



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



**SMALL BUSINESS
MAJORITY**

NUTS AND BOLTS- SMALL BUSINESS LENDING:

You see the gap, you know the players, now what?

Bianca Blomquist

Northern California Outreach Manager

Small Business Majority



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Now What?

Small business owners like you employ 99% of the private-sector workforce in California and deserve to be treated with respect.

1. Become Loan Ready
 - Use the 5 Cs of Credit
2. Do Your Homework
3. Be an Advocate



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



SMALL BUSINESS
MAJORITY

Becoming Loan Ready: Understanding Business Credit



- Your business has a credit score, just like your personal credit score.
- A survey from Manta and Nav.com found that almost 3 in 4 small business owners don't know their business credit score and almost 60% don't know how to find it.
- Businesses that understand their business credit scores are 41% more likely to get approved for a small business loan.



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Becoming Loan Ready: Understanding Business Credit

- Your business credit score is used by many institutions such as SBA lenders and banks. It's also commonly reviewed by:
 - Insurance companies setting rates
 - Government contracts
 - Suppliers and vendors offering trade credit
- Where do business credit scores come from? Many of the same credit agencies as personal credit, including:
 - Equifax, Experian, TransUnion, Dun&Bradstreet, FICO, VantageScore



It's important to understand that lenders will weigh your business credit in addition to your personal credit score, and they will not solely refer to your business credit score when considering a business line of credit.



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Becoming Loan Ready: Understanding Business Credit



Why is your business credit score important?
Strong business credit scores can:

- Help you secure lower interest rates on loans
- Reduce your need to prepay for certain products or services
- Allow you to receive better trade terms with suppliers



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



5 C's of Credit

Lenders often use the **5 Cs of credit** to determine your creditworthiness.

- **Character:** Credit history, including repaying debts on time
- **Cash flow:** Whether you have revenue to repay the loan
- **Capital:** How much of your own money you have invested in your business
- **Collateral:** Property or assets that can be pledged as security
- **Conditions:** Outside factors that could hit your business, such as industry

Get additional credit resources through our partner: www.nav.com/sbm



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Becoming Loan Ready: Building Business Credit

1. Establish your business
2. Establish and maintain good credit relationships with suppliers and vendors
3. Obtain an Employer Identification Number (EIN)
4. Open a business credit card
5. Pay on time, all the time
6. Transition commercial expenses away from personal finances



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



**SMALL BUSINESS
MAJORITY**

Becoming Loan Ready: How to Maintain Good Business Credit

Other ways you can maintain a good credit score:

- Make payments on time
- Keep your debt-to-income ratio in check
- Use your business credit accounts wisely
- Maintain a healthy personal credit profile



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Important Questions to Consider

- What do you need the money for?
 - How much money do you need?
 - How long will it take you to pay it back?
 - What is the current financial shape of your business?
- How long have you been in business?
 - How much collateral, if any, do you have to put up for the loan?
 - How quickly do you need the money?
 - Are you seeking debt or equity financing?



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



SMALL BUSINESS
MAJORITY

Resources

Visit our Access to Capital Resource Portal: [Venturize.org](https://www.venturize.org)

Venturize.org is a lending platform that gives small businesses increased access to responsible capital by demystifying the lending landscape and providing resources to help business owners to become loan-ready.





2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Do Your Homework: How Can Venturize Help You

Venturize features a variety of tools and resources to help you:

- Understand the basics of small business lending
- Compare loan options
- Learn about the different types of lenders and loans
- Improve your credit score IQ
- Identify questions to ask potential lenders
- Locate a responsible lender near you





2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Lending Resources on Venturize

Get Loan Ready and **Borrowing 101** help you find the right loan for your business. Resources include:

- A loan application checklist
- How to identify your credit score IQ
- A loan comparison chart
- Information about the Small Business Borrowers' Bill of Rights and a checklist to ask your lender to make sure your loan offer is transparent and fair
- Tools like a Term Loan APR Calculator that helps you understand the true cost of a loan offer

The screenshot shows the Venturize website's navigation bar with links for GET STARTED, BORROWING 101, RESOURCES, STORIES, BLOG, and EVENTS. Below the navigation is the 'LOAN COMPARISON CHART' section, which includes a sub-header 'Español' and a brief introduction: 'There are lots of loan options out there. Keep track of the different loan types, what they can offer you, and the lenders behind them with this at-a-glance chart that makes it easy to compare the major loan types.'

LOAN TYPES	MINIMUM LOAN AMOUNT	MAXIMUM LOAN AMOUNT	ANNUAL INTEREST RATES	TURNAROUND TIME	CRITERIA
Business Credit Card	\$250	\$250,000	13% - 25%	1 - 3 weeks	Personal and/or business credit are main factor
Cash Flow Loans	\$200	\$100,000	25% - 90%	Minutes - 3 days	Credit score is less important, but still a factor
Merchant Cash Advance	\$200	\$250,000	15% - 150%	1 - 7 days	Usually does not require high credit scores
Microloans	\$500	\$50,000	8% - 18%	1 - 3+ months	Usually does not require high credit scores
Mission-Driven Loans	\$250	\$500,000	6% - 7%	6 weeks	Credit score and other factors taken into consideration
Online Marketplace Loans	\$25,000	\$500,000	7% - 30%	2 - 7 days	Credit score is less important, but still a factor
Personal Sources			Depends on source	Depends on source	Depends on source
Small Business Administration (SBA) Loans	\$50,000	\$5,000,000	6% - 13%	30 days - 6 months	Usually requires a minimum credit score
Traditional Bank Loans	\$250,000	\$5,000,000	5 - 10%	2 - 4 months	Usually requires a strong personal and/or business credit score



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Locator Map

- Our locator map highlights groups that offer free or low-cost assistance in understanding loan paperwork requirements or getting financially ready to apply for a loan.
- Entrepreneurs can enter their zip code to find local organizations organized by the category of assistance they provide.
- Content available in Spanish.

RESOURCE PROVIDERS: LOCATOR MAP Español

Need assistance understanding loan paperwork requirements or getting your financial house in order? These groups, many of which offer their services for free or low cost, can help.

Find a business assistance provider near you

20 Miles from 90012

APPLY RESET

Map Satellite

Google

Map data ©2019 Google Terms of Use Report a map error

BUSINESS PLANNING AND STRATEGY	FINANCIAL TOOLS AND MANAGEMENT	LEGAL, LICENSING AND PERMITTING
MARKETING AND RESEARCH	CONTRACTING OPPORTUNITIES	MENTORING AND NETWORKING
INCUBATOR/ACCELERATOR	LENDER	



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



SMALL BUSINESS
MAJORITY

Tools for Small Business

In addition to lending-related resources, Venturize offers a number of other tools to help small business owners:

- Business strategy and financial planning tools
- Information about small business marketing, legal licensing and permitting, mentoring networks and government procurement, including tools like an Email Marketing ROI Calculator

The screenshot shows the InVent Email Marketing ROI Calculator interface. At the top, the Venturize logo and navigation menu are visible. The InVent logo is prominently displayed, followed by the tagline "Insights into the world of small business lending and development". The main heading is "EMAIL MARKETING ROI CALCULATOR", with a sub-note: "Submitted by Julia Jamieson on Tue, 03/28/2017 - 13:10". A brief description explains that email marketing can increase sales but requires careful investment. The calculator itself features a bar chart titled "Campaign ROI" showing Cost, Revenue, and Profit. Key metrics are listed: Campaign Audience Size (10,000), Conversion Rate (20.0%), Campaign Costs (\$3,000), Average Buyer Purchase (\$100), Response Rate (2.00%), Cost per contact (\$0.30), # of Responders (200), # of Buyers (40), Revenue Generated (\$4,000.00), Profit (\$1,000.00), Cost per Responder (\$15.00), and Cost per Buyer (\$75.00). The overall ROI is 33%. A "Learn More" button is at the bottom.



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Do Your Homework: Small Business Borrower's Bill of Rights

Checklist for small business owners

- What is the interest rate (or other applicable rate like AIR, APR)?
- Are there any upfront fees? If so, where do they go?
- What are the payment amounts and frequency?
- Are there any prepayment penalties?
- What is the full cost of the loan over its lifetime?
- If refinancing, are fees being added to the existing principal?
- Is the lender imposing deadlines for accepting the loan offer?
- If going through a broker, are they fully disclosing their fees?



ASK YOURSELF: Have you fully assessed your business' financial situation and feel you can reasonably meet the payment terms?



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



Be an Advocate!



SMALL BUSINESS BORROWERS'
BILL OF RIGHTS

www.responsiblebusinesslending.org

The Six Principles

1. The Right to Transparent Pricing and Terms
2. The Right to Non-Abusive Products
3. The Right to Responsible Underwriting
4. The Right to Fair Treatment from Brokers
5. The Right to Inclusive Credit Access
6. The Right to Fair Collection Practices



2019

CALIFORNIA

SMALL BUSINESS SUMMIT

BUILDING LOCAL ECONOMIES



SMALL BUSINESS
MAJORITY

Join Our Network

Ways to get involved:

- Receive a monthly newsletter
 - Share your small business story for media requests
 - Letters to the editor/Op-eds
- Regional and state events
 - Free webinars for businesses
 - Policy/advocacy updates
 - Resources and education

Connect with us!



Small Business Majority



@SmlBizMajority



@SmlBizMajority