

Formation, Financial, Follow Up

• Formation

- Have a Business Plan
- Consult with Experts
- Do it Right

• Financial

- Proper Capitalization
- Do not Overextend
- Know Your Numbers

• Follow Up

- Credit Terms
- Expenses
- Planning
- Work with Lender

Formation: Have A Business Plan

- Perform adequate research about the industry before entry
- Identify industry patterns and prepare accordingly
- Identify potential for diversifying clients and suppliers
- Look for unique opportunities for expansion
- Remain agile and have alternate plans for economic downturns

Formation: Consult with Experts

- Do not DIY
- Develop a Team
 - Accountants
 - Lawyers
 - Insurance
 - Financial
 - Management

Formation: Do it Right; Do it Well

- Be Great at What You Do
- Know Organizational Strengths and Weaknesses
- Emphasize Strengths
- Work on Weaknesses
- Never Compromise on Quality
- Develop a Brand and Mission Statement
- Compare Results against Brand and Mission; Adjust

Financial: Proper Capitalization

- Start with Proper Capitalization
- Do Not Underestimate Capital Needs
- Plan for the Unexpected

Financial: Do Not Overextend

- Borrowing is necessary component for expansion and growth
- Do not overextend
 - Borrowing for payroll should be avoided
- Review financial plans and projections
 - Be conservative with sales and income projections
 - Be cautious, but flexible
 - Some risk is inevitable
- Review economic trends

Financial: Know Your Numbers

- Understand your financials
- Review financial data often
 - Verify data integrity
- Have a rainy day fund or plan
- Loss leaders
- Understand the bottom line

Financial: Credit Terms

- Understand terms of credit
- Avoid events that trigger default
- Be mindful of default rates
- Stay in compliance with covenants
- Prepayment penalty
- Be aggressive with paying debt

Follow Up: Expenses

- Keep expenses low
- Track expenses
- Accounting checks and balances

Follow Up: Planning

- Have an estate plan and proper entity structure
- Avoid using retirement for capitalization
- Consider limiting personal guaranty
- Have insurance
 - Life
 - Disability
 - Liability

Follow Up: Work with Lender

- Stay in communication with lender
- Communicate concerns early
- Request workouts, forbearance, or other modifications
- Do not avoid notices and lender communications