

A stack of gold coins, with the tallest stack in the center and several shorter stacks in front of it, arranged in a semi-circle. The coins are highly reflective and have a textured surface.

Funding your business

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Learning Targets for Today

- Different Types of Funding
- The honesty of funding
- Funding that can be applicable to you
- How to take the next steps on the right pathway to funding



New Funding

- *"For newly founded businesses, where does funding generally come from?"*



Funding Types

Debt Lending

- Steady Growth
- Brick and Mortar
- Capital must be repaid (terms)
- Owners retain ownership



Venture Capital

- Highly Scalable
- Technology Sector
- Specific Start-ups
- Novel idea
- Bigger Applications
- Owners give up partial ownership



New funding continuum

Most Likely

- Personal Savings
- 401k
- Friends and Family

- Debt Lending

- Venture Capital

Least Likely



Forming a Plan

- Regardless of which pathway of funding you decide to take, you need to create a plan.
- This plan is called a business plan
- Business plans help detail your company's mission, aim, product, problem solution and more.





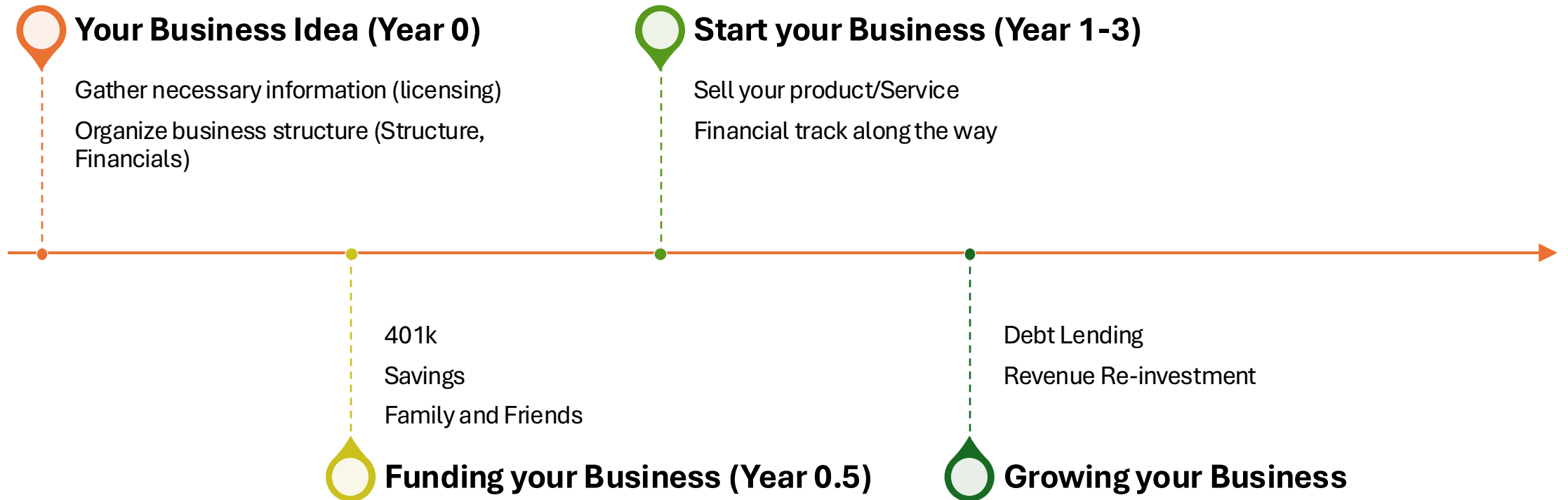
Free resources to start your plan

Organizations

- BBB Blueprint (Self-Guided)
- Small Business Development Center (SBDC)
- Great Phoenix SCORE
- Prestamos Womens Business Center



What does the debt lending timeline look like?





What Lenders look for

Before applying for a business loan, here are some general requirements a Lender may look for:

- Been in Business for 2 plus years
- Clients know how much capital they need
- Clients know what the capital is used for
- Positive business cash flows (verified by tax returns)
- Have some type of collateral
- Credit score
- Financial Statements (Profit and Loss, Balance Sheet)



Paired resources to my timeline

- Use the ACA's [Funding readiness resources](#) webpage for applicable resources
- If applicable, Technical Assistance may be provided

SMALL BUSINESSES WHO HAVE OPERATED 0 YEARS:

I AM THINKING ABOUT STARTING A NEW BUSINESS AND WANT GENERAL INFORMATION TO BEGIN.

The ACA has resources and partners that can help educate you on the general requirement of starting a business in Arizona:

- The ACA's [Small Business Checklist](#) is a free interactive checklist designed to provide Arizona business information (Licensing, Taxes, Business formation).
- [SCORE](#) Arizona offers no-cost mentors that share wisdom, expertise and knowledge to help you start your business.
- [BBB Blueprint](#) is a free, online course dedicated to help entrepreneurs develop their business. The course will cover ideation, value propositions, banking and sales, legal preparedness, branding, and web development.

SMALL BUSINESSES WHO HAVE OPERATED 0-1 YEARS:

I HAVE STARTED A BUSINESS AND WOULD LIKE HELP GROWING AND EXPANDING.

The ACA has resources and partners that can help you grow and expand a business in Arizona:

Funding Readiness Checklist

- Available on the previously mentioned Funding Resources
- A great guide on education and tracking your funding readiness prior to meeting a lender
- Covers most items needed for typical lending

Funding Readiness Worksheet

Directions: Use the document to assess how prepared you are with general loan documents. This document is not an indication that a loan will be approved. This guidance mirrors general documentation lenders often require.

Most lenders look at a borrower's credit score to determine credit history, utilization, accounts, and other relevant information.

Credit scores can be obtained for free, once a year from <https://www.annualcreditreport.com/index.action>, you need to have a general idea on what your credit score is prior to applying for a loan. Here is a video on [how to build and monitor your business credit score](#).

What is your Credit Score: _____

How long have you been in business (use official formation paperwork as official date). Most lenders require 2+ years in business.

Years in Business:

<1 year

2-3 years

>5 years

Most lending conversations start with how much and how the loan will be utilized.

How much capital are you seeking? \$ _____

While the businesses may have been in business for a few years, most lenders have a revenue requirement. How much gross income did the business make last tax year?

\$ _____

Lenders need to know how the funds will be utilized. Being ambiguous about this information can make lenders hesitant.

What will be using the funds for?

Start-Up

Working Capital

Expansion

Equipment

SSBCI Loan Guarantee Program

- For Socially and Economically Disadvantaged Individuals (SEDI) and Very Small Business (VSBs)
- Guarantees 50% of the loan in the event of default (for the lender)
- Not typically for Start-ups
- This incentivizes lenders to complete a loan that normally wouldn't be done traditionally due to:
 - i. Collateral Shortfall
 - ii. Low Credit Score
 - iii. Other common hinderances



What about grants?

- Grants are usually highly specific and are not aimed towards new businesses
- They require some input from the business
- They are very hard to secure
- Currently, grants favor the technology and innovation sector



Local Grant example

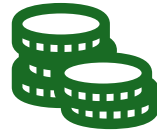
- City of [Buckeye Catalyst Program](#)
- Through the program property owners, businesses and investors can qualify for up to \$50,000 of reimbursable funding to support their development
- Clients need to meet the criteria, get approved, pay for renovations and get reimbursed
- Clients need to have funding to start those renovations
- Not free money



The least you need to know



Funding can be daunting, but not if you prepare for it



Learn about what different types of funding require



Lean on the professionals that can assist, most can be found at no cost



Funding usually starts with the owner, with lending options available after a few years



Grants are available but contain requirements not targeted towards new businesses

Questions?

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