

Breakout session 1: Getting Loan Ready notes
Business Forward Forum 12/3/20

Introductions of Panel:

- Christy Morrell-Stinson -Significant Advantage, Brooklyn Mix
- Taweh Anderson - Accountant and attorney. Practice tax law and business litigation
- Denise Butler, Director Economic Development at ACER - Business development, Community wealth building in BIPOC community
- Quoc Vo, MCCD - Works with Hennepin County, helping businesses with grants and loans

Starting a Business – where to start and first steps

- CM: do research and homework to understand market. Start with what you know, find people who know about the next step. Find tax advisor and financial planner. “Business Model Canvass” - recommends that to start ups frequently
- DB: Have conversation with self. What are you passionate about? Start there. Also need to look as what can you do well? Where can you fill a need? Encourage people to connect with people around them to invest and partner.
- QV: drafting a business plan fundamental to success. Need to know where you are going. Business plan is needed to find funding so investors know how they will get a return. Passion also important and many funders want to see that.

How to Organize Business

- QV: Important to organize to limit liability. LLC or S Corp most common among small businesses. Anyone can own an LLC. S-Corp good for small business, but foreigners/nonresidents cannot be part of it. Partnership or limited liability partnership also an option in some cases. Corporation for business to go public. You can switch type as business changes.

How to build credit:

- DB: important to register business with state. Helps build your business history and validates it.
- CM: Also important to get tax ID and then register with Dun and Bradstreet. Get a D-U-N-S number begin to build business credit and trade references.
- DB: Separate your business and personal accounts.
- TA: There are avenues outside of traditional bank such as peer to peer lending. Further down the road may be able to get financing based on business income not just credit. Every business you own needs a separate business account
- DB: if starting out and having trouble with funding– start with smaller banks, CDFIs
- CM: open a small line of credit somewhere (could be supplier such as office depot, etc), make sure it is tied to your business taxID, will help build credit history. Recommended a CDFI that does credit repair (I missed that bank’s name)
- QV: establish good relationship with suppliers and vendors because they report data.

Who to work with on getting financing:

- DB: Depends on size of business. Small banks and CDFIs good for smaller businesses. What we found out with COVID relief was that smaller banks and credit unions were easier to work with when trying to get federal business relief funds. Examples of places

ACER found would work with their clients include Old National Bank, MN Central Bank, Mills Bank

- CM: Look for banks that will make micro-business a priority. Seek them out and don't be afraid to ask questions, interview bank manager. Don't be afraid to shop around, you are a consumer when getting a loan. It is a business transaction, not a favor
- TA: look at fees. Often times credit unions are less likely to charge fees or have lower fees. Credit unions do not offer everything though, so look at what your business needs are.

Advice for Businesses working in cash or with cash apps (venmo, cashapp, etc)

- CM: Tracking cash and business transactions is a fundamental. Lots of software and online tracking apps available for this. Wave Accounting can pull data right in from cash apps into tracking software. Need to do something to track money– even if that is just using a Excel spreadsheet at a minimum. Get technical assistance if you have fallen behind.
- DB: If you don't know the numbers, you don't know your business and can't plan. Be aware that services like Square and Venmo report money to IRS. Your bank can also report money coming in. Sit down with tax expert.

Other Advice?

- CM. How can your business have transferable value? "E-Myth Revisited" book recommendation – diff between technician, manager, and entrepreneur aspects of business
- TA: make sure you are not just owning a job, but a business. Can your business run without you? That's diff between small/micro business and one that can expand. All the processes and systems need to be written down to allow business to grow.
- QV: Plan. A business plan helps you get from point A to B to C – maps out the funds you need and how to get to each point.
- DB: You need a website and social media presence. Need to budget for marketing and value that. Website does not need to be extravagant.
- CM: You want to work with company that understands and knows business of your size. Need right size tools. Ask web developer how they are going to serve your customers.
- TA: Stay away from long term contracts for marketing and SEO. No reason to make 1-2 year commitment for that. It may be more expensive monthly, but better experience paying monthly in his experience. Don't want to be stuck in contract that is not serving you.

Chat Notes

From Christy Morrell-Stinson to Everyone: 10:18 AM
Partnerships are key! Excellent point, Denise.

From Gordy to Everyone: 10:19 AM
Who can help you at City Hall?

From Christy Morrell-Stinson to Everyone: 10:22 AM
Management, Margin, Moat, Meaning :)
Or if you want to bring on Private Equity etc. then consider a C=Corp right Taweh?

From Christy Morrell-Stinson to Everyone: 10:28 AM
Peer to peer financing options can be a alternative, great point Taweh

From Christy Morrell-Stinson to Everyone: 10:35 AM
<https://docs.google.com/presentation/d/1AzwoBXmNzeYtQZ81NPEeesukHPLQmfXuyePlsi8m1OQ/edit?usp=sharing>
The link above has a step by step for getting loan ready.
Community Development Financial Institution (CDFI)

From McKinzie H. to Everyone: 10:38 AM
Come check out CorTrust Bank! Community Bank, family owned for 4-generations, and small businesses are our bread and butter. We will absolutely make you a priority!

From Christy Morrell-Stinson to Everyone: 10:41 AM
Awesome, McKinzie, thank you for that information.
It's a PARTNERSHIP
Find the best FINANCIAL PARTNERS

From DanielaL to Everyone: 10:43 AM
Tools to help stay organized:
Wave Accounting
Technical assistance

From Christy Morrell-Stinson to Everyone: 10:46 AM
Micro business challenges are tied to the Fundamentals. Next level business challenges are tied to Capacity.
Point of Sale Systems (POS) will report your transactions. I've found that Heartland Financial is a good resource for those with Point of Sale transactions.

From DanielaL to Everyone: 10:47 AM
E Myth Revisited

From Christy Morrell-Stinson to Everyone: 11:02 AM
What do you want, long term? Build your business in terms of your Process and your Capacity to run that process, through People and Platforms.
In doing so, you will build transferable value !!
P.S. I can help you be ready to BUY and SELL businesses.
Life@idea2angel.com we will answer any business questions :)
Let's set up your BUSINESS MODEL CANVAS - your one page business plan that incorporates your CUSTOMER'S perspective tied to your passion to solve their problems and create value for those customers.
Hi Gordy!
Loans are not your only option to fund your business, there are creative strategies.
K2Smmarketing.com is a Brooklyn Park resource for websites and digital marketing.
Talk to Beth.
email us at Life@idea2angel.com any questions