

Every small business owner may eventually face a cash flow problem. Even the most successful business may need a large lump sum of cash quickly for expansion or buying out a partner. Are you looking for working capital? Let's explore some of your options.

## **Ten Ways to Get Working Capital for Your Business**

1. Home Equity/Savings/401K
2. Relatives
3. Bank Loans/Lines of Credit
4. Secured Working Capital
5. Unsecured Working Capital
6. Accounts Receivable Factoring
7. P.O. Funding
8. Letters of Credit
9. Hard Money Loans
- 10. Credit Card Receivables**

Many entrepreneurs finance their start-ups with their own money, from savings, a 401k or a home equity loan. This is a great way to finance your start-up. The good thing about a home equity loan is that the lender rarely cares what you do with the loan funds and the interest is tax-deductible. Be very careful not to risk your family's home should things not work out as planned. Have a business plan and budget in place.

Asking friends and family for a business loan can be difficult, but they can be a great resource for funds. I recommend that you go to [www.circlelending.com](http://www.circlelending.com) and take advantage of their system for tracking the loan documentation. This will protect all involved in the transaction.

Bank loans and lines of credit are where most entrepreneurs start if they can't come up with the funding on their own. Statistics say banks turn down 92% of all loan requests. That's right, 92 out of 100 applications will be turned down for various reasons. Banks are not interested in your dream, they are interested in lending money to the lowest risk and most profitable venture they can. Call your banker and see what he can do for you. But don't be surprised when the answer is no. Be surprised when they say yes!

Secured loans require the applicant to have assets large enough to be used for collateral. This usually means real estate. You will also need a minimum of 575 FICO score and a loan to value (LTV) of about 75%. These loans are very time consuming and require much documentation and appraisals, and may take months before completion.

Unsecured loans are the most difficult type of business loan to get. They are also the most commonly requested. Your business will likely need the following qualifications; a personal credit score of 680+, 2 years in business, a minimum of 40% available revolving credit, and the financial capacity to pay back the debt. Takes 30-45 days to obtain the capital.

Accounts receivable factoring is when you sell your invoices to a finance company for a discount of the face value. Instead of waiting 30, 60 or 90 days to get paid, the finance company pays you upon delivery of the product or services and they wait to get paid. Often they will give you 70-80% of the value of the account upfront and then the remaining amount, minus the factoring fees, when your client pays the invoice. Factoring fees range from 2%-15%. Your personal credit score isn't a key factor when qualifying for this type of loan. The factoring company bases its lending decision on the company's credit that owes you money. Must be business to business debt only, no consumer debt.

Purchase order funding is the financing available for businesses with "non-cancelable orders" from established creditworthy customers. Letters of credit can be found primarily in the secondary market. Not easily obtained and usually for exceptionally large amounts of money.

Hard money loans are for those finding difficulty in other loan categories. In most cases, you will be giving up part of your business in exchange for funding, or you will pay high fees and interest rates on the money. Hard money loans are short term loans from 30 days to a year.

### **Introducing the Crown Financial Services Working Capital Program**

One of the least known business financing strategies for small business owners is possibly the best working capital solution for obtaining needed cash for their business.

Any business that accepts credit cards as a method of payment can receive lump sum cash advances against their future credit card sales. If your business has at least six months of documented credit card sales, you have a financial asset available and can qualify for funding up to \$300,000 per location. **This is a critical working capital solution that is often overlooked by small business owners.**

Even businesses that are prosperous frequently need more working capital. One of the least known business financing strategies for small businesses is potentially the very best strategy to obtain needed working capital quickly.

**The most likely candidates to benefit from this financing strategy are retail stores, restaurants, bars, service businesses, hospitality businesses, veterinarians, hair salons, plastic surgeons and ophthalmologists, just to name a few.**

This strategy is also known as (CCF) "credit card factoring". Small businesses should realize there are several potential problems facing them with traditional financing versus credit card factoring. Small businesses will benefit greatly from using credit card factoring to convert future cash flow into a lump sum capital advance. First of all you are not borrowing money using credit card factoring. You are not acquiring new debt. You are simply "selling" a portion of a future asset, your credit card receivables. Now let's compare this financing strategy with traditional bank loans.

## Credit Card Factoring versus bank financing:

### Bank Financing

1. Up front fee's
2. Closing costs
3. Financial statements required
4. Collateral required
5. Fixed term
6. Fixed payment amount
7. High credit scores
8. 2+ years in business to qualify
9. 12-24 months of credit card statements
10. Maximum cash advance \$50,000

### CCF

- No Upfront fee's
- No Closing cost
- No Financial statements required
- No Collateral required
- No Fixed term
- No Fixed payment amount
- Credit scores of 500+
- 6 months in business to qualify
- 6 months of credit card statements
- Maximum cash advance \$300,000

The business financing time period is also much shorter than a tradition bank loan. A credit card cash advance is typically from 5 months to 12 months in length. The initial funding can be made within 7-10 days of 1<sup>st</sup> contact. For businesses that desire to continue with a credit card cash program beyond the initial funding can easily get an additional lump sum cash advance (within 48 hours) once the initial advance has been completed.

Another advantage often overlooked when considering credit card factoring is a change in credit card processors. Our cash advance program enables you to receive lower credit card merchant rates. Yes, our processors will meet or beat your current processor. Usually we beat your current rates. Our cash advance program utilizes one of the lowest cost producers of credit card processing services in the United States. This often leads to a “surprise cost reduction” and improved cash flow.

Many traditional lenders have unofficially removed bars and restaurants from their short list of businesses they will not do business loans with. The reason is bars and restaurants have a high failure rate among all new businesses. Traditional mortgages for bars and restaurants will often involve special financing requirements for liquor licenses and FF&E. As a result this extra level of complexity discourages many traditional lenders from making loans to bar and restaurant owners.

I believe that one of the major contributing factors to bars and restaurants high failure rates is do directly to this inability to obtain traditional financing. Traditional lending sources typically turn away over 92% of all small business owners seeking financing.

**Cash flow is always an issue in business. Cash is king is an often heard quote but in the world of business, cash flow is the real king. Business owners can use this capital for buying out a partner, expansion, improvements, new equipment, advertising or on-going expenses and more!**

**Want more proof this is one of the very best working capital solutions?**

Let me start by asking you a key question: What is your current plan of obtaining emergency working capital? Have you given this any thought?

We can help you now to obtain emergency working capital in the future, and get it in 2 to 3 days. When was the last time you needed money fast? How quickly did you get it?

**Even if you do not need a lump sum of cash now, you never know what the future will bring.**

Let us put our credit card processing in place. We will meet or beat your current rates. You can then get future emergency funding in 48 hours. Now you have an actual, realistic emergency working capital plan in place. Makes sense, doesn't it.

For a free, no obligation consultation, call (702) 367-3281 and ask for Dan Ollman.

**Do it today!**