



WELCOME

A 'Bankers' perspective – an experienced (non-theoretical) view on why businesses find it challenging to obtain bank funding



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see money differently

NEDBANK

An experienced perspective into the challenges for Entrepreneurs in obtaining funding from Commercial Banks

- ❖ Bankers & Entrepreneurs
- ❖ Some practical thoughts to consider if you're serious about obtaining funding from a commercial bank, a lens into how Banks think and how to impress them with your funding proposal.
- ❖ Common mistakes to avoid when seeking funding from a commercial bank

Keep it Real

Bankers and Entrepreneurs – we're different



- Don't deal 'Grey' well
- Highly analytical
- Conform to need for detail
- Operate within a regulatory mine-field
- Conservative risk takers



- Creative
- Self-starting
- Details
- Determined and confident
- Optimistic, Adventurous risk takers

While diverse in many ways, entrepreneurs and bankers do share common ground



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Giving ourselves the best opportunity to make more of it requires...



Put your 'best foot forward', walk in a Bankers shoes for a moment



- Equip the Bank to understand your business
- Keep your documents in order
- Be open with your Bank
- Understand what the bank can and cannot do
- Build and maintain a credit record
- Get to know your banker and the banking options

Getting prepared for applying for finance

Engage your banker on your need, and let them advise you on the best funding option for your need, be it short, medium or long term funding.

Pitch and prepare for your bank as if you were preparing for the big sales contract you're chasing

Prepare and provide your financial records

- Financial Statements (annual)
- Management Accounts (latest)
- Age analysis of your debtors (clients owing you money)
- Cash flow forecasts (remain conservative)
- Your own personal position statement (your assets, liabilities, income and expenses)
- Present a clean credit record



What to avoid when applying for finance

Like any relationship, business or otherwise, first impressions count for a lot.

- Don't be un-prepared
- Be sure about what you want and what it will achieve for you, be able to demonstrate it
- Avoid hypotheticals, banks love facts (for example signed contracts)
- A poor sense of your finances, from a banks perspective, your finances are the most important part of your businesses sustainability
- Withholding information, we're tricky that way.



Quick re-cap on types of funding



Traditional Bank finance is available in 3 key forms



Short-term funding

of working capital (to help meet monthly expenses) by way of overdraft facilities, credit card facilities, factoring of invoices or cash advances.



Medium-term funding

of acceptable operational assets such as equipment and vehicles used to produce income (by way of instalment sale or term loan agreements).



Long-term funding

of non-operational assets such as commercial and residential property by way of mortgage finance.

Alternatives & Suggestions

- **Alternative finance options**
- **Resources for Small Business**



Alternative Funding Options

- Family & Friends (careful not to destroy relationships)
- Crowd Funding
- Private Investors (venture capitalists and angel funders)
- Government Agencies (SEFA & IDC)



Consider these resources



