

An aerial photograph of Alton Main Street, showing a row of historic brick buildings and a street filled with vintage cars. A semi-transparent orange rectangular box is overlaid on the left side of the image, containing white text. The text is arranged in two lines: the top line reads 'Sources of Capital' and the bottom line reads 'Mary Louise (ML) Helbig'.

Sources of Capital Mary Louise (ML) Helbig

Alton Main Street
March 21, 2022

Agenda



Your Capital Needs



Sources of Capital | Types & Considerations



Being Prepared & Understanding Your Commitments



Writing Your Business Plan



Helpful Resources



Your Business

- ✓ Business Stage
- ✓ Type of Business
- ✓ Use of Funds
- ✓ What's the Return or Upside?

Types of Capital

Debt capital is borrowed and in the form of short- and long-term loans which are repaid with interest.

Equity capital which does not require repayment and is raised by issuing stock.

Debt = Payment Obligations
Equity = Ownership Dilution

...& Other

Types of Capital – Debt

Small Business (ST) - quick turn around (same-day) up to about \$500,000 generally 1-3 years with interest rates as low as 8%.

SBA Loans (7a, 504, and Express) – up to \$5MM, long terms, and low interest, arduous application process & takes time to get the money.

Business Line of Credit – 1-3 days to process, \$5,000 to \$2,000,000, with rates around 6% and 1-5 year term. Must have 650 credit score, 2 years in business and \$180K annual revenue.

Merchant Cash Advance – borrow against receivables, will need to provide your past 4-6 months of bank statements/receivables, from \$5,000 to \$200,000, turnaround 24 hours, but interest rates start around 18%

Purchase of Receivable (Factoring) - The amounts vary, but you can often get up to 80% of your receivables. The money arrives in as little as 3 days, and the loan term can last up to a year. As for the factor rate, it's as low as 5%. Lender does collections!

“Equipment” Financing – up to \$5MM, 24-hour turnaround, rates as low as 7.5%, terms depends on type of equipment.

Credit Card (& Home Equity) – up to \$500,000 with interest rates from 8-24%. There's very little paperwork required compared to many loans, and the time to funds rarely exceeds 2 weeks.

LOAN	AMOUNT	INTEREST	TERM	TURNAROUND	REQUIREMENTS
Short Term	<\$500K	8%	1-3	24 hours	Garauntee/Credit Score
SBA (504, 7a & Express)	<\$5MM	low	TBD	month+	Lots of paperwork & time
Line of Credit	\$5K-\$2MM	6%	1-5	24 hours	CS 650+, 2 YR Operations, \$180K Min Inc
Cash Advance	\$5K-\$200K	18%	1	24 hours	4-6 Months Receivables
Factoring	80% AR	5%	1	3-5 days	they do Collections
Equipment	<\$5MM	7.5%	TBD	24 hours	Terms based on "Equipment"
Credit Card	<\$500K	8%-24%	TBD	2 weeks	Little paperwork, credit based

NOTE: Table is for discussion purposes only, verify current terms and requirements with sources.

Debt Option Comparison

Types of Capital – Equity & Other

Equity Financing

- Friends & Family: <\$100K
- Accelerators & Angels: \$100K-\$250K
- Venture Capital: >\$250K+++

Crowd Funding

- Rewards
- Donations
- Equity

Grants | Government & Foundations

- No repayment
- No equity
- Initiative focused
- Reporting
- Performance Requirements

Preparation

- Business Plan
 - Financials (YTD, pro-forma)
 - Competitive Market Assessment
 - Sales, Marketing & Operations
- Tax Returns | Business & Personal
- Credit Scores | Business & Personal
- Business License
- Certificate of Good Standing (IL)
- EIN & SAM (grants) Registrations

Commitments

Understand what you are signing up for:

- Credit Score
- Payments, Terms & Interest
- Use of Funds/Project Goals
- Ownership/Equity
- Board Seats
- Reporting Requirements

Your Business Plan...

Start with a Business Canvas



Business Model Canvas

Existing Business

www.Strategyzer.com










The Business Model Canvas

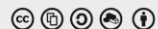
Designed for:

Designed by:

Date:

Version:

Key Partners  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	Key Activities  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>	Value Propositions  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Reverses Performance Customization "Getting the Job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/usability</p>	Customer Relationships  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal assistance Dedicated Personal Assistance Self-Service Automated Services Communities Co-creation</p>	Customer Segments  <p>For whom are we creating value? Who are our most important customers?</p> <p>Mass Market Niche Market Segmented Diversified Multi-sided Platform</p>			
Key Resources  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (Brand patents, copyrights, data) Human Financial</p>		Channels  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PHASES 1. Awareness How do we raise awareness about our company's products and services? 2. Evaluation How do we help customers evaluate our organization's Value Proposition? 3. Purchase How do we allow customers to purchase specific products and services? 4. Delivery How do we deliver a Value Proposition to customers? 5. After sales How do we provide post-purchase customer support?</p>					
Cost Structure  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>		Revenue Streams  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <table><tr><td>TYPES Asset sale Usage fee Subscription Fees Licensing/Renting/Leasing Licensing Brokerage fees Advertising</td><td>FIXED PRICING List Price Product Feature dependent Customer segment dependent Volume dependent</td><td>DYNAMIC PRICING Negotiation (Bargaining) Yield Management Real-time Market</td></tr></table>			TYPES Asset sale Usage fee Subscription Fees Licensing/Renting/Leasing Licensing Brokerage fees Advertising	FIXED PRICING List Price Product Feature dependent Customer segment dependent Volume dependent	DYNAMIC PRICING Negotiation (Bargaining) Yield Management Real-time Market
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DESIGNED BY: Business Model Foundry AG

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Lean Canvas

Startups

www.LeanCanvas.com

Show Version History

Focus On Leaner Canvas

<div><div>PROBLEM</div><div>List your customer's top 3 problems</div><div>2</div></div>	<div><div>SOLUTION</div><div></div><div></div></div>	<div><div>UNIQUE VALUE PROPOSITION</div><div>Single, clear, compelling message that turns an unaware visitor into an interested prospect</div><div>5</div></div>	<div><div>UNFAIR ADVANTAGE</div><div>Something that can not be easily copied or bought</div><div>9</div></div>	<div><div>CUSTOMER SEGMENTS</div><div>List your target customers and users</div><div>1</div></div>
<div><div>EXISTING ALTERNATIVES</div><div>List how these problems are solved today</div><div></div></div>	<div><div>KEY METRICS</div><div>List the key numbers that tell you how your business is doing</div><div>7</div></div>	<div><div>HIGH-LEVEL CONCEPT</div><div>List your X for Y analogy (e.g. YouTube = Flickr for videos)</div><div></div></div>	<div><div>CHANNELS</div><div>List your path to customers</div><div>6</div></div>	<div><div>EARLY ADOPTERS</div><div>List the characteristics of your ideal customers</div><div>Add Comment</div></div>
<div><div>COST STRUCTURE</div><div>List your fixed and variable costs</div><div>8</div></div>			<div><div>REVENUE STREAMS</div><div>List your sources of revenue</div><div>3</div></div>	

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Lean Canvas

Get Busy...

1. Research & identify the best option for you and your business!
2. Create/Update Your Business Plan
 - ✓ Complete a Business Canvas (1 Page)
 - ✓ Write/Update Your Business Plan Narrative (1 page per item)
3. Create/Update Your Financials
 - Historical/YTD
 - Pro-Forma

What to Expect

- 1) It takes a lot of work/time
- 2) You may likely get turned down
- 3) Don't take it personal
- 4) You have MANY options
- 5) Get help from experts



Helpful Resources...

Small Business Development Center (SBDC) IL

www.siu.edu/business/sbdc/

Innovation, Technology, Entrepreneur Network (ITEN)

<https://ITENconnect.org>

Veterans Business Programs

<https://cei.illinois.gov/veterans-business-program.html>

SCORE Mentoring Services

<https://stlouis.score.org/>

Business Canvases

www.Strategyzer.com & www.LeanCanvas.com

Grant Databases

www.Grants.gov & www.FoundationCenter.org

Community Organizations:

- Alton Main Street
- North Alton-Godfrey Business Council
- Upper Alton Association
- Growth Association
- Area Universities & Colleges

Funding Resources...just a few

Local Banks

Women Funders

<https://www.moneygeek.com/business-loans/small-business/women/>

Grant Database

[Grants.gov](https://www.grants.gov)

US Chamber of Commerce

<https://www.uschamber.com/co/run/business-financing/government-small-business-grant-programs>

Online Loan Services

www.Loanbuilder.com (PayPal)

www.Kabbage.com (Amex)

Crowd Funding

Kickstarter, Indiegogo, GoFundMe

Small Business Administration

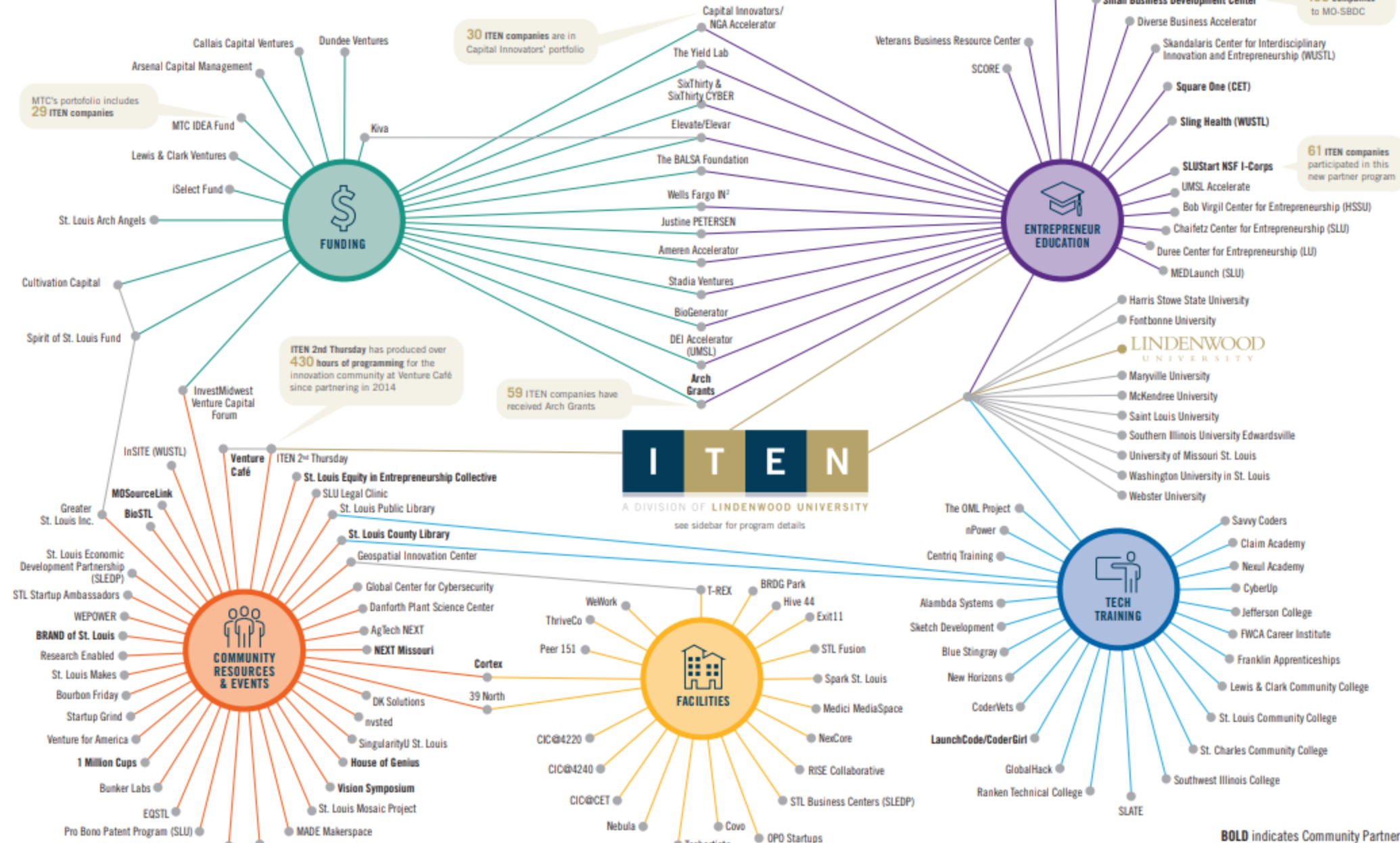
www.sba.gov

Q&A



2021 ST. LOUIS TECH STARTUP ECOSYSTEM

Thanks to the support of Cara Stone, LLP, a digital version of this map is available at ITENconnect.org



BOLD indicates Community Partner

PROGRAMS

Educational

ITEN offers both public events in Startup Week, Symposium, and Entrepreneurship we offer Founders Practice, and other

Mentors & E

in Residence Startups can co through the UNI progress are tra expertise, and in companies at en as they enter th them prepare fo

The EUREKA

Our newest prog (8 weeks) & Vali idea to product/ & playbooks, wit EUREKA builds e scalable process

Investor Re:

Companies that demonstrating I Readiness Prog outside funding sessions and d completion of th potential invest provider perks.

Corporate I

This program of innovative prod talent, and peer our partners an mentoring, prog experiences, wa

Member Per

Free and discou annually, are av

UNION is ou

platform tha mentors and sta UNION supports feedback & eval information, off discussion boar tech entreprene