small Business Trends magazine, we explore the challenges that small businesses face when seeking a bank loan. And our cover story by Shubhomita Bose provides some helpful tips on improving the odds of getting approved.

Check out the list of the most common loan application mistakes that business owners make – so you can avoid them.

You’ve no doubt heard of SBA loans. See the tips to get approved for one.

But a loan isn’t the only option if you need to purchase new equipment, invest in real estate, or even staff up. Our reporter Rob Starr spoke with one expert who explains the differences between loans, cash advances, and other forms of financing.

See how to improve your credit score, manage your cash flow and save for emergencies, too.

There’s all this and more in this packed Finance edition of Small Business Trends magazine.

Wishing you much success,

Anita

P.S. Please subscribe (free) so you never miss future editions. Go to

Small Business Trends News Report

Have to Admit It’s Getting Better

When it comes to small business loans, things have been much worse. In fact, the most recent data from the Biz2Credit Small Business Lending Index says 24.5 percent of small business loans at America’s big banks are getting the green light. It may still seem like long odds, but the lending platform says it’s also a post recession high.

And Financing Keeps Getting Easier to Find

Even your bookkeeping software can now sometimes help find that funding these days. Take QuickBooks Financing which to date has helped more than 628 million Quickbooks customers access funding. Yeah, that’s a lot! Quickbooks says it works with handpicked lending partners interested in funding business and the process is apparently pretty simple.

It Comes in All Shapes and Sizes

And funding comes in all shape and sizes too. Sometimes it even comes from the customers you hope will support you for the long haul - with a bit of help. Take the newly launched app Credibles, for example. If you own a fledgling restaurant and haven’t checked it out yet, you should.

The app lets customer prepay their favorite food business by loading credits on their app to spend later -- giving small restaurants and cafes the upfront infusion they need.

Even Goldman Sachs is Getting Involved

There are also other kinds of investment besides just money directly into your coffers. Goldman Sachs, the multinational finance company, recently invested another $10 million in a program aimed at helping Baltimore small businesses. The money goes to those entrepreneurs in a form potentially just as important as cash. It’s paying for training in accounting, human resources and marketing from Johns Hopkins University.

It’s Time to Analyze the Beans

Of course, it’s not just funding, but how you use. And small business owners know this! That’s why recent data from online job site Indeed showed analysts are more in demand these days than accountants. In fact, half of a recent list of top 10 small business finance jobs were analysts. Proving small business owners want more than someone to count the beans. They also need someone to analyze what it all means for the company’s future.

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Banks are the largest lenders for small businesses across the United States. But getting a traditional bank loan for a small business is often a huge challenge.

About 72 percent of small businesses that apply in fact get rejected. That’s because traditional banks require businesses to meet several criteria to secure financing.

It doesn’t however mean that you cannot secure financing from a conventional bank.

If you are a small business owner, you should first understand the kind of loans and financing options available at a traditional bank.

**Term Loans**

Term loans are the most common types of business loan. You obtain a predetermined sum of money with a set interest rate. The interest rate could be variable or fixed. You need to pay back the cash over an agreed upon amount of time.

Term loans are fairly straightforward and you know what you are getting into. It’s however...
Important to remember that not all term loans are the same. Depending on your credit rating, revenue, cash flow, growth needs and other factors, there are several types of term loans available.

Before you go for them, you should also know the pros and cons of term loans.

Small businesses go for term loans at a traditional bank mainly because the interest rates are fixed and low. Monthly payments are predictable and they help build business credit.

Another key advantage of these loans is that they are available for many uses. Whether you want to purchase inventory, equipment or commercial real estate, you can use a term loan to meet your needs.

On the flip side however, securing a term loan involves lengthy paperwork, longer wait time and strong credit. You may also need to furnish some collateral to boost your chances of landing a small business term loan.

Some common types of term loans for small businesses are working capital loans, equipment loans, merchant cash advance, lines of credit, professional practice loans and franchise startup loans. Take a quick look at each of these options.

**Merchant cash advance** is provided to a business based on the volume of its monthly credit card transactions.

**Lines of credit** help businesses meet their day-to-day cash flow needs.

**Professional practice loans** are meant for providers of professional services, such as businesses in legal, healthcare, architecture or engineering fields.

**Franchise startup loans** help businesses procure financing to open their franchise business.

Before you go for them, you should also know the pros and cons of term loans.

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**How to Apply for Small Business Loans with a Traditional Bank**

Once you have decided which loan best meets your needs, you must understand how to apply for small business loans with a traditional bank. Here’s a step-by-step guide to help you.

**Understand Why You Need a Loan**

The first question that you must be prepared to answer is why do you need a loan for your business? Is it because you need to start a business, or is it because you need to grow it?

The reason to secure financing will determine the type of loan you should opt for. So, before you approach a bank, make sure you know the reason why you want money.

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About 72% of small businesses that apply for a loan get rejected.

**Working capital loans** are meant as short-term options for businesses that need money to run their operation.

**Equipment loans** offer financing to small businesses for office equipment such as computer and copy machines.
Choose the Loan That Meets Your Requirements

As mentioned above, there are several types of loans to choose from. You just need to be sure which one fits your requirements. For example, if you want to manage your day-to-day expenses, you can go for a short-term cash flow loan which is a quick, one-time injection of money.

Determine If You Qualify

You need a loan from a traditional bank, but do you actually qualify for it? To find out, check your credit score first. You can get your credit report from any of the three major credit bureaus: Experian, TransUnion or Equifax.

Most banks will require you to have a credit score of at least 680. If you fall short, you may have to look at other options.

Other factors that will be considered by the banks include your ability to repay the loan and the health of your business. The more information you can provide to prove the worth of your business, the stronger are your chances of securing a loan from a traditional bank.

Speak to a Bank Representative

If you have questions about the process of securing the loan, you should visit the bank first and speak to a representative who can guide you.

You should try and find out the different options available and the terms that will matter when you are repaying the amount. The representative will be able to guide you in the right direction and help you make the right call.

Make a Strong Case for Why You Need the Loan

A bank will want to know why you need a loan for your business. It’s therefore a good idea to be prepared for specific questions. For example, if you want a loan to buy office equipment, the bank will ask you why exactly you need it. It will also inquire how you expect the equipment to support your business.

Wait for the Answer

After you’ve ticked all the boxes, you just need to wait before you hear from the bank. It may take days or up to a couple of weeks before you hear from them.

Securing funds on time is essential for your business to grow. You just need to know what options you have and how best you can manage funding from a traditional bank. Preparing in advance will certainly pay off in the long run, so explore your options and make sure you meet the criteria to qualify for financing.

Gather Your Documents

Be prepared to go through a lot of paperwork when you decide to approach a bank for a loan. Some of the documents that you will be required to furnish include business and personal bank statements, business financial statements, legal documents and tax returns.

Securing a term loan involves lengthy paperwork, longer wait time and strong credit.

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Gathering documents while applying for a small business loan is often a hassle. Yet there’s no way to avoid loan documents when you’re trying to secure funds.

The best way to minimize the hassle is to be prepared and understand how to value a small business. In other words, know all the loan documents your lender is likely to ask for when you approach them.

To make it simple for you, here’s a list of all the loan documents you need when you approach a lender so that you don’t have to find a documentation specialist for the job.

**SBA 7(a) Loans/Bank Loan**

SBA’s 7(a) Loan Program is one of the most popular borrowing options for small businesses. It’s worth noting that SBA does not extend loans itself. Rather it guarantees small business loans made by participating lending institutions. (As a result, much of the information you’ll need is the same documentation you’d need to apply for a loan from a more traditional lender.)
What makes SBA loans attractive to many small businesses is the low interest rates, but it also involves lengthy paperwork.

Once you have decided to apply for an SBA loan, you will have to gather all your documents. The process will then begin with your local lender, working within the SBA guidelines.

Here are all the documents you will need to submit.

**SBA Loan Application:** This is the first thing you will have to complete to process your request. You can find the most current form here (PDF).

**Personal Background and Financial Statement:** To evaluate your eligibility, the SBA requires you to complete a few forms where you will have to provide personal background and financial information.

**Business Financial Statements:** You must also be able to show that you can repay the loan. For that, you need to provide the following financial statements: Profit and Loss Statement and Projected Financial Statements.

**Ownership and Affiliates:** You must include a list of names and addresses of any subsidiaries as well as affiliates. These may include concerns in which you hold a controlling interest and other concerns that may be affiliated by franchise, proposed merger, stock ownership or otherwise with you.

**Business Certificate or License:** Your original business license or certificate of doing business is also needed. If your business is a corporation, you need to stamp your corporate seal on the application form.

**Loan Application History:** You should include records of any loans you may have applied for in the past.

**Income Tax Returns:** Add signed personal and business federal tax returns of your business’ principals for the last three years.

**Résumés:** Also include personal résumés for each principal.

**Business Overview and History:** Provide a short history of the business and its challenges. Add an explanation of why you need an SBA loan for your business.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

**For Purchasing an Existing Business:** Provide the following information: 1) current balance sheet and P&L statement of business to be bought, 2) last two years federal income tax returns, 3) proposed Bill of Sale including Terms of Sale, 4) asking price with schedule of inventory, machinery and equipment, furniture and fixtures.

**Alternative Lenders**

If your business does not meet a traditional bank’s financing requirements and you are wondering how to get a business loan, you may want to consider alternative lenders.

Alternative lenders provide financing to even those small businesses that haven’t been around for a long time. And they have a less paperwork-intensive application process that can be completed online.
Here are the documents that most alternative lenders are going to ask you to submit.

**Tax Returns:** Make sure you submit the last three years of signed personal and business federal income tax returns.

**Bank Statements:** Submit three most recent bank statements for your business and personal accounts.

**Cash Flow Statements:** Include your balance sheet, cash flow statements and profit-and-loss statements.

**Personal Identification:** Includes social security, driver’s license or any such current government-issued photo ID.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

**Peer-to-Peer (P2P) Lending**

P2P lenders help businesses by connecting capital from retail and institutional investors via platforms such as Funding Circle, Prosper and Lending Club. Over the years, P2P lending has become a popular source of funding for a large number of small businesses.

Here are the documents that you will have to submit when you approach a P2P lender.

**ID Documents:** Make sure you get your ID documents in place to set up direct credit as soon as you can.

**Proof of Social Security:** Provide a copy of your Social Security Award Letter or Form SSA-1099 for the last tax year.

**Proof of Pension or Annuity Income:** If you receive income from a pension or annuity, include a copy of your award letter or most recent statement.

**Online Marketplaces**

These days, a number of online marketplaces have become a popular source of small business financing. These marketplaces operate like exchanges, centralizing and streamlining the loan application process. They connect businesses to a range of traditional and alternative lenders. Some of the well-known players are Fundera and Biz2Credit.

Some of the documents that you should provide when you approach an online marketplace for funding include the following:

**Personal Background:** Submit your ID and address proofs along with the proof of your professional qualification.

**Income Tax Returns:** Include the personal and business federal tax returns of your business’ principals for the last three years.

**Signed Application:** Provide all the basic information about yourself and your business.

**Bank Account Statements:** Submit six most recent bank statements for your business and personal accounts.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

Paperwork may sound like a lot of work, but preparing in advance can actually help save time. Just make a quick checklist of all the documents you need to submit before you begin the process. You may also want to speak to a representative to gather and organize your papers on time. Once you have prepared yourself, it will be easy to complete the work.

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Business leaders say new Small Business Administration (SBA) chief Linda McMahon needs to focus on lending in order to truly make a difference.

McMahon has presided over more than $53 million in guaranteed loans to North Central Florida’s small business owners. She’s also appointed four new Associate Administrators since she took the reigns including Allen Gutierrez to the Office of Entrepreneurial Development.

However, experts say changes to SBA’s 504 program will have far more impact on small businesses. The program deals with financing major fixed assets like real estate and equipment.

Like other major SBA programs, the 504 is not directly funded by the government. But the program does help connect small businesses with lenders and other agencies to make lending happen.
To find out how the SBA could boost small lending through this program, Small Business Trends talked with Chris Hurn, CEO of Fountainhead Commercial Capital.

**Improve Data Collection**

Reporting requirements for third party lenders need to tighten up. Transparency also needs to be front and center for SBA 504 performance history data collection.

“The Agency needs much better data collection so SBA 504 loans can be readily securitized,” Hurn says.

**Introduce 25-Year Amortization**

There are also calls for longer amortization terms. There’s a need to match the 25-year amortization on the permanent SBA 504 second lien loans to the terms for most first-lien loans in the SBA 504 loan product.

It makes sense to bring them into line with each other. This kind of tweak would be welcomed by the markets.

“It’s interesting to note online lenders can approve loans in minutes. The SBA should be able to narrow that gap to regain a competitive edge.”

**Upgrade Underwriting**

Community Development Companies are a vital spark plug in the engine of these SBA 504 projects. These are the SBA’s partners for the loans. Their underwriting processes need to reflect the fact that qualified borrowers are now choosing the SBA 504 loans.

According to Hurn, at least part of the trick to this new mindset is letting go of the hesitation leftover from the last recession. He knows of at least seven SBA 504 loan projects that have been turned down in the last nine months. They were all approved as conventional loans instead.

Once again, the SBA needs to reverse their direction to flow with the new financial stream.

**Make Changes in Loan Regulations**

Another issue needs to be addressed and that’s the overlap between two programs — 7(a) and 504.

“There continues to be too much premium chasing in real-estate-only SBA 7 (a) loans,” Hurn says.

The issue lies in the way lenders try to convince small business owners to take a floating rate on their fixed assets. This is the way a lender maximizes secondary market premiums.

According to Hurn, any real estate only projects higher than $500,000 need to fall under the SBA 504 banner to prevent this type of abuse.
Look at Small Working Capital Proceeds

Small working capital proceeds need to be considered in the SBA 504 loan program, especially when these are tied to creating jobs. There’s a small cash out availability with the new permanent refinancing provisions. Hurn suggests a few other ways to open this door wider.

“Caps on the amount of working capital allowed, based on loan size, is one way to accomplish this,” he says. “Another is simply using the precedent set by the new SBA 504 refinance loan regs: up to 25% of the total loan amount.”

Champion Loan Programs

The Great Recession has taken a bite out of the number of banks. There’s a real need for more lenders who will champion the SBA loan programs. The SBA 504 program often has better terms and conditions than conventional lenders.

Hurn suggests Linda McMahon work diligently to shape the perception these SBA loans are an effective alternative to conventional bank loans.

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You can’t get a loan directly from the Small Business Administration (SBA). However, this government agency guarantees some loans will be repaid. This increases your chances of getting the money you need for your small business from SBA partner lenders since the risk you present is lowered.

Small Business Trends spoke with Jim Fliss, Senior Vice-President and National SBA Manager at KeyBank. He teamed up with Mary Nguyen, owner of the Olive & Finch Eatery and Bakery restaurants, to provide us with 10 Small Business Must-Haves When Seeking SBA Backed Loans.

**Make It a Team Effort**

The first tip is about having a deep bench.

“Start with a team of trusted advisors,” Fliss says. “You should surround yourself with people like accountants, bankers and attorneys.”
Your team needs to do their individual parts to bolster your credibility to the bank and help with both the numbers and presentation.

**Find a Bank That Understands the Process**

Greasing those small business funding wheels is about working with a lending institution that’s familiar with SBA programs. Fliss says that you can narrow down your choices further by picking a bank that knows your market and industry.

“If you’re looking at a second location, make sure the first one works.”

**Make Sure Your Business Rests on Solid Ground**

Rapid growth can be intoxicating for small business owners. However, it can also be financially lethal if you don’t take a reasonable measured approach to it.

“If you’re looking at a second location, make sure the first one works,” Fliss says adding a solid business plan acts like a road map.

**Learn Bank-ese**

Fliss also says your small business needs to talk with the bank in their tongue.

“Banks speak the language of numbers,” he says adding that means you’ll need to have the historical balance sheet ready and the assumptions going forward.

Remember, they’ll be looking at the story behind the numbers so you’ll need to be ready to fill in any blanks.

**Check Your Personal Financial Muscle**

When it comes to SBA backed loans, the banks shine more of their spotlight on the guarantor’s personal financial strength. You’ll need to make sure that part of your package is in good order. Liquidity and personal credit are two of the big metrics here.

**Don’t Sweat Conventional Collateral**

“There is much less emphasis on collateral with an SBA loan,” Fliss notes. “That’s because the government guarantee is substituted in.”

It’s another shift in focus you wouldn’t see with a loan that didn’t have this type of backing.

**Talk With Your Banker**

Having regular conversations with your banker before you need a loan is another excellent idea.

“It’s always important to stay lockstep with your banker in terms of what your plans are,” Fliss says. He adds that approaching the bank only after a credit crunch isn’t the best way to get funding.

“You should surround yourself with people like accountants, bankers and attorneys.”

**Put Things Down on Paper**

A formal business plan is more than just a road map so a small business has a record of its plans. It gives any lending institution comfort because it shows bankers you’ve thought through the issues and come up with solutions.
Optimize Your Business Before You Apply

Simply put, this is all about making sure your small business is ready to handle growth. Nguyen says this aspect is especially important when opening a second location.

“It’s all about making sure your systems and processes are in place and that they actually work,” she says.

Remember Good People Foster Successful Numbers

Having good numbers to show the bank to get the money you need starts with the right personnel. Mary Nguyen says having the right financial makeup and overall concept is only part of the recipe.

“There’s a lot of training that goes into opening up a restaurant. A lot of your success depends on having the right people in the right positions.”

MUST-HAVES FOR LOANS

“IT’S ALWAYS IMPORTANT TO STAY LOCKSTEP WITH YOUR BANKER.”

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Small businesses have traditionally had a hard time accessing extra capital — i.e. through small business loans — from banks, big and small. And economic realities and forecasts dictate, generally, just how generous these institutions are at any given time.

Still, small businesses aren’t exactly being choked off entirely from getting approved. And the market has been improving for small businesses seeking loans. But in order to get a lender to take a flyer on your small business, it’s best not to make a rookie mistake on your way to getting that loan approval.

Below are some of the top small business loan mistakes you can make.

15 Small Business Loan Mistakes You Can Make

Maxing Out Credit Cards

Maxing out your credit limit is a bad idea if you hope to continue to get business financing. Piling up big expenses on your personal or business credit cards only leads to high interest payments.

And not being able to pay back your credit card bills will only serve to damage your personal and business credit score. That’s going to make it very difficult to ever find a real loan.
Ignoring Requests from the Lender

Be prepared when seeking extra capital for your business. During the loan application process, your prospective lender may ask you for a lot of information, some of which you may not have at the ready. It’s best to be prepared for any questions your lender might ask and to avoid making them wait too long for your answer.

Ignoring the Fine Print

You’re going to need to read the fine print on any loan offer you’re considering. Failing to read the fine print is one of the most common small business loan mistakes, and can prove very costly in the end.

Borrowing to Have More Cash on Hand

If you’re serious about acquiring a small business loan, know that this should not be just for the purposes of having a safety net. Having a large sum sitting in the bank could be tempting. Frivolous spending could quickly drain your funds and make any initial goals you had for utilizing that money unattainable.

Piling up big expenses on your personal or business credit cards only leads to high interest payments.

Failing to Shop Around

Apply the same intensity to your small business loan search as you would to searching for the right vendor or the perfect product. Shopping around gives you the opportunity to compare available offers. Who’s offering the most competitive interest rate? Who has the best terms?

There are more lenders available to small businesses these days, and not all are created equal. Failing to shop around is doing your small business a disservice.

Missing Payments

Not only will late payments look bad with your lender. They will begin to accrue penalties and fees. Soon, the payments you’ll be making on your loan will start multiplying.

And, of course, failing to make loan payments on time could hamper any prospects of your business gaining access to extra capital in the future.

Letting Personal Credit Scores Drop

Getting your small business a loan and maintaining a good business credit score are both certainly important. But don’t let your personal credit score get damaged in the meantime. Using personal money to meet business expenses could damage your personal credit score in the process.

If you’re allowing your personal score to dip while applying for a small business loan, it could hurt your ability to get approved or to getting an ideal loan offer.

Not Knowing What You Want

Before you pick up a phone and call a bank or other lender or even set foot in a loan office, know what you want. Do some exhaustive searches on the Web to find what kinds of loans are available to your business.
Seeking a Loan in an Emergency

Getting approved for a revolving line of credit now could save you from being forced to make a desperate application for a loan in the face of an emergency.

For instance, if your business property is severely damaged in a storm and you’re going to need thousands of dollars to replace the roof, it’s best to have ready access to a line of credit rather than going through the arduous process of applying for a loan — and risk not getting approved — while your business suffers.

A line of credit, approved before any potential disaster or emergency, would enable you to be ready to act immediately when faced with such a situation.

Having No Plan for the Money

First of all, the would-be lender is probably going to ask what the purpose of the loan is. And at that time — and definitely before then — you should have a clear answer and a concise plan for the loan money you’re seeking.

If it’s an expansion project, clearly detail the plan and present it to a prospective lender.

The lack of a plan will certainly leave your lender questioning whether to give you the loan at all.

Having High Turnover

If lenders investigate the stability of your company at the time you’re applying for a loan, seeing that turnover is high could send up the proverbial red flags.

Indeed, stability within your organization at the time of your application is a key factor to getting approved.

Keeping Messy Books

Accounting, especially for the smallest of small businesses, tends to be a task that gets put off too long. This leads to keeping slipshod records riddled with inaccuracies.

It’s hard to go into a bank seeking a loan if you don’t even know the true financial status of your company. If accounting is becoming too much of a chore, check out one of the newer cloud-based accounting apps that integrate with a lot of other tools you may already be using at your company.

If you can’t keep your current funds in order, your lender could have serious doubts about giving you more.

Having a large sum sitting in the bank could be tempting.

Having No End Game

Even if you’ve clearly demonstrated how you plan to spend the extra capital you’re seeking, a lender is going to be more inclined to approve that request if they’re confident the investment is going to a profitable effort.

In your loan application process, be sure to spell out how the loan will benefit your business and improve its financial standing. This will show you’re likely to be able to pay back the money you’re borrowing — and in a timely manner as well.

Applying for Another Credit Card

Just as it’s a bad idea to gain funding by putting a big expense on an exiting business credit card, it’s also poor judgment to apply for a second credit card in lieu of getting a loan.
Maxing out a single personal or business credit card to cover large business expenses is bad enough. Getting another card and doing the same will put your business in even more financial difficulty.

You should have a concise plan for the loan money you’re seeking.

Ignoring Alternative Lenders

Banks big and small are not the only sources of capital for small businesses these days. There’s a rise in the availability of small business capital from so-called alternative lenders, credit unions, and online lending sources.

There are a growing number of these sources and many target small businesses specifically. Of course, you will want to thoroughly check their reputations and the terms of the loans they are offering before saying yes.
Your credit rating plays an important role when you are trying to secure funds for your small business. It’s therefore always a good idea to check and repair your credit to boost your chances of getting funds.

To access information that creditors use to assess your credit, you need to pay a nominal fee. In addition to the basic information, you’ll find factors that work against your credit score.

Here’s all the information that will help you check and fix a negative credit score to understand what business lenders are looking for.

**Check Dun & Bradstreet Business Credit Scores**

Dun & Bradstreet uses a PAYDEX score to measure a company’s risk. The score is based on payment data either reported to data gathering companies that partner with the bureau or reported directly to the bureau. In addition to this data, Dun & Bradstreet
Dun & Bradstreet uses a financial stress score and a credit score to recommend how much credit a lender should offer you.

Use Experian

Experian is one of the leading sources of business credit. To help businesses easily obtain their credit score, Experian offers a product called Credit Score report. By accessing this report, you can monitor the health of your business credit and get change alerts.

Unlike other indexes, Credit Score takes multiple factors into account to provide a more comprehensive analysis of your credit.

Understand the FICO SBSS Score

The FICO SBSS, or Fair Isaac Corporation’s Small Business Scoring Service score, has become a key factor in small business funding. Not many small business owners, however, understand what it means and its implications on borrowing.

The FICO SBSS Score is widely used by banks and even alternative lenders. It’s a three-digit number that measures how likely your business is to repay loans. It provides lenders with an efficient, systematized and unbiased measurement of a borrower’s ability to pay.

It’s important to note that the FICO SBSS Score draws information from your personal as well as your business’ financials, which makes it a more comprehensive system.

It’s also quite important to remember that when you apply for an SBA 7(a) loan, you’ll need a FICO SBSS score of at least 140. Otherwise your lender might not even submit your application.

Once you have checked your credit score, you should focus on understanding how to repair credit to apply for a small business loan. The first step is to understand what credit inquiries are and how they impact borrowing.

To help businesses easily obtain their credit score, Experian offers a product called Credit Score report.

Learn About Hard Credit Inquiries

Hard inquiries happen when a prospective lender checks your credit report to determine whether or not you are a creditworthy customer. Hard pulls are serious inquiries that are made in advance of lending you a line of credit or loan.

You should note that a hard inquiry becomes part of your credit report, which means anyone who does a hard or soft pull will be able to see the inquiry.
Learn About Soft Credit Inquiries
A soft credit pull does not impact your credit score. If you have ever received a credit card offer in your mail, it's possible that the company did a soft inquiry to check if you qualify for the card.

Soft pulls occur quite often, but since they do not affect your credit score you need not be too worried about them.

Now that you have a fair understanding of how you can check your credit score, let’s explore how you can fix credit.

The process of credit repair should begin with getting a copy of your business credit report. The report will provide a review of your business credit history and score. Thereafter, you must follow these credit repair steps.

Limit Your Credit Usage
A major factor that affects your credit score is the amount of money you owe to the banks and other lenders. A common metric used to measure your company’s financial leverage is the debt-to-equity ratio. Another metric is credit utilization, which is concerned with available credit in relation to debt. You must focus on keeping your credit utilization below 30 percent.

When you apply for an SBA 7(a) loan, you’ll need a FICO SBSS score of at least 140.

Don’t Neglect Your Personal Credit Score
Small business lenders like Experian take your personal credit score into account while evaluating your business. It’s therefore important for you to use a credit score analyzer tool to understand how lenders view your personal worthiness.

Monitor Your Credit Score Regularly
To access small business startup loans more easily, you should check your score. Keeping an eye on your score can help you avoid errors and inaccuracies and maintain a good record.

Shubhomita Bose
Staff Writer
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Exciting Travel Offers

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Securing funds to either start or grow a business was once every entrepreneur’s worst nightmare. In the past, big banks and credit unions often rejected loan applications, leaving business owners with the only option of borrowing from friends and family or borrowing against receivables.

A lot has, of course, changed mainly because business owners today have more options than before. Alternative lenders and institutional investors have made it easier for entrepreneurs to access funds and grow.

For a small business owner, it pays to understand how institutional lenders and alternative lenders differ and the best options available to get funds.

**Alternative Lenders**

Alternative lending took off during the 2008 financial crisis when big banks backed out of small business funding. At that time, online lenders stepped in to fill the vacuum and assist small businesses. They created web-based lending platforms that facilitated a faster loan application process and provided the much-needed respite to small businesses.
Today, alternative lenders are the new normal for small businesses looking for funds to meet their financing needs. Some of the well-known alternative lenders include Kabbage, OnDeck and CAN Capital.

There are four main types of alternative lending options available to small businesses. These are:

A **line of credit** that provides access to a set amount of cash that’s mostly used to meet short-term financing needs.

A **term loan** that allows business owners to borrow and repay the loan amount in about four or five years.

**Invoice factoring** that helps businesses deal with unpaid invoices.

**Merchant cash advances** that help businesses get an advance on future credit card or debit card sales.

**Pros and Cons of Alternative Lending**

Alternative lending is a good option when you are looking for funds to address an urgent business need. To give an example, if there is a plumbing issue that needs to be fixed immediately, you can use alternative lending options to secure funds in no time.

Another big advantage of alternative sources of financing for small business is simplicity. Unlike big banks, alternative lenders require fewer documents to process loan requests. That’s because for the alternative lenders, the main focus is whether you have the cash flow to repay the loan.

Alternative lenders also offer longer-term loans to invest in your growth. For example, if you want to recruit more workers or open a new store, you can opt for alternative lending options.

For all the benefits associated with alternative lending options, it’s important for businesses to know that the interest rates are extremely high. Most alternative lenders offer business loans with double-digit, sometimes even triple-digit, rates. For a small business owner, such steep rates are not always the best option.

Armed with enough information and insight, you can secure funds without borrowing from your IRA or approaching banks.

**Institutional Lenders**

Institutional lenders refer to hedge funds, family funds, insurance companies and other non-bank institutions. These lenders have slowly but steadily emerged as important players in the small business credit marketplace. Some of the well-known institutional lenders include StreetShares, Funding Circle and Kickfurther.

An increasing number of small businesses are opting for institutional lending options because approval rates are high. Institutional lenders are, in fact, surpassing alternative lenders, including merchant cash advance companies and other non-bank finance companies.

In July last year, institutional lenders approved 61.7 percent of small business loans, up from 61.4 percent in June.

**Pros and Cons of Institutional Lending**

Because institutional lenders invest heavily in technology, they act promptly and approve loans faster than alternative lenders and big banks.
“These pools of money have never been available for small businesses,” Biz2Credit CEO and co-founder Rohit Arora tells Time.com.

For new entrepreneurs, institutional lending is a feasible option because the interest rates are considerably low. That’s because institutional lenders usually have access to a comprehensive profile of businesses that approach them for loans.

Moreover, institutional lenders don’t ask for any specific collateral to approve loans. They mostly require a personal guarantee and may place a lien on your business assets.

On the flip side however, institutional lenders place some very specific requirements to qualify for loan approvals. Further, these loans have typical terms of 1-5 years or even a shorter span. This means they are not ideal for businesses looking for big investments.

How to Seek Small Business Loans from Alternative and Institutional Lenders

To qualify for a loan or small business line of credit, it’s always advisable to know the right way to go about it.

While it is true that your chances of getting approved by an institutional or alternative lender are greater than big banks, it’s important to make note of a few things to ensure you qualify.

To begin with, you should know that unlike traditional lenders, alternative and institutional lenders depend on technology to determine whether or not you can repay the loan amount. They use sophisticated software tools and data metrics, including social media interactions to assess businesses.

If you have just started out, you probably won’t qualify for a big loan. Conversely, if your business is up and running and you can show a good track record of revenue performance, you will find it easier to secure funds.

What’s worth noting is that you need a good business plan in place to increase your chances of qualifying for a loan. It’s also advisable to know which lender is your best option before you approach them. For example, Kickfurther is ideal for small businesses looking for inventory financing. There are similar lenders who specialize in real estate business, purchase order financing and other kinds of small business loans.

It’s important to maintain a good credit score because most alternative and institutional lenders carry out credit checks to ascertain a customer’s credit worthiness.

Another good option for small businesses is to consider collaborative lending opportunities. Banks like JP Morgan Chase are partnering with alternative lenders to offer loans customized to the needs of business owners. In certain instances, such options would make more business sense.

Armed with enough information and insight, you can easily secure funds without borrowing from your IRA or approaching big banks and community banks.

Shubhomita Bose
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What is Purchase Order Financing and is It Right for Your Business?

You just got a big order but your inventory of supplies is down. No need to worry about losing the business. Purchase order financing can set you up with the supplies and inventory you’ll need to start that new job. Small Business Trends interviewed Taylor Haddix, Funding Specialist at Segway Financial, LLC, to learn more about this financial tool.

“How Purchase order financing works in hand with AR factoring. It’s a way to obtain funding for your business to start a job or purchase goods,” he said. Coupling these products together actually lowers the cost of the transaction because you can pay off the amount owed on the purchase order faster.

How It Works

A print shop might receive an order to complete a job. The business might not have the funds on hand to buy the bulk paper needed. The print shop gets a purchase order from a funding company. At that point the funding company can go to its paper supplier to get the inventory so the job can start.
“With that purchase order in hand, they can go to a purchase order funding company with the AR factoring included,” Haddix says. There they tell these funding companies about their plans to invoice for the work and what that entails. Essentially, you are presenting a note that says the company that placed the initial order owes you in the future.

**Different Scenarios**

Purchase order financing comes in handy in a variety of different scenarios. Say the company orders from your small business on a regular basis and you’ve just completed three big orders. You may have run out of raw materials but your client wants more finished product and places another large order. This financial tool allows your business to carry on seamlessly. Purchase order financing companies are all unique. Haddix says each one will have unique requirements.

“There are ones that specialize in smaller higher risk invoices and there are ones that will only do Fortune 100 invoices.”

“Purchase order financing works in hand with AR factoring. It’s a way to obtain funding for your business to start a job or purchase goods.”

**Underwriting Criteria**

The underwriting criteria might have some wiggle room. However, there are some base lines you’ll need to meet as a small business. Lenders don’t want to see a negative credit history or bankruptcies on file for the company whose invoice they are buying. The pricing charged by these companies is often based on the profit margin for the project.

The first step in the process involves a purchase order financing company reviewing the economics to make sure everything is in order. The company can then pay the supplier who you are buying the raw goods from directly.

Lenders don’t want to see a negative credit history or bankruptcies on file for the company whose invoice they are buying.

**Invoice as Usual**

“Once that payment is received, the supplier will deliver those goods,” Haddix says. After these raw materials are turned into finished product and sold to the initial client, the small business can invoice as usual. The fee for using the purchase order funding company is covered in the invoice to the customer that made the order.

Haddix says it’s important to have the right numbers to take on purchase order financing.

“This could actually be a losing proposition with thin margins,” he says. “Typically, that’s a 20 percent gross margin so the transaction makes sense.”

One of the big advantages here to small business is you don’t need to turn away large orders.
It makes shrewd business sense to build an emergency fund, cash put aside for a rainy day. Businesses that fail to have a ‘safety net’, a sum of money kept aside to pay for unexpected expenses, can find themselves in a whole host of trouble.

When working on a tight financial leash, for many businesses, creating an emergency fund can be easier said than done. The good news is, with a little astuteness and know-how, businesses can save for an emergency fund without really noticing.

Here are 20 tips to building your company’s emergency funds:

**Got a Tax Refund? Save Instead of Spending It!**

Having a tax refund arrive through your letter box is always a nice surprise. And surprise is the operative word here, as instead of going out and spending this refund you didn’t expect, make it the first instalment in your business emergency fund.
Spare Change? Put It Into a Savings Tin

It might be a lucrative way to encourage children to save up, but you may be surprised at just how much your company could save by tossing spare change into a saving tin.

When mapping out a business plan, include plans and objectives for emergency funds.

Cut Back on Business Trips

Is that business trip to New Orleans really necessary? Or could the meeting be conducted remotely via teleconferencing software?

Take stock of how much your company is spending on business trips, and ask yourself which trips are absolutely essential, and where savings can be made. Use the money you save on cutting back on business trip expenses to put into an emergency fund.

Save When the Going Is Good

Is your business seasonal? If so, and you take in higher profits during particularly times of the year, seize the opportunity to use the high profit months to put money into emergency funds.

Keep It Separate

When emergency funds are simply placed into a normal business account, the urge to spend it can be all too tempting. Instead, keep emergency funds separate from other business bank accounts, so you can keep tabs on exactly how much you’ve got saved in emergency funds, and will resist the urge to spend it.

Be Realistic

If you’re a small business, a start-up, or even an established business with a tight cash flow, set realistic goals for emergency fund savings.

Putting too much away for a rainy day might put financial strain on your business. Set realistic goals, start off slow and gradually build up your emergency funds.

Make Emergency Funds Part of Your Business Plan

Statistics show that an alarming number of small businesses don’t have a business plan in place. Business plans are vital in conveying organizational structure, and setting goals, operational milestones and targets.

When mapping out a business plan, include plans and objectives for emergency funds. Putting such funds into an official business plan will mean you are more likely to stick to emergency fund objectives.

Use a Direct Debit

With ease-of-use and without having to worry about making late payments, direct debits come with many advantages to businesses. With clear knowledge of your regular income, direct debits can help improve business cash flow.

Use the ease and convenience of direct debits to help save for an emergency fund. Set up a direct debit to pay into the fund each month. Again, be sensible and realistic about how much you pay in so the fund doesn’t infringe too heavily on your business’s cash flow.

Only Use It for Emergencies!

It might sound obvious, but don’t be tempted to ‘break into’ emergency funds to pay for services and products that, quite simply, aren’t...
emergencies. Map out what you consider emergencies to be and only use the fund if such emergencies arise.

**Put the Fund Somewhere It Can Gain Interest**

You shouldn’t lock emergency funds away, as you could find yourself in an ironic position where an emergency has occurred and you can’t get to your emergency funds! That said, all savings should ideally be placed where they can generate some interest to help them grow.

Do your homework and look around for instant access savings accounts offering the highest levels of interest.

**Motivate Yourself and Your Team About Saving Goals and Reaching Milestones**

Motivate yourself in a similar way you would when making personal financial savings. When you reach a business emergency fund goal or milestone, give yourself and your team a treat, preferably one that doesn’t cost any money, such as a dress down day!

**Cut Back on Outsourcing Expenses**

Outsourcing business tasks such as marketing and bookkeeping comes with both advantages and disadvantages. Outsourcing might save your business time but, at the same time, it will cost you.

Re-evaluate your outsourcing expenses and see if there could be cutbacks you could make. With the savings you make by tightening the financial leash on outsourcing, put the money into your emergency funds.

**Limit Other Business Expenses**

Of course, business trips and outsourcing are not the only expenses businesses can be a tad lavish with. Assess your business expenditure and see where additional savings can be made and put into emergency funds – Is today’s business lunch at a local restaurant really needed, for example?

**Steer Clear of Impulse Buying**

Resist the urge to spend money on a whim. Every dollar saved or not spent, is a dollar into your emergency fund account.

**Consider Your Emergency Fund As a Non-Negotiable Expense**

Be serious about saving for a rainy day by treating emergency funds as non-negotiable expenses.

**Work With Your Financial Advisor**

During the next meeting with your financial advisor, bring the subject of emergency funds up. Let your financial advisor offer support and advice on how to structure your emergency fund savings.

**Putting too much away for a rainy day might put financial strain on your business.**

**Make Use of Budgeting Tools**

Keep on top of your business finances, including emergency funds, by taking advantage of budgeting and bookkeeping software, tools and apps.
Generate Extra Cash

If you’re struggling to find the money to put into an emergency fund, go that extra mile to generate additional cash. From recruiting another member in the sales team or introducing an additional product, generating an additional business income will soon help the dollars mount up in your emergency fund.

Introduce a Savings’ Competition at Work

Motivate employees to reducing expenditures by establishing a monthly competition, which offers prizes to the biggest savers.

Create a More Competitive Climate

As well as encouraging members of staff to making greater savings where possible, craft a greater sense of competition at work. Rouse sales teams by setting sales targets and giving away prizes to the person with the highest number of sales at the end of each month.

Put the additional income both saved and earned into your soon-to-be flourishing emergency fund account.

Gabrielle Pickard Whitehead
Staff Writer
GabsP78
The Difference Between Loans, Cash Advances and Factoring

Getting the right financial product for your small business is important. However, entrepreneurs should be careful about which small business financing options they choose. Some make more sense for your company than others. Small Business Trends talked with Hanna Kassis an expert at Segway Financial about how to differentiate between loans, cash advances and factoring.

“The biggest difference is cash advances and factoring are not loans, although sometimes they’re disguised as loans,” Kassis says. The trick for small business owners is in understanding how to pick the financial product that works to make their situation better. Choosing the wrong path can lead to deeper financial issues if your small business is in some trouble to begin with.

There are some fundamental differences.
Small Business Loans and FICO

Small business loans report to the credit bureaus about the credit of the business and not the owners. These are generally the way to go when you’re looking to make a long term investment in your business.

A good FICO score is required. All your company assets can be used as collateral and funding usually takes about 3-7 days. Use these when you’re on a stable footing financially and looking to grow or expand. Small business loans are a great way to replace outdated machinery and even build a new wing.

Miss a payment on one of these and it gets reported on your business credit. With the other two types, that kind of slip up gets reported on your personal credit.

Merchant Cash Advances and Factoring: For a Different Set of Business Needs

These other products have a different set of requirements. A merchant cash advance is a good product for an emergency financial situation. Factoring is the right tool to match income and expenses. With the merchant cash advance, cash flow history is required but your small business doesn’t need to supply any collateral.

Factoring, on the other hand, requires actual invoices and those receivables and invoices are used as collateral.

Kassis notes another difference between the two products.

“Companies that qualify for factoring are typically B2B under unfavourable terms,” He says. “That delayed payment could be a result of the seller offering it to get business or the vendor offering it because they’re spending enough money they can dictate the terms of the deal.”

Say you’re selling bolts to a manufacturer. They’re buying in volume and keeping you busy, but not paying for terms of 30, 90 or ninety days. Factoring can help you over temporary cash crunches. These products generally take about 2-5 days to process.

“Businesses with invoices will qualify for factoring, cash advances or a loan. Businesses that don’t invoice can only get a cash advance or a loan.”
Sending Invoices

If you send invoices, you have a wider range of options. Those choices are limited for enterprises like grocery stores that accept cash up front.

“Businesses with invoices will qualify for factoring, cash advances or a loan,” Kassis says. “Businesses that don’t invoice can only get a cash advance or a loan.”

Cash advances are the quickest solution to get but you need to be careful when you make a decision to go after one of these. There is no collateral needed here and the time to fund is quick at 1-3 days. However, Kassis is clear small business needs to take a good look at why they’d need this type of money before they act.

“The cash advance is the catch-all. With about $10,000 a month from any source, you can probably get one of these products.”

Cash Advance Catch-all

However, there’s a big caveat to this catch-all. Kassis explains this is a great product for seasonal businesses and restaurants in tourist areas. Both of these small businesses might need some cash ahead of their busy season. He’s clear, however, a cash advance won’t stop a downward business slide.

“If you’re struggling, a cash advance will put you out of business,” he says.
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8 Steps to Avoid Cash Flow Problems at Your Small Business

Inadequate cash flow can cripple a small business. In fact, research shows that the insufficient management of cash flow can be pinned on as much as 82 percent of small business and start-up failure. If you run a small business and are experiencing problems with cash flow, take a look at the advice of Fred Parrish.

Parrish is founder and chief executive officer of The Profit Experts and creator of The Profit Beacon, a new app that provides predictive analytics to help businesses make timely and smart decisions. Parrish is also author of “The Profit Mentality”.

Parrish, aka “America’s Small Business CFO”, provided Small Business Trends the following tips on avoiding cash flow problems at your small business.
Do Appropriate Planning, Constantly

According to Parrish, the real key to avoiding a cash flow crisis is to do the appropriate planning on a constant basis.

“To accomplish this, you as the business owner/manager must look at the profit and loss (P&L) and any other non-operational items (or circumstances) that specifically affect cash flow,” Parrish advises.

“You, as the business owner, must look at the profit and loss and any other items that specifically affect cash flow,”

Take the Appropriate Steps to Manage Profit and Loss

Small business owners must take the appropriate steps to manage profit and loss. This includes, says Parrish, being “realistic about upcoming revenue opportunities and the timing of when they will be realized.”

Part of a solid profit and loss management strategy should include performing an analysis of all costs (direct and indirect) and how they are driven by revenue or other activity in the business.

According to Parrish, the “appropriate staffing level for the different stages of the company should also be determined” to help small businesses manage profit and loss adequately and help prevent running into cash flow problems.

A monthly forecast for at least one year should also be developed says Parrish, “starting with the line items in accounting reports.”

Create a Forecast for Future Cash Streams

Parrish also advises small business owners to create a forecast of future cash stream, “preferably weekly.”

“Developing an understanding about when revenues can be collected” is part of a comprehensive and effective cash flow, he says.

Think About the Timing of All Operational Cash Payments

Are you always aware of the timing cash disbursements will be made? It is wise for small business owners to, as Parrish says, “determine the timing of all operational cash disbursements.

Other disbursements should also be identified, such as owner distributions, principal payments on debt and capital expenditures.

Parrish advises small business owners to subtract the disbursements from the receipts to determine cash balances for each future period.

“Update the information as conditions change in the business or the market that will influence the outcomes to maintain a realistic view of the future,” he told Small Business Trends.

Carry Out a Comparative Analysis

According to Parrish, small businesses must do a comparative analysis (compare the actual results to the forecast) to determine where the company is not performing as expected, in order to gain a better understanding about what actions should be taken to ensure an optimal outcome.
Parrish warns that: “No forecast is perfect and you can always come back to adjust any items that look to be incorrect. This will not be as painful as it sounds. Start with what information you have and refine the process over time.”

Focus on Proactive Planning

The veteran CFO and author also told Small Business Trends that proactive planning is the key to avoiding a cash flow crisis and the symptoms or warning signs.

According to Parrish, small businesses can avert running into a cash flow crisis by proactive planning and avoiding the following:

“Develop an understanding about when revenues can be collected.”

Cash Discounts Being Missed

The returns on cash discounts far exceed most returns on any other use of cash.

Vendors Being Stretched Beyond Normal Payment Terms

Parrish warns small business owners: “If this situation is allowed to persist for too long it will irreparably damage these relationships and could impede the business from acquiring the necessary items to operate.”

Late Fees Being Incurred on Lease Payments or Trade Accounts

“In a similar way as cash discounts, the effect of these penalties can far exceed the normal costs of traditional financing arrangements,” says Parrish.

Age of Your Accounts Receivables Increasing or Increased Difficulty in Collecting Accounts

Unfortunately, most managers do not attempt to manage A/R with more than a passing thought until there is a problem with cash or a question arises regarding the validity of the recorded balances, Parrish says.

“You must have a sustained effort to manage A/R in place at all times. Uncover any issues that impair the ability to collect all amounts billed and develop a plan for working through each to a successful conclusion,” says Parrish.

He says this plan should include:

- Billing promptly and as often as possible.
- Collecting all payments as and when due.
- Eliminating all barriers to payment at the outset.
- Providing all documentation necessary to facilitate payment at the beginning of the process.
- Aggressively following up on overdue invoices.
- Not working only the old accounts. (If you focus only on the older accounts, you ensure that you will always have older accounts. Working the more current accounts allows you to collect them before they become old.)
- Staying on top of the situation.

Parrish advises all small business owners ask themselves:

“Who would you pay first — a vendor who is sending invoices on a consistent schedule with full supporting documentation who is very diligent in contacting you to determine...”
the status of a timely payment, or a company that sends invoices from time to time with little explanation and no follow up?”

“No forecast is perfect. Come back to adjust. Start with what information you have and refine the process.”

Increase Scrutiny of Operating Expenses

There are numerous reasons why a business owner will incur debt. Most are perfectly valid. However, there are times when business owners will take on debt in the hope that it will buy enough time to repair a damaged business or to prop up an inability to gain revenue traction in a particular market.

To avoid this, Parrish advises:

“Increase scrutiny of operating expenses, liquidation of under-performing assets or outdated inventory, and carry out an unbiased evaluation of staffing requirements”.

Avoid Filing Delays in Deposits of Payroll or Other Taxes

Parrish says filing delays in deposits of payroll and other taxes should be avoided at all costs.

“The penalties can be severe,” he says. “Once this path is taken, it’s a dangerous slippery slope.”

Are you a small business owner who has successfully overcome cash flow problems? Is so, share your experiences of running into, avoiding and overcoming issues related to small business cash flow.

Gabrielle Pickard Whitehead
Staff Writer
GabsP78

DOWNLOAD NOW
Crowdfunding is becoming a huge opportunity for businesses to get off the ground. But some businesses that are just getting started with crowdfunding might not know how to market their offerings just yet. That’s where Agency 2.0 comes in.

Agency 2.0 focuses on marketing specifically for crowdfunding campaigns and businesses. You can read more about the company below in this week’s Small Business Spotlight.

What the Business Does
Provides marketing services for crowdfunding campaigns.

Christopher Olenik, founder and CEO of Agency 2.0 told Small Business Trends, “We are a crowdfunding marketing agency that specializes in creating, designing and accelerating campaigns for consumer hardware products through Kickstarter and Indiegogo.”

Business Niche
Specializing in crowdfunding.

Olenik says, “As the industry’s first marketing agency, we have raised $30 million across our crowdfunding campaigns. More than 10 of the fully managed campaigns that we have launched have raised over $1 million, including the campaigns we ran for the No. 1 ebike, drone, charger and phone case crowdfunding campaigns of all time.”
How the Business Got Started
Thanks to a documentary film.

Olenik says, “I was working as a marketing consultant for a documentary film on Kickstarter called The Jay DeMerit Story. The film raised over $200,000, which was a record for Kickstarter back in 2010. Since then, I have worked with startups to optimize their funding on crowdfunding campaigns as the “go-to” kickstarter marketing guy.”

Biggest Win
Promoting ebikes.

Olenik says, “We created and managed the Sondors ebike campaign that raised over $6 million on Indiegogo back in 2015. The campaign opened the door to the ebike market and changed the industry. Ebikes gained popularity in key urban markets such as San Francisco, New York City and Boston, where cheap, portable means of transportation were in high demand. The new battery technology is improving efficiency and power, supporting the development of these ebikes and their high adoption rates.”

Biggest Risk
Investing in team growth.

Olenik says, “We invested heavily in our staff and team to improve our client services. While our services are in high demand, we believed customer service would continue to grow our client referrals. As a small business in Los Angeles with no debt, we invested cash into a great team in order to handle more volume while also keeping our quality of service and results high.”

How They’d Spend an Extra $100,000
Expanding the team to take on more clients.

Olenik explains, “Each month, we are maxed out on the clients we take on, given the current resources we have in place to effectively market their products on Kickstarter. We currently operate with this client base in mind in order to make sure we deliver quality and performance-based results and not just take on volume for more money. For us, it is imperative that we are able to deliver and keep our high track record of success.”

Company Mascots
A pair of fish.

Olenik says, “We have two pet clown fish in our office named kicks and gogo after the two platforms we work with, Kickstarter and Indiegogo.”

Annie Pilon
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A Small Attempt to Do Something Bigger

I was listening to the news one day and the phrase “part of a larger effort” popped out at me and I had to figure out a way to play with it.

There were a lot of low hanging fruit jokes at first (larger fonts, very tall person in meeting, giant presentation or meeting room ...). But it hit me later that this cartoon was actually very simple: Larger effort? Bigger thing.

It’s a quiet cartoon that’s not a big belly laugh, but it makes me happy to play with language like this.

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