

Economics of Waste Treatment - Presenting Yourself to the Bank

- Finding a Bank/Banker
- What a Banker wants
- Understanding how Banks make decisions
- Providing Information to the Bank

Finding a Bank/Banker

- Local if at all possible
- Talk to other local businesses
- Relationships matter
- SBA Certified
- Real Estate & Building
- Equipment
- Be prepared to change Banks

What a Banker Wants

- Expect to have all Owners personally guarantee loans
- Expect that some level of capital contribution will be required
- Very few bankers lose their jobs for not making loans – be able to show why your loan request is a low risk
- Provide complete, easy to understand information (we bankers are not the sharpest tools in the shed)

Understanding how Banks make decisions - Internal

- Individual credit authority
- Next level
- First level Loan Committee
- Second level Loan Committee
- Board of Directors
- Need a Champion – personal meetings & site visits

Understanding how Banks make decisions - SBA

- SBA Certified
- Still goes through same process
- Driven by community issues/job creation
- 10% Owner Capital, 40% Bank, 50% SBA

Providing Information to the Bank

Business Plan

- Executive Summary
- Business Description/Information
- Potential Market/Competition/Pricing
- Ownership/Management Information
- Financial Projections
- Additional Information

Business Plan Executive Summary

A one page (or less) overview of your business

Hit key points - what services you will provide, why are they needed, why you will be successful, etc.

Business Plan Business Description/Information

- Purpose & Justification for this project in more detail than Executive Summary
- Business Structure (Corp, LLC, etc.)
- Company History and description of existing business/services
- Moderate level of detail on project (ie: break out cost of land, buildings, equipment, working capital if needed)

Business Plan Potential Market/Competition/Pricing

- Define your market by geography & customer profiles
- Identify how much business is available and how much you can capture
- Identify competitors and customer alternatives
- Discuss how you will set your pricing and how that compares to competition & alternatives

Business Plan Ownership/Management Information

- Identify all Owners with percentages of ownership
- Identify all Managers and key employees with their positions and responsibilities
- Provide resumes on all Managers and key employees

Business Plan Financial Projections

- Use the NAWT Spreadsheet
- Be realistically optimistic
- If possible, base financial projections on known activity levels (worst case) and then also show best case projections
- “no flow – no go”. Base cash flow projections on net income after taxes plus non cash expenditures such as depreciation & amortization

Business Plan Additional Information

- Resumes on Managers & key employees
- Personal Financial Statements and tax returns on all Owners
- Historical financial statements on existing business
- Market Research data
- Demographic data if applicable
- Industry data

Conclusion

- Bigger is not better – your package should have everything the Banker needs but no more
- Avoid using technical terms or acronyms
- Common sense
- Doesn't need to be fancy



David R. Penoff
Vice President/Regional Sales Manager
TCF Equipment Finance, Inc.
2611 Waterfront Pkwy. E. Dr., Suite 305
Indianapolis, IN 46214
317-328-1166 Direct
317-328-1175 Fax
317-500-0190 Mobile
dpenoff@tcfef.com