

# Small Business **TRENDS**

The magazine for successful small business owners

## **DO'S AND DON'TS FOR GETTING A BUSINESS LOAN**

**SBA Loans Cheat Sheet**

**Secrets to Improve Your Credit Score**

**Best Questions to Ask Before Applying**

**Small Business Funding Alternatives**



### **Spotlight:**

**Cali Finance Offers  
More than Small  
Business Loans**



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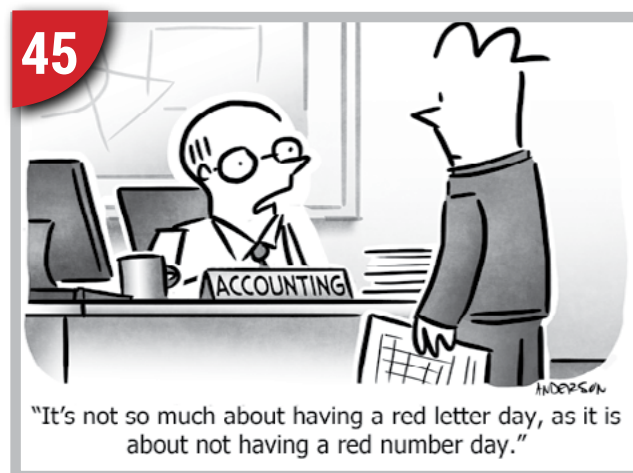
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"It's not so much about having a red letter day, as it is about not having a red number day."

## Loans Edition 2018



**Anita Campbell**  
CEO and Publisher  
 @Smallbiztrends

Hello and welcome to another edition of Small Business Trends magazine.

In this edition, we're talking loans. And this edition is slightly different in tone than previous Loans editions of the magazine. That's because of the economy.

As the economy improves, it seems that access to loans for small businesses, specifically, is improving. Check out our Editor's Notes from Shawn Hessinger to get a snapshot of the current loan landscape.

So, when you see that more small businesses are getting approved for loans, naturally you will start thinking of applying for more capital to grow your business. That's where this edition of the magazine will come in handy.

In our cover article from Annie Pilon, we go over the Do's and Don'ts of applying for a small business loan. Before you approach a loan officer or hit the Submit button while applying for a loan online, it's important to have those proverbial ducks in a row.

You'll also want to check out the article inside on the questions you need to ask before applying for a loan. Perhaps a loan isn't the best idea for your business right now.

Annie has also compiled a great cheat sheet for small businesses applying for funding through the Small Business Administration's popular 7(a) Loan program.

Deeper inside this edition, you'll also find guides for applying for a loan at a traditional bank and for an application through an alternative lender.

There's also advice inside on improving your credit score, a key factor in whether or not you'll be approved for a loan.

You're going to find all that and a lot more in this packed Loans edition of Small Business Trends magazine.

Wishing you much success,

P.S. Please subscribe (free) so you never miss future editions. Go to

<http://smallbiztrends.com/magazine>



## Improving Economy Opening Up the Loan Market for Small Business

In this edition of Small Business Trends magazine, we're looking at the topic of loans. As our economy improves, access to capital for small businesses is increasing. Check out some of the recent big headlines for small business loans:

### Kabbage, Ingo Money Partner to Get You Cash Faster

What's with the waiting period between getting approved for your small business loan and actually getting the money? These two companies have recognized that frustration.



In this partnership, small business owners who are fortunate to be approved for a loan can get their money with almost no wait.

Kabbage President Kathryn Petralia says, "We've known for a long time ... that business owners want access to funds as soon as they can get them."

### California Small Businesses Borrowing at Record Level

A new report from Lendio shows that small businesses in California are seeking loans to grow their businesses 80% more than they were at this point last year.



MAKING SMALL BUSINESS LOANS SIMPLE

And according to the loan company, the size of the loans given to small businesses has grown 91% over last year, too. This may be a sign that Lendio is growing, sure, but it's also a sign that small businesses -- especially in California -- see an opportunity for growth and are investing in that possibility.

### Business Credit Scores Used to Determine Loan Eligibility

Nav.com recently released its report on the

states with the best average business credit scores across the U.S. The study shows that Hawai'i

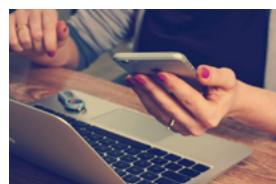


has the highest average business credit score by state. Washington, Oregon, Illinois, and West Virginia are in the top 5 states with the best average business credit score. The worst? That dubious honor goes to Alaska.

Of course, these scores won't impact your own business credit score but it's a reminder that a business credit score is an important factor in getting approved for a business loan.

### The Rise of Mobile Lending

The rise in the amount of small business loans being approved across the U.S. is not solely due to banks lending more.



Alternative lenders are increasing access to capital for businesses like yours and so is where this money is available.

In fact, according to Kabbage, 17% of small business loans it approves are applied for using a mobile device. This is great news for very busy business owners who can't sacrifice a whole day (or more) at the bank just in the hope of getting approved for a loan.



**Shawn Hessinger**

Executive Editor

@Shawn\_Hessinger



# Do's and Don'ts for Getting a Small Business Loan

**As your business grows, you might find that you could use a loan to take advantage of new opportunities.**

The world of small business loans can be a complicated one to navigate. So we collected some expert tips on everything from building your credit worthiness to finding the right lender. Here are some best practices and common mistakes to avoid.

## **Do's for Getting a Small Business Loan**

### **Get a Separate Business Bank Account**

Any lender who is considering granting your business a loan needs to first get a grip on your

finances. The easiest way to do that is to have a separate account and books for your business.

Gerri Detweiler, education director for business credit marketplace Nav, said in a phone interview with Small Business Trends, "Findings from Nav's Annual Business Banking Survey echo the importance of business checking accounts. We polled 648 business owners from across the U.S. and found that 70% of small business owners without a

business checking account were turned down for a business loan in the past two years.”

### **Know Your Credit Scores**

According to Nav’s Small Business American Dream Gap survey, small business owners who understand their business credit scores are 41 percent more likely to be approved when they go to apply for a business loan. Your personal credit score can also make an impact, as it shows lenders your financial health and habits when it comes to paying off loans or lines of credit. So check those scores and work to improve them if they don’t meet the minimum requirements.

Detweiler adds, “Make sure you’re aware of your personal credit score and your business credit score. We have about 30 different types of lenders in our marketplace, and a good number of them have a minimum personal credit score of about 550, and some are around the mid-600’s or higher.”

### **Look into All Your Options**

There’s no shortage of lenders out there. Shop around online and compare rates and options before committing to one. You can even look into alternative lending options like Kiva.

Detweiler says, “Often times what happens is that borrowers will end up with the options that are best sold to them rather than the actual best option for them. So you have to be willing to invest a little bit of time examining the different options and find the best fit for you.”

### **Gather All the Necessary Documentation**

There are several important documents you’ll need to have on hand as you go to actually apply for a loan, from your tax returns to loan history. Make sure to carefully review what is necessary for each loan you apply for and gather all the essentials beforehand.

### **Use a Business Loan Calculator**

Some lenders won’t share the true loan cost with you as you apply. So to make sure you can actually afford to repay a loan, Detweiler suggests plugging the APR, interest rate and other associated costs into a business loan calculator like Nav’s. This can give you at least a general idea of the true cost and help you determine whether a particular loan is right for you.

### **Learn from Your Mistakes**

According to the Nav survey, 45 percent of small business owners who are denied financing get turned down more than once and 23 percent don’t know why their

Invest a little bit of time  
examining the different  
options and find the best fit  
for you

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applications were denied. So if you do get denied for a loan, see if you can get any input from the lender about how you can improve going forward, or have another professional look over your application to give you some suggestions.

### **Seek Out Expert Advice**

There’s no rule that says you have to apply for a loan completely on your own. So why not take advantage of the resources available to you?

Robert Harrow, head of credit and loans at ValuePenguin, said in a phone interview with Small Business Trends, “There are SBA offices all around the U.S. that run initiatives that educate businesses on things like constructing a business plan and applying for a loan. They’ll even set you up with mentors who can provide you with the advice needed to get a loan.”





## Don'ts for Getting a Small Business Loan

### Have Assets Pledged to Other Creditors

Lenders don't just run your credit to find a generic numerical score. They are also often on the lookout for any specific issues that make you a less attractive candidate.

Detweiler says, "Often times, lenders are really just looking for red flags that could be disqualifying for the business."

Lenders are really just looking for red flags that could be disqualifying for the business

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### Be Delinquent on Payments

Detweiler says that late payments can lead to other red flags that will drive away lenders. It doesn't just hurt your credit score, but it can also potentially lead to tax and property liens that can greatly harm your chances of getting approved.

### Be Unaware How Long You've Been in Business

One of the first things lenders look at when determining your creditworthiness is how long

you've been in business. While you probably know how long you've been working on your business, some businesses don't have any documentation to back it up.

Detweiler says, "It sounds obvious, but some businesses don't have an official start date because they started slowly or started working on their business on the side and waited awhile before incorporating. So just make sure you have at least an approximate start date and have some kind of documentation to back it up."

### Only Apply at the Local Bank

Detweiler explains, "Lots of businesses have this dream about when they go to get a loan they just go into the local bank and they get the money they need with a great interest rate and great repayment terms. And if you can get it, that's great. But a local bank might not be that interested in lending out \$50,000 or whatever it is you need for your small business. And a lot of entrepreneurs don't realize just how many different types of lenders are out there and how many different types of lending there are."

### Be Vague About What You Want

Within your credit application, lenders will ask how much money you want and what you plan on using it for. Being open ended about either



of these items can give them a lack of confidence about your plans.

Harrow says, "I recently spoke with the NYC SBA and they said the most common pitfall for why businesses get denied is that they don't have a good idea of what the funds will be used for or how much in funding they actually need. Lenders want to see that you have a specific plan in place."

### **Waste Time Applying with Lenders That Don't Work in Your Industry**

On your business credit report, you should find an industry code that describes your business. Some lenders only lend to specific industries, and others might just have a few that they won't lend to based on the risks involved. So make sure you check those items before you spend time applying.

Detweiler says, "Some lenders don't want to lend to real estate businesses, for example, because that can be really tricky."

### **Borrow from Disreputable Lenders**

While it's a good idea to expand your search to non-traditional lenders, it's also important to look into the history and reputation of any company you intend to work with.

Harrow explains, "Sometimes when you broaden your search, you come across companies that are just looking to make a quick buck but aren't interested in helping you at all."



**Annie Pilon**

Staff Writer

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# U.S. SMALL BUSINESS ADMINISTRATION



## Cheat Sheet Guide to SBA 7(a) Loans

The 7(a) loan program is the SBA's most popular financing program. It provides working capital for small businesses that need working capital of up to \$5 million.

It's also a guaranteed loan program. So essentially, small businesses work with traditional lenders, but the money is guaranteed by the SBA in order to support small business growth. Here are some of the details about the program so you can determine if it's right for you.

### What Is It?

Essentially, it's a guaranteed loan program that's made to help more small businesses get access to funding.

Robert Harrow, head of credit and loans at ValuePenguin, explained in a phone interview



with Small Business Trends, “A great way of thinking about it is that 7(a) loans are for small businesses that would normally be a “maybe” from a bank. They’re not an immediate no. They meet all the minimum requirements. But this program helps to fill the gap for banks that are still on the fence about certain candidates to promote them and help them get funding.”

### **Who Is Eligible?**

In order to qualify for the 7(a) loan program, you must fall within the SBA’s size standards, which vary by industry. You must also operate a for-profit business. It’s not restricted by industry, but you do have to try to use other types of financial resources, like personal equity, before applying for a loan.

### **What Can You Use 7(a) Money For?**

You also need to have a specific purpose in mind for the funds you request. This can include money to fund startup costs, purchase equipment, purchase land, repair existing capital, fund growth opportunities, refinance debt, or purchase supplies.

### **How Much Can You Get Under a 7(a)?**

Qualified small businesses can borrow up to \$5 million. There is no minimum amount.

### **How Long Do I Get to Repay a 7(a) Loan?**

The term of the loan will depend on your agreement with a specific SBA-approved lender. However, the terms are normally between five and ten years.

### **What’s the Interest Rate?**

Again, the exact number will depend on the specific lender you work with, the amount you want to borrow, and what you qualify for. However, the SBA caps the interest rate at just below 10 percent. And according to Harrow, many of the rates fall between 6 and 8 percent.

### **Where Do I Apply?**

You do not apply for a 7(a) loan directly with the SBA. Instead, you work with an SBA-approved lender. So it is similar to applying for a loan through your normal bank or any other financial institution.

### **How Do I Find an SBA 7(a) Lender?**

You can check with your existing bank to see if they work with SBA loans or see a list of the most active 7(a) lenders online.

Harrow says, “I know a lot of small businesses tend to find success by working with their existing bank or financial institution because they’re already familiar with your finances and you have a relationship formed already. So that can make the process a whole lot easier.”

### **How Long Until I Get an Approval?**

This part of the process depends on the lender you choose to work with and their experience with the 7(a) loan program. It can take up to ten days for your lender to get approval from the SBA for the guaranteed loan. They also need the time to process the reports associated with your loan application. So check with your specific lender to see what their standard timeline looks like.

### **Is There a Lot of Paperwork?**

Again, the exact process can depend on the specific lender you choose to work with. However, the SBA forms 1919 and 1920 are required for all applications. Each of the forms are several pages in length.

### **What Are the Fees Involved?**

The SBA charges a guarantee fee that varies depending on the amount of guaranteed money you receive. Usually, the percentage falls between 2 and 3.75 percent of the guaranteed portion of the loan. And the fees are due within 90 days of the loan approval.



Individual lenders can also charge packaging fees in addition to those from the SBA, but those fees must be reasonable and consistent with the additional fees they would charge with other, non-SBA loans.

### What Do I Do If I Get Rejected?

For those who don't get approved on their first try, Harrow suggests getting some expert insights and trying again. Since the rates are capped and guaranteed by the SBA, it's worth it for many businesses to give it another shot. So take advantage of the SBA's workshops on creating a business plan and applying for loans and see if your local chapter can help you connect with a mentor who can guide your next application journey.

### What Are the Alternatives If a 7(a) Loan Isn't Possible?

If it's absolutely not possible for you to take advantage of the program, you can check into

the SBA's other lending options to see if any of them might be a better fit. There are also plenty of alternative and online lenders that you can consider.

Harrow says, "Expand your options. If it's a situation where you're fighting for survival, shop around and look for other types of lenders. There are some companies that have popped up online lately, such as Kabbage. So you can see whether any of those lenders are willing to give loans at reasonable rates. Just make sure you compare rates and ask about all of the fees involved."



**Annie Pilon**

Staff Writer

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# Bank

## How to Secure Financing for Your Small Business at a Traditional Bank

**Banks are the largest lenders for small businesses across the United States. But getting a traditional bank loan for a small business is often a huge challenge.**

About 72 percent of small businesses that apply in fact get rejected. That's because traditional banks require businesses to meet several criteria to secure financing.

It doesn't however mean that you cannot secure financing from a conventional bank.

If you are a small business owner, you should first understand the kind of loans and financing options available at a traditional bank.

### How to Secure Financing at a Traditional Bank

Term loans are the most common types of business loan. You obtain a predetermined sum of money with a set interest rate. The interest rate could be variable or fixed. You need to pay back the cash over an agreed upon amount of time.

Term loans are fairly straightforward and you know what you are getting into. It's however important to remember that not all term loans are the same. Depending on your credit rating, revenue, cash flow, growth needs and other factors, there are several types of term loans available.

Before you go for them, you should also know the pros and cons of term loans.

### Getting a traditional bank loan for a small business is often a huge challenge

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#### Pros and Cons of Term Loans at a Traditional Bank

Small businesses go for term loans at a traditional bank mainly because the interest rates are fixed and low. Monthly payments are predictable and they help build business credit.

Another key advantage of these loans is that they are available for many uses. Whether you want to purchase inventory, equipment or commercial real estate, you can use a term loan to meet your needs.

On the flip side however, securing a term loan involves lengthy paperwork, longer wait time and strong credit. You may also need to furnish some collateral to boost your chances of landing a small business term loan.

Some common types of term loans for small businesses are working capital loans, equipment loans, merchant cash advance, lines of credit, professional practice loans and franchise startup loans. Take a quick look at each of these options.

**Working capital loans** are meant as short-term options for businesses that need money to run their operation.



**Equipment loans** offer financing to small businesses for office equipment such as computer and copy machines.

**Merchant cash advance** is provided to a business based on the volume of its monthly credit card transactions.

**Lines of credit** help businesses meet their day-to-day cash flow needs.

**Professional practice loans** are meant for providers of professional services, such as businesses in legal, healthcare, architecture or engineering fields.

**Franchise startup loans** help businesses procure financing to open their franchise business.

#### How to Apply for Small Business Loans with a Traditional Bank

Once you have decided which loan best meets your needs, you must understand how to apply for small business loans with a traditional bank. Here's a step-by-step guide to help you.

# You should understand the kind of loans and financing available

### Understand Why You Need a Loan

The first question that you must be prepared to answer is why do you need a loan for your business? Is it because you need to start a business, or is it because you need to grow it?

The reason to secure financing will determine the type of loan you should opt for. So, before you approach a bank, make sure you know the reason why you want money.

### Choose the Loan that Meets Your Requirements

As mentioned above, there are several types of loans to choose from. You just need to be sure which one fits your requirements. For example, if you want to manage your day-to-day expenses, you can go for a short-term cash flow loan which is a quick, one-time injection of money.

### Determine If You Qualify

You need a loan from a traditional bank, but do you actually qualify for it? To find out, check your credit score first. You can get your credit report from any of the three major credit bureaus: Experian, TransUnion or Equifax.

Most banks will require you to have a credit score of at least 680. If you fall short, you may have to look at other options.

Other factors that will be considered by the banks include your ability to repay the loan and the health of your business. The more information you can provide to prove the worth of your business, the stronger are your chances of securing a loan from a traditional bank.

### Gather Your Documents

Be prepared to go through a lot of paperwork when you decide to approach a bank for a

loan. Some of the documents that you will be required to furnish include business and personal bank statements, business financial statements, legal documents and tax returns.

### Speak to a Bank Representative

If you have questions about the process of securing the loan, you should visit the bank first and speak to a representative who can guide you.

You should try and find out the different options available and the terms that will matter when you are repaying the amount. The representative will be able to guide you in the right direction and help you make the right call.

### Make a Strong Case for Why You Need the Loan

A bank will want to know why you need a loan for your business. It's therefore a good idea to be prepared for specific questions. For example, if you want a loan to buy office equipment, the bank will ask you why exactly you need it. It will also inquire how you expect the equipment to support your business.

### Wait for the Answer

After you've ticked all the boxes, you just need to wait before you hear from the bank. It may take days or up to a couple of weeks before you hear from them.

Securing funds on time is essential for your business to grow. You just need to know what options you have and how best you can manage funding from a traditional bank. Preparing in advance will certainly pay off in the long run, so explore your options and make sure you meet the criteria to qualify for financing.



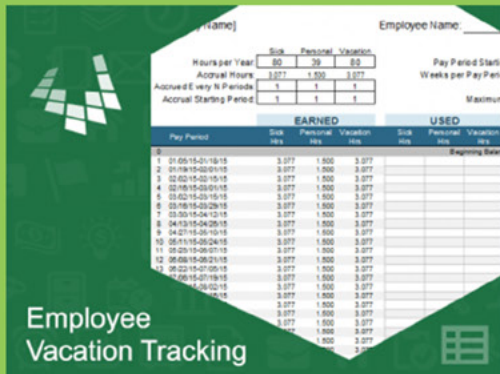
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Pay Period	EARNED			USED		
	Sick	Personal	Vacation	Sick	Personal	Vacation
1 01-05-15-01-15-15	3.077	1.000	3.077			
2 01-19-15-02-01-15	3.077	1.000	3.077			
3 02-02-15-02-15-15	3.077	1.000	3.077			
4 02-19-15-03-01-15	3.077	1.000	3.077			
5 03-02-15-03-15-15	3.077	1.000	3.077			
6 03-19-15-03-29-15	3.077	1.000	3.077			
7 03-30-15-04-12-15	3.077	1.000	3.077			
8 04-13-15-04-26-15	3.077	1.000	3.077			
9 04-27-15-05-10-15	3.077	1.000	3.077			
10 05-11-15-05-24-15	3.077	1.000	3.077			
11 05-25-15-06-07-15	3.077	1.000	3.077			
12 06-08-15-06-21-15	3.077	1.000	3.077			
13 06-22-15-07-05-15	3.077	1.000	3.077			
14 07-06-15-07-19-15	3.077	1.000	3.077			
15 07-20-15-08-02-15	3.077	1.000	3.077			
16 08-03-15-08-16-15	3.077	1.000	3.077			
17 08-30-15-09-12-15	3.077	1.000	3.077			
18 09-13-15-09-26-15	3.077	1.000	3.077			
19 09-27-15-10-10-15	3.077	1.000	3.077			
20 10-11-15-10-24-15	3.077	1.000	3.077			
21 10-25-15-11-07-15	3.077	1.000	3.077			
22 11-08-15-11-21-15	3.077	1.000	3.077			
23 11-25-15-12-07-15	3.077	1.000	3.077			
24 12-08-15-12-21-15	3.077	1.000	3.077			
25 12-22-15-01-05-16	3.077	1.000	3.077			

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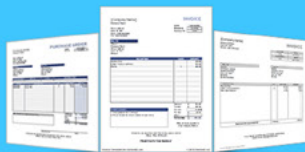
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# Loans

## Can't Get a Loan from a Bank? Here are Alternative Funding Options

**Securing funds to either start or grow business was once every entrepreneur's worst nightmare.**

In the past, big banks and credit unions often rejected loan applications, leaving business owners with the only option of borrowing from friends and family or borrowing against receivables.

A lot has, of course, changed mainly because business owners today have more options than before. Alternative lenders and

institutional investors have made it easier for entrepreneurs to access funds and grow.

For a small business owner, it pays to understand how institutional lenders and alternative lenders differ and the best options available to get funds.

## Small Business Funding Options

### Alternative Lenders

Alternative lending took off during the 2008 financial crisis when big banks backed out of small business funding. At that time, online lenders stepped in to fill the vacuum and assist small businesses. They created web-based lending platforms that facilitated a faster loan application process and provided the much-needed respite to small businesses.

Today, alternative lenders are the new normal for small businesses looking for funds to meet their financing needs. Some of the well-known alternative lenders include Kabbage, OnDeck and CAN Capital.

There are four main types of alternative lending options available to small businesses. These are:

- A line of credit that provides access to a set amount of cash that's mostly used to meet short-term financing needs.
- A term loan that allows business owners to borrow and repay the loan amount in about four or five years.
- Invoice factoring that helps businesses deal with unpaid invoices.
- Merchant cash advances that help businesses get an advance on future credit card or debit card sales.

### Pros and Cons of Alternative Lending

Alternative lending is a good option when you are looking for funds to address an urgent business need. To give an example, if there is a plumbing issue that needs to be fixed immediately, you can use alternative lending options to secure funds in no time.

Another big advantage of alternative sources of financing for small business is simplicity.

Unlike big banks, alternative lenders require fewer documents to process loan requests. That's because for the alternative lenders, the main focus is whether you have the cash flow to repay the loan.

Alternative lenders also offer longer-term loans to invest in your growth. For example, if you want to recruit more workers or open a new store, you can opt for alternative lending options.

For all the benefits associated with alternative lending options, it's important for businesses to know that the interest rates are extremely high. Most alternative lenders offer business loans with double-digit, sometimes even triple-digit, rates. For a small business owner, such steep rates are not always the best option.

**Business owners today have more options than before**

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### Institutional Lenders

Institutional lenders refer to hedge funds, family funds, insurance companies and other non-bank institutions. These lenders have slowly but steadily emerged as important players in the small business credit marketplace. Some of the well-known institutional lenders include StreetShares, Funding Circle and Kickfurther.

An increasing number of small businesses are opting for institutional lending options because approval rates are high. Institutional lenders are, in fact, surpassing alternative lenders, including merchant cash advance companies and other non-bank finance companies.

In July last year, institutional lenders approved 61.7 percent of small business loans, up from 61.4 percent in June.



## Pros and Cons of Institutional Lending

Because institutional lenders invest heavily in technology, they act promptly and approve loans faster than alternative lenders and big banks.

“These pools of money have never been available for small businesses,” Biz2Credit CEO and co-founder Rohit Arora tells Time.com.

For new entrepreneurs, institutional lending is a feasible option because the interest rates are considerably low. That’s because institutional lenders usually have access to a comprehensive profile of businesses that approach them for loans.

## It pays to understand how institutional lenders and alternative lenders differ

Moreover, institutional lenders don’t ask for any specific collateral to approve loans. They mostly require a personal guarantee and may place a lien on your business assets.

On the flip side however, institutional lenders place some very specific requirements to qualify for loan approvals. Further, these loans have typical terms of 1-5 years or even a shorter span. This means they are not ideal for businesses looking for big investments.

## How to Seek Small Business Loans from Alternative and Institutional Lenders

To qualify for a loan or small business line of credit, it’s always advisable to know the right way to go about it.

While it is true that your chances of getting approved by an institutional or alternative lender are greater than big banks, it’s important to make note of a few things to ensure you qualify.

To begin with, you should know that unlike traditional lenders, alternative and institutional lenders depend on technology to determine whether or not you can repay the loan amount. They use sophisticated software tools and data metrics, including social media interactions to assess businesses.

If you have just started out, you probably won’t qualify for a big loan. Conversely, if your business is up and running and you can show a good track record of revenue performance, you will find it easier to secure funds.

What’s worth noting is that you need a good business plan in place to increase your chances of qualifying for a loan. It’s also advisable to know which lender is your best option before you approach them. For example, Kickfurther is ideal for small businesses looking for inventory financing. There are similar lenders who specialize in real estate business, purchase order financing and other kinds of small business loans.

It’s important to maintain a good credit score because most alternative and institutional lenders carry out credit checks to ascertain a customer’s credit worthiness.

Another good option for small businesses is to consider collaborative lending opportunities. Banks like JP Morgan Chase are partnering with alternative lenders to offer loans customized to the needs of business owners. In certain instances, such options would make more business sense.

Armed with enough information and insight, you can easily secure funds without borrowing from your IRA or approaching big banks and community banks.



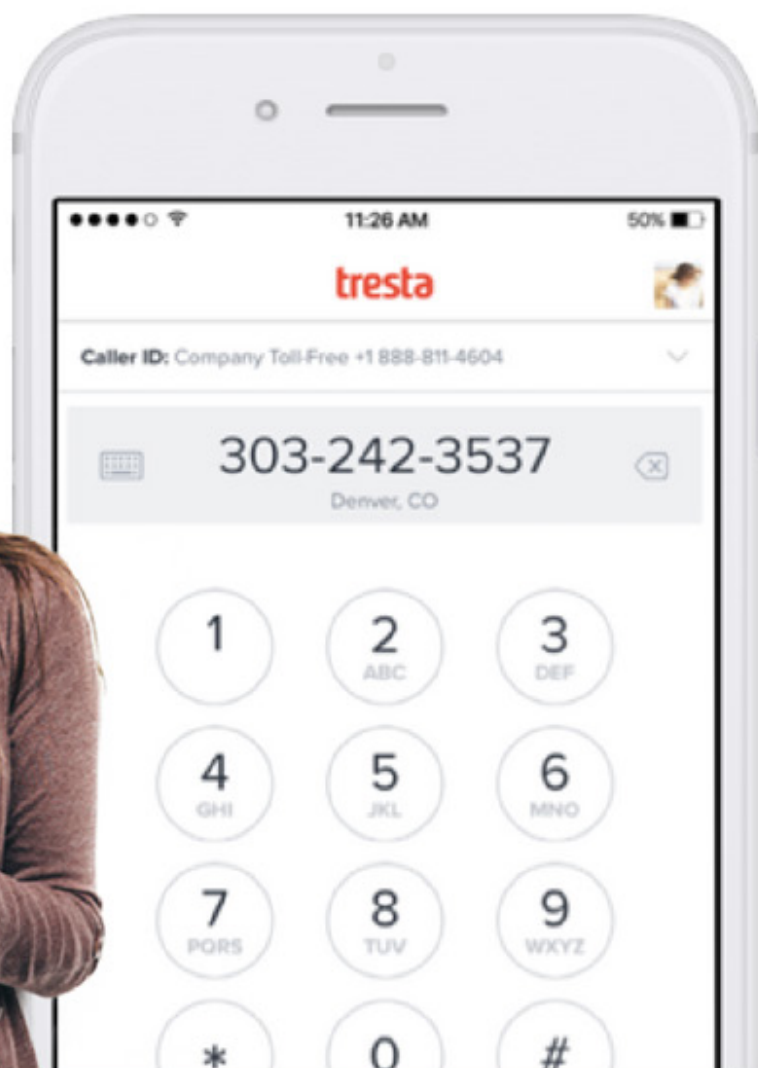
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# 5 Secrets to Improving Your Credit Score

Most entrepreneurs at one point or another must search for funding to launch their businesses.

Startups, by nature, do not have a track record of generating revenue or profits. Nor do they have a history of repaying loans. However, individuals do.

This is why credit scores play such a critical role in small business finance. Before they will make a funding decision, lenders will assess the ability of the borrower to repay debt. With startup ventures, there is often little else to go on, other than the entrepreneur's personal financial history. Thus, an individual's credit score plays a major role in a bank underwriter's

decision to approve a small business financing request.

## Credit Scores and Their Impact on Small Business Financing

Credit scores range from 300 (very poor) to 850 (exceptional). Obviously, anyone with a score of 700 or above, will likely have little difficulty in securing a small business loan. Conversely, if you have a credit score below 550, it will be very challenging to secure funding from a traditional lender, such as a big



bank. It is not impossible for someone to secure business loans with bad credit, but it will likely be more costly because interest rates charged are higher for people who have not proven themselves to be very creditworthy.

Repairing bad credit does not happen overnight. It takes time to prove creditworthiness to the three major credit rating agencies: Equifax, Experian, and TransUnion.

Here are some tips for improving your credit score.

- 1. Review Your Credit Report** - Request a free copy of your credit report and look to see if there are any errors. If you are diligent about paying bills on time, look for any late payments that might be incorrectly listed on your credit account. If you find errors, dispute them with the credit bureau.
- 2. Open a Business Credit Card** - This strategy is appropriate for young companies that are not already saddled with credit card debt. Even if you have the cash on hand to make purchases, use your business credit card to make purchases and then pay them on time and in full. By doing so, you

will establish a track record of payments, which builds your credit score.

- 3. Schedule Auto Payments** - Entrepreneurs are busy people, and paying out money is one of the less desirable aspects of owning a company. Business owners would much rather focus their energies on running the firm than pouring over accounts payable. Scheduling pre-authorized payments to vendors eliminates the possibility of having late

### Credit scores play such a critical role in small business finance

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payments. Of course, you can only do this if you are confident that there will be enough money in the account when the withdrawal is made. Scheduling payments when funds are insufficient will hurt, not help, your credit score.

Making your credit payments on time is an important step toward improving your credit score. Many creditors and vendors



enable you to sign up for payment reminders that come via text or email.

- 4. Run a Lean Company and Reduce Your Debt** - Examine your operations for areas in need of improvement. Monitor your inventory and staff expenses to run a lean organization. Doing this will increase your company's profitability and make it easier for you to manage debt repayment.

When trying to improve creditworthiness, one factor is to reduce your utilization rate. Hold off on making purchases that are not necessary at this time so that you do not add to the debt that your company has already incurred. Use the savings to pay down debt and ultimately raise your credit score. If you have multiple credit cards, pay off the ones with the highest interest rates first, but be sure that you are at least making the minimum payments on the others. As time goes on and you

establish a track record of timely payments, your credit rating will improve.

- 5. Refrain from Continuously Opening Credit Cards and Shifting debt** - It is tempting to open new credit cards that allow transfers of debt. Often card issuers give an attractive introductory rate -- sometimes zero percent interest for six months -- for transferal of high interest credit card debt. The best way to improve your credit score is to pay off debt rather than switch it from one account to another. Further, if you open too numerous credit cards in a short period of time, it sends a signal that you might not be a good credit risk.



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# Top Sources of Funding for Women-Owned Businesses in 2018

**America has an estimated 11.6 million women-owned businesses that generate more than \$1.7 trillion in revenue, according to American Express's 2017 State of Women-Owned Businesses Report.**

Despite their growth over the past two decades, female entrepreneurs still face more challenges than men do when applying for small business funding. Women-owned businesses (companies in which a female own a 51 percent stake or more) employ an

estimated 9 million workers and comprise nearly 40 percent of U.S. private sector firms.

Biz2Credit's 2017 analysis of 25,000 businesses discovered that the small business loan approval rates were 15 to 20 percent higher for male applicants than they were for female-



## There is no doubt that women-owned businesses are successful

owned companies. Biz2Credit examined primary data submitted by business owners themselves in their loan application packages and found that women-owned firms trailed their male counterparts in terms of average annual revenues (\$210,000 vs. \$363,414). While the earnings of women-owned firms increased 61 percent from 2015 to 2016 to \$117,064, businesses owned by men generated average earnings of \$195,574.

There is no doubt that women-owned businesses are successful. Revenues among female-owned companies generating more than \$1 million annually increased by 104% during the past decade. Further, the number of women-owned firms generating \$500,000 to \$999,999 grew an impressive 88%, according

to American Express's State of Women-Owned Businesses report.

The economic atmosphere for small business lending is generally positive. As the economy improved in 2017 and as the stock market continues to hit record highs seemingly on a weekly basis, business owners who might have held off from borrowing money are re-entering the credit markets again. Even though the Federal Reserve has raised interest rates three times in little more than a year, the cost of capital is still relatively low.

Businesses owned by women -- and those owned by men, too -- are having an easier time finding funding. The Biz2Credit Small Business Lending Index for December 2017 found that big banks are granting 25.2 percent of loan applications they receive. In fact, loan approval rates at big banks showed a slow but steady upward trajectory throughout 2017. Meanwhile, regional banks and community banks grant



## Female entrepreneurs still face more challenges than men applying for funding

about 49 percent of the funding requests they receive. Thus, applicants have a roughly 50-50 chance of securing capital from a small bank in the current economic environment.

Additionally, institutional investors (pension funds, insurance companies, family funds, and others) have entered the U.S. small business credit market in search of higher yields. Because so much data is available today from potential borrowers, they are able to conduct their own analysis and minimize risks to low levels. Competition in the lending marketplace is spurring better deals for small business owners.

So which are the best options for loans for women-owned companies?

### Term Loans

A term loan is a traditional bank loan to a small business. The company borrows an amount of money and then pays the money back with interest to the bank in regular intervals over a certain period of time.

### SBA Loans

The Small Business Administration (SBA) does not make loans directly. Rather, it provides government guarantees on loans to small business that are issued by the agency's authorized lending partners. The government backing reduces the risk exposure to banks and other lender, thereby lowering risk and encouraging lending. Because the SBA minimizes risk associated with making small business loans, banks become more willing to lend.

Through the 7(a) lending program, the SBA guarantees 50 to 85 percent of a bank loan up to \$5,000,000 (so the top guaranty is roughly

\$3,750,000). The percentage that the SBA will guaranty is based on factors such as the amount requested and the uses of the funding. SBA loans usually come at interest rates of seven to eight percent. It is important to note that because of government involvement, there is more paperwork and the time it takes for approval is longer than with other types of funding.

### Microloans

Microloans are made in amounts usually under \$50,000 and is helpful for startups. For women-owned businesses that do not need a large amount of capital, microloans can provide a boost. This type of funding helps women who are running startups that don't yet have a track record of debt repayment or growing businesses in areas that are underserved by banks.

### Business Lines of Credit

Women-owned businesses should consider applying for a line of credit from which they can draw when the need for funding arises unexpectedly. Lines of credit can also be helpful to seasonal businesses during their off-seasons. The money sits in a debit account that is available whenever the small business owner needs to use it.

It usually takes about a week to open a business line of credit (assuming the borrower has a decent credit rating). The annual fee to keep the line open is anywhere from \$100 to \$250, and banks often waive the fee in the first year. Interest rates for business lines of credit range from prime + 1.75 percent to prime + 9.75 percent at the moment.



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# 4 Considerations Before Obtaining a Business Acquisition Loan

Aspiring entrepreneurs have two options when they decide to pursue the American Dream of business ownership: start one from scratch or purchase an existing business.

Many companies start with an entrepreneur's great idea, such as Uber, the app that connects people looking for rides with independent

Buying an established business might not seem exciting, but it could be lucrative

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contractor drivers who often charge lower rates than traditional yellow taxis or limousine drivers.

Other budding entrepreneurs look for opportunities to purchase existing businesses. Doing so eliminates many of the headaches and startup costs that come with launching a new venture. These challenges include bidding and selecting contractors, sourcing supplies,



building a customer base from scratch, creating a brand and hiring staff.

Buying an established business might not seem as exciting, but it could be just as lucrative and a lot less risky than creating a new company. Due diligence is required. It is important to find out why a business is up for sale. If the company is struggling to pay its bills, that is surely a bad sign. However, if an original owner is contemplating retirement and his or her children are not interested in continuing in the family business, it might come at a good price.

For many reasons, buying a business is a lot less risky than funding a startup that has no track record of success. Purchasing an established company likely means there is already a base of customers, trained staff and

### It is important to find out why a business is up for sale

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operational success (if the firm has been in business for more than two years). Perhaps a few changes are all that would be needed to take a mediocre business to the next level.

An important thing to keep in mind is that it will likely be easier to obtain the funding to buy an existing business than it would be to secure startup capital. Loan underwriters will examine the financial data of the target business and assess the risk. Ultimately, the lender wants to know if the borrower will be able to pay back the loan. With a startup venture, all that can be provided are estimates, rather than real financial results.

Here are some things to consider before purchasing a business:

1. Are you passionate about the product/service it provides?
2. Do you (or your business partners) have experience in running the type of business you plan to purchase?

Perhaps a few changes are all that would be needed to take a mediocre business to the next level

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3. How well do you know the local target market?
4. How much funding can you obtain on your own (if any) and how much do you plan to borrow?

If you have an idea of the type of business you would like to own, try using BizBuySell, the Internet's largest business-for-sale exchange with over 45,000 companies listed for sale. If you prefer the personal touch, try working with a business broker, who will help you through the process in much the same way that a real estate agent guides home-buyers.

Entrepreneurs who need outside funding have more sources than ever before when seeking to buy an existing business. If you require business acquisition funding, start the process by creating a business plan that explains what the business does, where it operates, and the road to success that you plan to take. The plan should include the following elements:

- 1. Executive Summary:** A one or two-page detailed explanation of the business that outlines its goals, business proposition, operations, marketing and revenue projections. (It may be the only portion of the plan that an underwriter will read, so make sure this part really sells the venture.)
- 2. Business Description:** Explain what business does.
- 3. Competitive Landscape:** Provide a realistic assessment of the marketplace and explain why the business's value proposition will differentiate it.

**4. Product or Service:** Provide details about the product or service.

**5. Sales, Marketing and Promotion Plan:** Explain who how you will approach the target market and build greater brand awareness to drive sales. Include: website enhancements (if needed), advertising spend, public relations plans (traditional and social media), sampling efforts, trade show attendance, and other sales promotions.

**6. Executive Team:** Include bios of the important management team members. Detail their experience.

**7. Financial Information:** Obtain copies of P&L statements, balance sheets, and business tax returns.

**8. Owner Investment:** Detail the cash contributions from each owner (if more than one partner is involved.)

**9. Appendices:** Supporting documents, such as logos, photographs, etc.



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# 7 Things to Ask Before Applying for a Small Business Loan

Online loans for small business can be an alternative when other funding options fail to deliver.

But getting the right funding for your small business is key. Here are seven things you need to ask before you sign up.

## Things to Ask About Online Loans for Small Business

### How Do You Pick Your Lenders?

The process is simple. You start by supplying some basic information through a secure

internet connection. Next, a short phone call confirms your info and matches you with a lender. A short application is usually all that's required after that to get a loan. Make sure a lender walks you through the process. Asking about how the marketplace puts the list of lenders together helps you to understand their methods.

### How to Choose among Online Funding Platforms?



## Small business owners are often time and cash constrained and need access to credit without spending hours on paperwork

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Using online funding platforms cuts down on the red tape you can face by dealing with lending institutions directly. Hanna Kassis, an expert at InvoiceFinancing.net, shares his insights with Small Business Trends.

“These are all products that are supported by existing cash flow,” he says. “Without that, you need to go to an investor.”

Finding out if you’ve got a good fit requires asking for an online marketplace’s pitch. Start by finding out if they are familiar with your specific industry.

### Is the Connection Secure?

When and if you decide to move forward with any of the offers you’ll get from various online funding platforms, you’ll need to submit some information like bank statements. Ask about an online funding marketplace’s security measures. Their url should start with https.

### How Long Does Online Funding for Small Business Take?

Of course the whole point of online funding for small business is to get financing faster than possible when going to the bank yourself. However, you need to find out exactly how much faster.

Scott Shane, Professor of Entrepreneurial Studies at Case Western Reserve University, writes, “Small business owners are often time constrained as well as cash constrained and need access to credit without spending hours on paperwork. Online lenders typically have much simpler application processes than banks and are far faster at making loan

decisions. Instead of taking a few weeks to make a loan decision, online lenders typically take only a few hours.”

### How Strict Are the Requirements Compared to Banks?

Although the documentation you’ll need is often less extensive when seeking online funding for small business, the gap is closing according to published reports. Make sure you know what you’ll need for the application that’s often the final step in getting funded.

## The whole point of online funding for small business is to get financing faster than going to the bank

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### How Will Your Information be Used?

You need to keep in mind online funding marketplaces are building their own credit models. Ask if your information is being shared with third parties.

And since quite often sources ranging from search results to utility bills are used to determine creditworthiness, it pays to know exactly what kind of information is being mined.

### How Are Payments on the Loan Made?

Asking out the terms and the repayment schedule required under your loan is also very important. Quite often an automatic electronic withdrawal is the only option. Keep in mind here the interest payments are generally higher than more traditional lenders so you’ll need to have more money on hand.



**Rob Starr**

Staff Writer

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#### Same day funding available

Typical turn around time for a merchant cash advance is 2-3 business days, however often times for deals under \$100,000 can fund in the same day.



#### Personal FICO not an issue

Bad FICO? No problem. The minimum FICO requirement is 500. Though the pricing may not be the best, if you have a low FICO, securing a merchant cash advance is a good way to re-establish and improve your personal credit.



#### Unsecured by assets

The best part about a merchant cash advance is that you don't need any assets to secure funding. The funding is secured by future cash flow, so if you don't have any assets, but solid cash flow, you still qualify.



#### Cheaper than equity

When assessing your options for funding, equity is the most expensive. Unlike equity, which requires you share a percentage of profits (and losses) with your investor for life, payback on a merchant cash advance is a fixed royalty for a fixed period of time.



#### Bridge to Busy Season

The merchant cash advance is perfect to prevent cash shortfalls as you wait for busy season to come. Many funders specifically look for seasonal businesses to deploy funds to, knowing full well higher revenue levels are right around the corner.



#### Minimal Documentation

In order to obtain an offer, we need an application and four months of bank statements. To close, the funder will require minimal documentation like drivers license, proof of ownership, and a voided check.

# What is a Merchant Cash Advance and What Kind of Business Uses It?

When asking the question, What is a merchant cash advance? You should start by understanding what financing options are available for your business.

Financing your small business is about having the right information to make a choice that suits your circumstances. The merchant cash advance is perfect for businesses that meet

A merchant cash advance is a one time capital infusion in the form of a lump sum into a business

certain criteria. Small Business Trends spoke with Hanna Kassis from Segway Financial about who should use this financial tool and how it should go about it.

#### What Is a Merchant Cash Advance?

So what is a merchant cash advance exactly and how can it help your business?

"A merchant cash advance is a one time capital infusion in the form of a lump sum into a business," Kassis says. "This is in exchange

### You need to have a clear path to revenue if you're going to take on this money

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for a fixed royalty over a fixed period of time.”

Like other financing products, the merchant cash advance has a best case scenario where small business is concerned. These are best for the short term. They rely on the business's cash flow so there's no collateral required.

Typically, the funding amount is based on a one month average of bank deposits or credit card swipes. In other words you'll need to have a steady and sufficient revenue history to apply for one of these. Small businesses can often get the money quickly within one to three days. Generally, the amounts are between U.S. \$60,000 and U.S. \$70,000. However, you need to have steady monthly revenue of \$10,000 a month to qualify.

#### More Merchant Cash Advance Info

Here is some more merchant cash advance info you may find helpful.



Kassis also says there's a specific set of small businesses that benefit the most from a merchant cash advance.

“You need to have a clear path to revenue if you're going to take on this money,” he says adding that business owners need to be ready for a squeeze in their cash flow.

“All of a sudden you're giving up 10 to 20 percent of every dollar received,” he says.

Kassis suggests there are a few boxes to check to make sure before taking one of these advances you can pay the money back. Buying inventory and flipping it works. Or, you can time a merchant cash advance to cover the slow season when you are fairly certain historically better revenues are ahead.

### A cash advance is also a good choice for shop owners without many hard assets

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#### What Would be a Good Merchant Cash Advance Business?

So what would be an example of a good merchant cash advance business?

“This is for new businesses and ones that haven't been in business for six months as well as businesses with an owner FICO below 600,” Kassis says. A cash advance is also a good choice for shop owners without many hard assets.

It's a good idea for industries with a high number of transactions per month like restaurants, bars and a lot of B2C companies like retail and even nail salons. One of the criteria is being able to forecast a steady flow of customers.

In any case, it's important to get as much merchant cash advance info as you can before deciding if this funding option is right for you.



### When is the Merchant Cash Advance Popular?

If you're still not sure whether your company would be a good merchant cash advance business, consider this.

The merchant cash advance is also a good choice for businesses that can count on a cyclical revenue stream. Kassis says there's a spike in companies looking for merchant cash advances ahead of holiday seasons.

### Why It's a Good Choice

Let's say you're launching a new product line or you need some extra money to get a new client set up. The merchant cash advance is the perfect choice because you can get under \$100,000 on the same day in some cases.

It's a great financial Band-Aid if there is a broken water pipe in your restaurant that needs to be fixed quickly. Best of all, small businesses only need to fill out an application and supply four months worth of bank statements to get going.

So when asking the question, What is a merchant cash advance? start with a clear understanding of how this funding option to help your small business survive and thrive.



**Rob Starr**

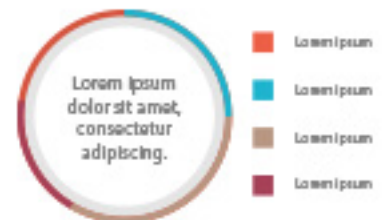
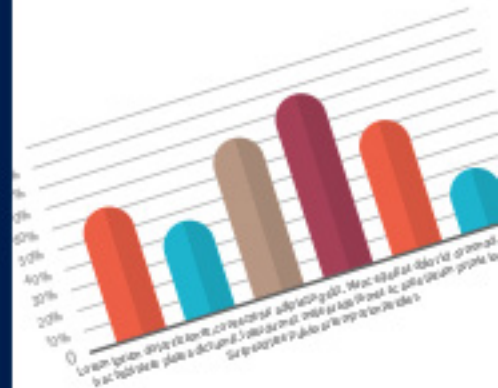
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# How to Gather Small Business Loan Documents: A List of What You Need

Gathering documents while applying for a small business loan is often a hassle. Yet there's no way to avoid loan documents when you're trying to secure funds.

The best way to minimize the hassle is to be prepared and understand how to value a small business. In other words, know all the loan documents your lender is likely to ask for when you approach them.

To make it simple for you, here's a list of all the loan documents you need when you approach a lender so that you don't have to find a documentation specialist for the job.

## **The List of Business Loan Documents You'll Need**

### **SBA 7(a) Loans/Bank Loans**

SBA's 7(a) Loan Program is one of the most popular borrowing options for small businesses. It's worth noting that SBA does not extend loans itself. Rather it guarantees small business loans made by participating lending institutions. (As a result, much of the information you'll need is the same



documentation you'd need to apply for a loan from a more traditional lender.)

What makes SBA loans attractive to many small businesses is the low interest rates, but it also involves lengthy paperwork.

Once you have decided to apply for an SBA loan, you will have to gather all your documents. The process will then begin with your local lender, working within the SBA guidelines.

Here are all the documents you will need to submit.

**SBA Loan Application:** This is the first thing you will have to complete to process your request. You can find the most current form [here](#) (PDF).

**Personal Background and Financial Statement:** To evaluate your eligibility, the SBA requires you to complete a few forms where you will have to provide personal background and financial information.

**Business Financial Statements:** You must also be able to show that you can repay the loan. For that, you need to provide the following financial statements: Profit and Loss

Statement and Projected Financial Statements.

**Ownership and Affiliates:** You must include a list of names and addresses of any subsidiaries as well as affiliates. These may include concerns in which you hold a controlling interest and other concerns that may be affiliated by franchise, proposed merger, stock ownership or otherwise with you.

**Business Certificate or License:** Your original business license or certificate of doing business is also needed. If your business is a corporation, you need to stamp your corporate seal on the application form.

**Loan Application History:** You should include records of any loans you may have applied for in the past.

**Income Tax Returns:** Add signed personal and business federal tax returns of your business' principals for the last three years.

**Résumés:** Also include personal résumés for each principal.

**Business Overview and History:** Provide a short history of the business and its challenges. Add an explanation of why you need an SBA loan for your business.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

**For Purchasing an Existing Business:** Provide the following information: 1) current balance sheet and P&L statement of business to be bought, 2) last two years federal income tax returns, 3) proposed Bill of Sale including Terms of Sale, 4) asking price with schedule of inventory, machinery and equipment, furniture and fixtures.

## Alternative Lenders

If your business does not meet a traditional bank's financing requirements and you are wondering how to get a business loan, you may want to consider alternative lenders.



Alternative lenders provide financing to even those small businesses that haven't been around for a long time. And they have a less paperwork-intensive application process that can be completed online.

Here are the documents that most alternative lenders are going to ask you to submit.

**Tax Returns:** Make sure you submit the last three years of signed personal and business federal income tax returns.

**Bank Statements:** Submit three most recent bank statements for your business and personal accounts.

**Cash Flow Statements:** Include your balance sheet, cash flow statements and profit-and-loss statements.

**Personal Identification:** Includes social security, driver's license or any such current government-issued photo ID.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

### Peer-to-Peer (P2P) Lending

P2P lenders help businesses by connecting capital from retail and institutional investors via platforms such as Funding Circle, Prosper and Lending Club. Over the years, P2P lending has become a popular source of funding for a large number of small businesses.

Here are the documents that you will have to submit when you approach a P2P lender.

**ID Documents:** Make sure you get your ID documents in place to set up direct credit as soon as you can.

**Proof of Social Security:** Provide a copy of your Social Security Award Letter or Form SSA-1099 for the last tax year.

**Proof of Pension or Annuity Income:** If you receive income from a pension or annuity, include a copy of your award letter or most recent statement.

### Online Marketplaces

These days, a number of online marketplaces have become a popular source of small business financing. These marketplaces operate like exchanges, centralizing and streamlining the loan application process. They connect businesses to a range of traditional and alternative lenders. Some of the well-known players are Fundera and Biz2Credit.

Some of the documents that you should provide when you approach an online marketplace for funding include the following:

**Personal Background:** Submit your ID and address proofs along with the proof of your professional qualification.

**Income Tax Returns:** Include the personal and business federal tax returns of your business' principals for the last three years.

**Signed Application:** Provide all the basic information about yourself and your business.

**Bank Account Statements:** Submit six most recent bank statements for your business and personal accounts.

**Business Lease:** Provide a copy of your business lease, or a note from your landlord.

Paperwork may sound like a lot of work, but preparing in advance can actually help save time. Just make a quick checklist of all the documents you need to submit before you begin the process. You may also want to speak to a representative to gather and organize your papers on time. Once you have prepared yourself, it will be easy to complete the work.



**Shubhomita Bose**

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# Cali Finance Group Offers Loans and More to Individuals – and Businesses

Securing financing for a small business can be incredibly complicated. Traditional banks and financial institutions have a lot of requirements that are more difficult for independent businesses to meet.

Cali Finance Group aims to make it easier for businesses in California by offering a variety of different financial products and services to meet everyone's individual needs.

You can read more about the business and its offerings in this Small Business Spotlight.

## **What the Business Does**

Offers loans, debt resolutions programs, and consultations for individuals and businesses.

CEO Isaac Hwang told Small Business Trends,

“One of our positive attributes is providing a variety of financial options. Most of our counterparts offer programs that are tailored to their advantage and do not offer an explanation of why they are offering a specific type of program. Unlike our counterparts, our company believes that each finance option should tailor to the customer's needs and we offer free consultations to make sure our future clients know the improvement & steps that they would need to take.”



## Business Niche

Taking a more service-based approach.

Hwang says, “Contrary to our competitors, we are a finance company that specializes in providing our services to individuals and businesses with challenged credit scores, sub-par documents, and other challenging factors that traditional financial institutions would deny. Our company is known for helping our customers overcome \$1 million dollar credit card debt alone and offering low-cost consultations that accommodate all areas of one’s finance.”

## How the Business Got Started

By witnessing financial related hardships.

Hwang says, “The defining moment that propelled me to start my company was when I witnessed that many lives were degraded due to poor financial decisions and dishonest finance swindlers. Through those decisions, I saw not only the degraded lives of our present generations but also the impacted lives of our future generations. Therefore, I came to

believe that every individual is capable of attaining financial literacy to overcome debt, strive for a better future, and have the proper tools to overcome any financial hardships.”

## Biggest Win

Getting started in the first place.

Hwang explains, “With all things in life, the beginning is always the most important factor and the first “win” a business experiences. The starting process illustrates overcoming the first failures and complications a business encounters. Therefore, the setup of a business is the most meaningful victory and opens a door to numerous of possibilities.”

## Biggest Risk

Breaking into a competitive industry.

Hwang says, “The biggest risk our business ever took was tackling a competitive industry that represented 7.3 percent (\$1.27 trillion) of the U.S. gross domestic product. With many tycoons in the industry, our company worried that many customers would not give a chance



to a startup finance company. Our company was unsure how long it will take future customers to realize the beneficial advantages that our company offered. Fortunately, our customers noticed our dedication and advantages which led to numerous referrals, adding more financial services, and ensuring the future of our company."

### Lesson Learned

Good things take time.

Hwang says, "One thing that I would do differently is learning how to be patient. In the beginning, all entrepreneurs are passionate in making everything perfect, not making any mistakes, and expecting quick results. I, for one, embodied those flaws and failed to realize sooner how all the things that I hoped to accomplish will be achieved in due time. I stressed and pestered myself without realizing the accomplishments that I have achieved so far. Therefore, my advice to other entrepreneurs would be to have some leeway and be patient in all aspects because we are in it for the long run."

### How They'd Spend an Extra \$100,000

Providing more information.

Hwang explains, "I would use it to hold more seminars for people who are in need of improving their financial literacy and overcoming their financial hardships. I believe that the seminars would vastly improve our society as a whole and secure their financial futures."

### Favorite Quote

"Don't let your happiness depend on something you may lose." – C.S. Lewis



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"It's not so much about having a red letter day, as it is about not having a red number day."

I love idioms. They're the cat's meow for cartoonists. Using them makes me pleased as punch and I jump for joy. They're out of this world.

I especially love when you can combine them. It's the best of both worlds. Double trouble. Two heads are better than one.

OK, I'm sorry. I couldn't help myself. But you know what they say. Practice makes perfect.



**Mark Anderson**

Contributor

[@andertoons](#)

Mark Anderson's cartoons appear in publications including *The Wall Street Journal*, *Reader's Digest*, *Harvard Business Review*, *Good Housekeeping*, and *Forbes*. Anderson is the creator of the popular cartoon website, [Andertoons.com](#). The cartoonist also creates custom cartoons for companies looking to associate his gentle wit with their products and brands. He blogs at: [Andertoons Cartoon Blog](#).



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