

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Accountants can help their small business clients secure loans by helping them prepare the appropriate materials and by pointing out a few different methods through which they can seek capital.

Sep. 14, 2012



Since the economic crisis of 2008, credit markets have begun to [show signs of improvement](#), and new micro-lending organizations are sprouting up to fill the demand for small business loans along with traditional banks. Accountants can help

their small business clients secure loans by helping them prepare the appropriate

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

If your small business clients are actively [seeking a loan from a bank](#) that does or does not work with the SBA, you should urge them to have a well thought-out business plan, financial statements, and growth forecasts. According to Jeanne Hult, the SBA's New England region administrator, "Banks granting SBA loans are placing increased emphasis on business plans, cash flow and profit forecasts in deciding whether to lend."

The earlier your client is in the business development process, the more difficult it can be for them to obtain a loan from a traditional bank or a loan guaranteed through the SBA. According to the Federal Reserve Bank of New York, small businesses fall into one or four stages of development:

- **Stage 1: start-ups**
- **Stage 2: have business plans and product samples but no revenues**
- **Stage 3: have full business plans and pilot programs in place**
- **Stage 4: have been in operation for some time and have documented revenues and expenses**

The New York Fed recommends that, to grow businesses in the first two stages of development, owners should seek capital from non-traditional resources. [Non-traditional resources](#) can range from a friend or angel to one of the many, new micro-lending organizations. However, if your client's business is generating revenue, then that client may be a viable candidate for a loan from a bank or through the SBA.

Although the majority of small business loans come from traditional banks, small business owners can also turn to micro-lending organizations for securing a loan. Micro-lending is a great resource for small businesses that need a small amount of capital. According to Jay McDonald from Bankrate.com, "The industry average micro-loan is \$12,000." Some of your small business clients that are just getting

started will be under-funded, and micro-lending organizations are a great resource

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

private companies. John Formento, Jr. also contributed to this article.

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved