

# **Borrowing Money For Your Business**

## **The Six 'Cs' of Granting Credit**

# Character

- ◆ **Stable employment history**
- ◆ **Credit references**
- ◆ **Track history of saving**
- ◆ **Good credit rating**
- ◆ **Good asset mix**



## Financing Tip

**B.D.C.  
Loans**

1<sup>st</sup> C

# Capability

- ◆ **Management of business**
- ◆ **Professional background**
- ◆ **Relevant training**
- ◆ **Previous business experience**
- ◆ **Business plan**



## Financing Tip

**C.F.D.C.  
Loans**

2<sup>nd</sup> C

## Context

- ◆ S.W.O.T. Analysis
- ◆ 'Three legged stool'
  - Operations
  - Marketing & Sales
  - Financial



### Financing Tip

**Angels &  
Factors**

3<sup>rd</sup> C

# Capacity

- ◆ **Ability to pay**
- ◆ **Positive cash flow**
- ◆ **Total debt servicing (TDS) ratio rule of thumb is 40% of total income**



## Financing Tip

**C.S.B.F.  
Program**

4<sup>th</sup> C

# Capital

- ◆ Positive net worth
- ◆ Good debt to net worth ratio
- ◆ Liquidity and ease to convert
- ◆ Available contingencies



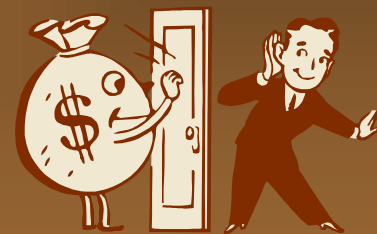
## Financing Tip

**Supplier  
Loans**

5<sup>th</sup> C

# Collateral

- ◆ **Security for debt**
- ◆ **Equipment, mortgages and personnel guarantees**
- ◆ **Acceptable terms, clauses and conditions**



## Financing Tip

**Love  
Capital**

6<sup>th</sup> C

## Recommendations

- ◆ **Verify your credit report**
- ◆ **Invite banker to your business**
- ◆ **Begin with your own branch**
- ◆ **Shop around**
- ◆ **Know your plan inside and out**
- ◆ **Do not embellish data**
- ◆ **Demonstrate own commitment**
- ◆ **Keep your banker informed**

