

Webinar sponsored by:

Hosted by **SCORE**  | Northeast New Jersey



Funding Options for Small Businesses

ED TRUCIL, VP, BUSINESS BANKING OFFICER, LAKELAND BANK

Thank You To Our Sponsor



- Lakeland Bank has \$10 billion in total assets and an extensive branch network and commercial lending centers throughout New Jersey and Highland Mills, N.Y.
- Business services include commercial loans and lines of credit, commercial real estate loans, healthcare services loans, asset based lending, equipment financing, small business loans and lines, and treasury management solutions.
- Consumer services include online and mobile banking, home equity loans and lines, mortgage options, insurance lines of credit and wealth management solutions.
- Lakeland Bank is recognized as New Jersey's #1 Best-In-State Bank by Forbes and Statista, rated a 5-Star Bank by Bauer Financial, and named one of New Jersey's 50 Fastest Growing Companies by NJBI.
- For more information visit www.lakelandbank.com

About SCORE

As a resource partner of the SBA, we help small businesses by:



Providing free business advice and mentoring



Offering low or no-cost business training



Sharing free business templates and resources

Request a SCORE mentor at www.score.org/find-mentor

Your Presenter



Ed Trucil, Lakeland Bank

Ed is VP, Business Banking Officer based in Hackensack, N.J. Ed brings over 35 years of financial services experience to Lakeland Bank. His prior experience includes merchant services, business banking and commercial lending.

Agenda

- Introduction
- Conventional Financing
- Alternative Financing
- Determining the Right Product
- Q&A

Introduction

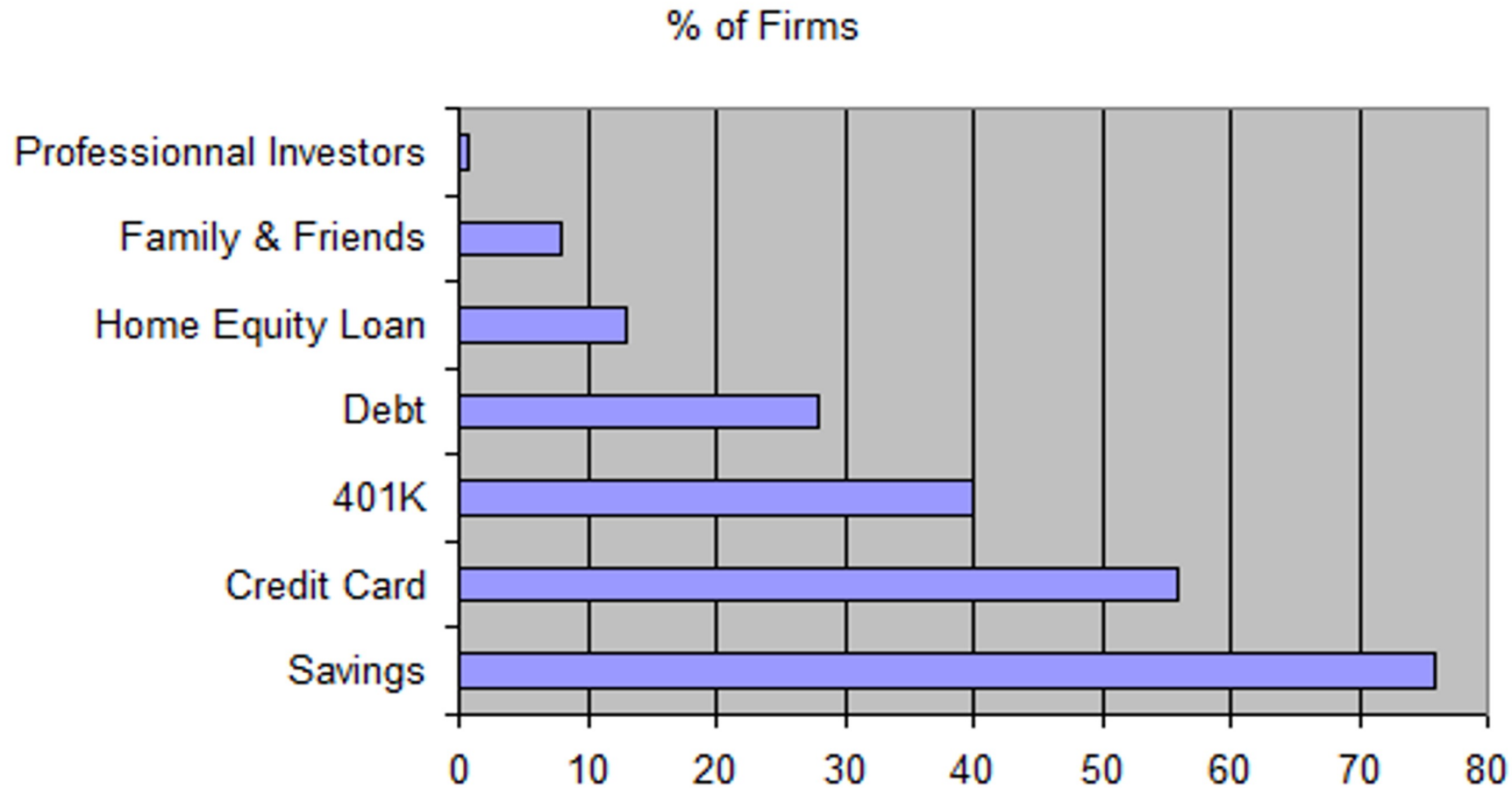
Finding a Loan is Time Consuming!!



Before You Start Your Search

- ✓ What types of financing can I qualify for?
- ✓ Which of those is the best fit for my business?
- ✓ How much do I really need?
- ✓ Do I have all the information I'll need

Sources of Capital



Source: PartnerUp 2009 – based on responses from 480 early stage startups

Types of Loans – Term Loan

- Hard Goods - equipment, real estate
- Payable in a fixed number of equal payment over the term of the loan
- Only drawn once (may be staged)
- Up to 5 years, 20-25 years with SBA Guarantee
- Interest and principal
- Fully amortizing or balloon

Types of Loans - Lines of Credit

- Operations - Payroll, receivables or inventory
- Money can be drawn, repaid, re-drawn
- Typically short term 1- 2 years
- Interest only, principal due at maturity
- May involve a borrowing base (e. g. 80% of receivables)
- May require annual cleanup
- Minimizes cost, but refinancing risk

Purpose of Loan

- Purpose of loan affects
 - Lender selection
 - Type of loan
 - SBA eligibility
 - Maturity
 - Loan to value



Conventional Financing Options

Conventional Lenders

- Commercial Banks
- Credit Unions – member owned financial cooperatives
- Community Development Financial Institutions
- SBA Guarantees



Community Development Lenders

- Can make start-up loans
- Can accept lower credit scores (including 550-650)
- Can accept less equity
- May lend greater % of collateral value
- May have revolving credit
- Special programs - women, minorities, veterans
- Look for job creation (e.g. 1 job/\$35,000)
- May require other source of income



DREAM IT. FUND IT.
Launching Entrepreneurs for Over 20 Years

Asset-Backed Loans

- Asset is the collateral
- Easy to obtain
- Down payment of only 10-20%
- Manufacturer, Vendor, Dealer, Bank, CDFI
- Land, buildings, vehicles, equipment
- Up to 25 years, but less than useful life of asset



Equipment



Vehicles



Real Estate

Loan Proposal Should Include

- Business plan
- Purpose of the loan
- History of the business
- Financial statements for three years (existing businesses)
- Amount of investment in the business by the owners
- Projections of income, expenses and cash flow
- Personal resume(s)
- Personal financial statements for all $\geq 20\%$ owners

SBA Loan Programs

Microloan

- Up to \$50,000; average is \$13,000
- Based on credit score, Business Plan
- Maximum term 6 years
- Interest rates 8 – 13%
- Collateral
- Personal guarantees

7(a) Loan

- Typically up to 10 years for Working Capital and Equipment
- Up to 25 years for Real Estate

CDC / 504 Loan

- Microloan
- Real estate, equipment
- Furniture & fixtures
- 10, 20 or 25 years
- CDC portion fixed rate
- Job Creation (1/\$75K)

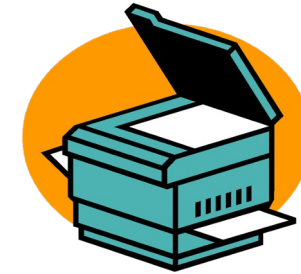
Suppliers

- Inventory and materials providers
- Often offer credit terms, 30-60-90 days
- Opportunity to sell before payment due
- May not be available to startups
- Consider consignment



Leasing

- Pay monthly for right to use
- Sometimes no down-payment
- land, buildings, vehicles, equipment
- Landlord, equipment vendor, leasing co., bank
- Negotiable terms
- Tax advantages



Office Equipment



Furniture & Fixtures



Storefront

Online Business Loans

 ondeck

 Kabbage

 SWIFT CAPITAL

 Funding Circle

 FOUNDATION

 LendingClub

 ApplePie
CAPITAL

 Funding Wonder™

 STREET SHARES™

 smartbiz

Determining the Right Product

Capital Needs and Other Considerations



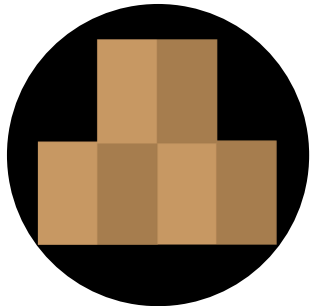
Hiring



Marketing



Open new locations



Buy inventory



Purchase equipment



Cash flow management



New business idea

Amount

Duration

Return

Cash flow

Sample Financing Scenarios

Financing Need	Loan Amount	Funding Source
Open a new franchise location	\$300,000	Personal Resources Friends and Family Collateral-backed Commercial & SBA Loans
Develop new product	\$15,000	Personal Resources Friends and Family MicroLoans
Buy discounted inventory in 4 days	\$75,000	Lines of Credit Credit Cards
Manage cash flow during receivables gaps	\$23,000	Lines of Credit Credit Cards
Launch first marketing campaign	\$5,000	Personal Resources Friends and Family

Questions?

John Dalton
Mentor & Co-Chair Workshops
SCORE Northeast NJ
Cell 201-390-7670
Johnb.dalton@scorevolunteer.org

Edward Trucil
VP, Business Banking Officer
Lakeland Bank
Cell 201-230-8700
etrucil@lakelandbank.com

Helpful Links

- Find SCORE resources for small businesses at www.score.org/templates-resources
- Book an appointment with a SCORE mentor at www.score.org/find-mentor



**THANK YOU FOR YOUR
PARTICIPATION**



Funded in part through a cooperative agreement with the U.S. Small Business Administration.

All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA.