

The Power of Capital – Learn How to Fuel the Growth of Your Business  
Presenters: Darla Harris & Alejandra Corona Fennell, JPMorgan Chase

---

### Why We're Here:

- Every business deserves an equal opportunity to succeed in the marketplace.
- Be prepared before requesting capital:
  - Have a complete package ready for the underwriter.
  - Create a designated folder on your system for all required documents.

### Fundamentals Still Matter:

- Time-tested approaches help businesses thrive in both crisis and calm.
- Apply for loans when your financials look strong and not during a crisis.
- Quality of documents for submission is important!

### What We Covered:

#### Part 1: Cash Flow

- Cash flow is more than money in the bank, and it measures business health.
- Strong cash flow allows you to seize opportunities as they arise.
- Poor cash flow can threaten your business even if you're profitable.

#### Part 2: Does Your Business Need to Borrow?

- Have a clear plan for how you'll use borrowed funds.
- Common reasons to borrow:
  - Business expansion
  - New equipment
  - Bridging gaps between client billing cycles
- Key considerations:
  - Borrowing comes with risk, understand your plan for repayment.
  - Timing matters; understand penalties and fees.
  - Build strong relationships with your business banker and CPA.
- Lenders focus on profit and cash flow; show long-term potential.
- Separate personal and business credit, important to get a business credit card for the day-to-day expenses
- Underwriters will review personal finances (auto loans, mortgage, etc.).

#### Part 3: Why Are You a Good Investment?

- Underwriters want the story behind your numbers, can you explain it?
- You are your business's most important asset:
  - Demonstrate clear vision and industry expertise.
  - Share your resume, business plan, and team of experts (CPA, attorney).
- Preparation matters:
  - Leadership
  - Cash Flow (the engine of your company)
  - Collateral (skin in the game)
- Keep accounts receivable reports current and accurate.
- Understand personal vs. business credit scores:
  - Use business credit cards responsibly and pay in full to avoid interest.

#### Part 4: Financial Data

- Loan officers need confidence that lending to you will pay off.
- Key documents:
  - Tax Returns: New businesses provide both personal and business returns.
  - Balance Sheets: Used to calculate key data points. It is important to review all documents before submission - were you profitable? Point of sales? Can you cover your expenses?
  - Profit & Loss Statements: Show trends year-over-year; communicate with your business banker, show that you understand the numbers!

#### Part 5: Credit Options

- Start with personal funds but eventually transition to business credit.
- Business Credit Cards:
  - Use for daily expenses; set up autopay!
  - Offers convenience, control, security, and rewards.
- Business Lines of Credit:
  - Flexible, no fixed payment schedule, but must be renewed.
  - Good for emergency expenses and operating capital.
- Business Term Loans:
  - Fixed repayment schedule; ideal for large purchases and expansion.
- Can you use all three? Yes! if it makes sense for your business and you can repay.
- Additional Sources of Capital:
  - SBA Loans (Chase is the preferred)
  - CDFI Loans (federally funded, good for early-stage businesses)
  - Venture Capital
  - Small Business Grants (apply consistently)

#### Part 6: Begin Building Your Own Empire

- Be confident when talking to your business banker.
- Documentation is critical, ask questions and seek clarity.

#### Questions from Q&A :

What is a factoring loan?

- Selling outstanding invoices to a factoring company for immediate capital.
- The factoring company collects payment from your clients.
- Considered a last resort, consult your banker first.

Best way to build a relationship with your loan officer?

- Your business banker is your advocate and link to the loan officer.

#### Helpful links:

- Knowledge Center - <https://www.chase.com/business/knowledge-center/manage/how-to-calculate-debt-service-coverage-ratio-dscr>
- Survey - <https://jpmc.surveymonkey.com/r/32tkwm6>