

# Accessing Capital

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# Part 1 – The Basics



# Conventional vs Developmental Lenders

## CONVENTIONAL LENDERS

- Profit motive - Shareholders
- Look for the best business
- Often use loan approval software
- Often approvals happen at 'HQ'
- They do have services small businesses need (e.g. chequing accounts, lines of credit)

## DEVELOPMENTAL LENDERS

- Mandated by government to help small businesses
- Usually approve loans locally
- Provide resources to help ensure business success
- Addressing different segments' needs – CFDC, FC, WEC, BDC

# Debt Finance vs Equity Investment

## DEBT FINANCE

- Capacity
- Capital
- Character/Credit
- Collateral/Security
- Business Viability
- Cash flow
- Management
- Repayment Plan to reduce debt
- Term and Amortization period
- No direct involvement in business

## EQUITY INVESTMENT

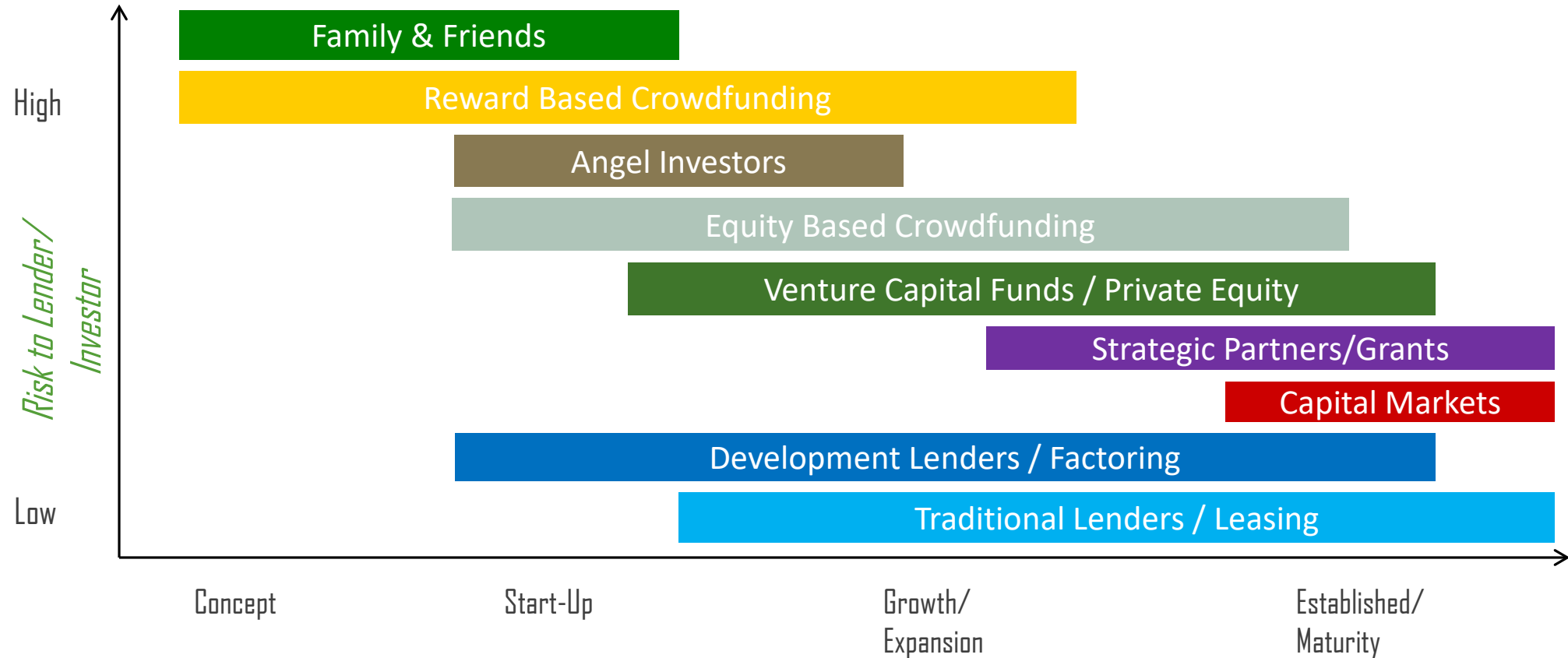
- Patience Capital
- Looking for Skin in the Game
- Management is Key
- Business Viability and Growth
- Expected ROI – Future returns in lieu of debt repayment
- Exit strategy
- May have direct involvement or input depending on share structure

# Before you look for financing

## YOU WILL NEED:

- A viable business plan that makes sense
- Realistic sales and cash flow projections
- An ability and timeline for repayment
- Loan security or guarantors
- The right team to carry it out
- An understand your credit rating – [equifax.ca](http://equifax.ca)

# What kind of financing?



# Part 2 – Get to know Community Futures



# What conventional lenders consider

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- Ability to repay
  - Competent management
  - Reasonable personal financial investment
  - Adequate security
  - Economic viability of the business



# What Community Futures consider

- Character – combination of your credit history, training, work history and credit score
- Capacity – the ability to take on and repay debt
- Conditions - the current political, environmental, social and technological issues facing the industry
- Capital – the need adequate capital to grow your business and weather unexpected emergencies
- Collateral – aiming for 1:1 security to loan, but will be creative & flexible in building security

# You may qualify with us...

## **EVEN IF YOU DON'T WITH A CONVENTIONAL LENDER**

**Conventional lenders may turn down a viable business if:**

- It's a start-up
- Equity investment below threshold
- Lack of collateral or personal net worth
- Unfavorable view of the industry
- Credit score and history don't meet requirements

**#WESAYYESWHEREOTHERSSAYNO**

# Community Futures Loans

## BUSINESS LOAN PRODUCT LINE-UP

- Loans normally up to \$150k for business start-up, purchase or expansion
- Loans over \$150k with BOD approval
- Syndicated loans available with multiple CF partner funds reaching 1M+; as well as FI partnered loans can also be negotiated
- Customized repayment plans to suit nature of the business
- ***Specialty Loans:***
  - **Entrepreneurs with Disabilities Fund** for business owners who are also managing ongoing health and disability issues
  - **Community Business Loan Fund** for aquaculture, manufacturing, eco/cultural tourism, innovative tech, clean & renewable energy, and export development loans

# One final word of advice...

- Don't wait until you're desperate for funds to reach out to an investor or lender
- It will look bad on you and on your business plan/cash flow projections
- And, you might not get the help you need...



# We're here to help!

## THANK YOU FOR YOUR TIME



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