BUSINESS FUNDS: Where the Money Is

There are Many Sources For Business Funds, and Knowing Where They Are Is Most of the Battle

by T. L. Fair

Additional funds with which to operate your business may be difficult to secure unless you know of the many sources of this working capital.

Here is a check list of such sources and it includes the conventional as well as some that are unconventional.

All offer possibilities for additional capital to be used for expanding your business, remodeling, adding equipment, or even for acquiring a second available opportunity.

— Short term bank loans are often preferable where need of additional capital is limited and where quick repayment is possible. They are not as difficult to obtain as you may believe.

Contacting the bank with whom you have been doing business is the first step. Bringing along a presentation outlining in detail your proposal for use of the funds, past experience, etc., makes loans easier and quicker to obtain.

— Small business loans guaranteed by the federal government offer another opportunity. They fill a gap where conventional loan grants are precluded by reason of state banking laws, restrictions or policies.

These loans are actually made through banks and other lending agencies. They require more red tape than a conventional loan but have greater leeway. Such loans should be considered especially where additional capital sought may be going into fixed assets.

— Sale of present equipment, trucks, office machines, etc., used in the business—with replacement by rent-lease equipment—is another tactic for obtaining additional capital.

The money tied-up in this equipment is then released for other purposes. Under rental-lease the same items (or their replacements) can be paid for from operating income of the business.

In some instances rental firms will even purchase present equipment and either lease it back or replace it. Often the equipment may be purchased at the end of the lease period for a nominal sum if so desired.

— Incorporating your business, if you haven't already done so, is another step that can be taken. Stock may then either be sold to the general public or to selected individuals to secure additional capital.

Legal advice is necessary with this procedure. Where stock is to go to the general public a brokerage firm should handle the program. Most established brokers will be more than glad to advise and assist in this program.

— Partnership with a knowledgeable individual is another step which can be taken in quest for additional capital funds.

While it is not always necessary that a potential partner have knowledge of the field, his possession of this experience could offer a valuable asset and make for a smoother partnership.

Such a partnership should not release control of your business or even provide a 50-50 relationship under most circumstances. The gains involved may not offset what is being paid.

— Sale of limited partnerships or shares in the business to present...

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RAISING MONEY:
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employees is tricky but often provides a source of small amounts of additional capital.

This has an extra advantage in that it tends to draw employees closer to the business.
— If current assets of one’s business are unencumbered then mortgages on buildings and equipment should be considered. The debt may then be repaid out of earnings if all goes well.
— In-company loans from funds that have been set aside for various purposes should never be overlooked especially if extra funds are needed for only a short period of time.

Where money has been set aside for depreciation, amortization, investment, etc., these idle funds may have value for use under circumstances that have a high probability of return.

They should seldom be used when repayment over a long period of time is involved since the business may be seriously handicapped and its chance for success in the future diminished.
— Direct loans from sources outside of the conventional money lending fields offer an opportunity.

Those sources include available trade union funds that are often invested in business enterprises of all kinds, area insurance companies also doing so on smaller scale than in the past, co-ops, etc.
— Modest loans from suppliers and manufacturers who have non-working capital available for just this type of investment are available under some circumstances. This step isn’t usually justified if control of your business must be sacrificed, in any way.

Inquiry within the trade will quickly reveal whether or not these exist within your specific area.
— Merger with some other business which has a heavy reserve of cash and is looking for the kind of opportunity offered by your operation, is still another method for obtaining additional capital.

That is particularly true where your own business is a strong one whose only weakness is a shortage of capital funds needed to expand profitable operations.
— Should you or a key executive carry a large insurance policy with several years in force this offers still one more good source of inexpensive loans for business purposes.

Almost every insurance company makes such loans against the cash surrender value of the policy held by the individual. You need only to inquire of your insurance agent about availability and cost.

— Sacrifice of some assets of the business which currently have limited value as profit producers is a step that can also be taken when extra capital is needed.

Any such move requires a great deal of thought and analysis. A firm conclusion is well reached in assurance that these conditions will not change shortly. If they do the earning power of these assets can be much greater than that programmed under the expansion idea for which these dollars are to be used.
— If major sums lie dormant in long overdue customer accounts a vigorous drive to collect them may produce such additional capital. Even if the effort is only partially successful it can reduce the total amount of additional money to be borrowed.

Use these sources as starters and if none provide the desired solution they will perhaps lead to additional sources of capital funds at present unpublicized.

PREFAB:
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on the multi-angled, balconied building would be too critical. The exterior is a continuous series of 135° angles, with the widest facet only 17 feet. Then, during the bidding period, an alert Roy Bertelson of Conroy Brothers suggested panels, assuring them the ±3/16” tolerance could be met.

The architects didn’t want floor slab edges exposed, however, and lapping them with panels thicker than the two inches allowed for field-applied material meant setting out the building face, creating a need for major redesign. It looked like prefab panels were not in the picture.

Bertelson’s firm, however, designed an extended two-inch thick lip for the panels using channel iron and steel bracing, that allowed them to lap over the 6½” slab edges without altering building dimensions. The architects accepted the idea, and Conroy Brothers got the job.

To produce the 1850 panels involved, Conroy Brothers leased a 15,000 square foot warehouse. Angle iron jigs were built for 18 different size panels, which ranged in size from 14’ x 4’ to 4’ x 2’. Framing, engineered by Inryco for wind load and hoisting stresses, was welded of 16 ga. structural studs. A perimeter 1” casing bead served as a ground for the applied finish. To the framing they fastened 1” Styrofoam and metal lath, applied a ½” base coat and, after curing, applied ½” of Thoroseal Bedcote (an acrylic-modified cement bedding for exposed aggregates. The project is the first to use a reformulated version with improved bonding characteristics.) A white Arctic Quartz aggregate was seeded in and after curing an acrylic glaze was sprayed on.

Panels Trucked

Panels were trucked to the Point of France site and hoisted by tower crane to each floor. Conroy Brothers shop-built two small rolling floor cranes to lift panels over...