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and guiding them on how to secure financing, can have a huge impact on their success, increase your integrity as a provider of services and lead to increased referrals.

Sabrina Parsons • Sep. 23, 2015



Once upon a time in a far off land known as “the big city,” there were two businesses, *We Do Widgets* and *Just Cogs*. Both were growing, increasing year-over-year revenue and preparing to seek additional funding to take them to the next level. *We Do Widgets* had an active relationship with its CPA, following her guidance every step of the way. *Just Cogs* did not.

Both businesses succeeded in getting funding, but *We Do Widgets* did it in half the

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Your Role: A 5-Step Process

At its most basic level, a company that needs financing should have a business plan that includes a goal to review and/or seek financing, but how will you, as the client's advisor, know this?

You may recognize they need additional funding based on your monthly financial review or some other indicator, but unless you have a really close, personal relationship with your client, you'll need to find out some other way. Hopefully, the client will either tell you about this goal or, from time to time, you could mention your range of services, including helping clients seek funding. Remember, people don't know what they don't know, so if you want to advise your clients on how to seek financing, tell them you do this as part of your service delivery.

Your most valuable asset is your built-in knowledge of the client's financial history, and by knowing all about the client's background, you can help them decrease the time it takes for the company to get its funding and make the process much simpler, especially when working with an entrepreneur who may have never received funding. As their financial advisor, you can also alert them to the need for financing, if they seem unaware of their cash flow issues. Consider this 5-step process:

Step 1: Educate the client

You can offer valuable information about what to expect during the process, as well as what materials the company needs to have prepared, including the following:

- **The business reason for the financing.** Warren Buffet once said, "When investing, pessimism is your friend, euphoria the enemy." Play the Buffet role and understand why the company wants additional funding. If the idea does not seem reasonable, and the company financials don't support it, it probably won't fly with financiers.

- **Eligibility.** The company needs to know what kinds of loans it is eligible to receive.

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Separate your roles, remember how people will go along way in ensuring the application is successful. Remember, you aren't afraid of numbers, but your client probably is. Help your client understand what their business can actually sustain.

Step 2: Prepare the Application

In step 2, the company must get to work preparing its case for the loaning institution. You can offer additional education, help prepare the financial materials and give advice during this process. Required materials include:

- a business plan;
- the company owners' resumes;
- financial results and projections – P&L, balance sheet and cash flow statements; and
- the owners' personal financial information, including three years of tax returns.

Step 3: Review

Be your client's sounding board. By reviewing all the materials, you can identify any pitfalls a funder might see and determine a strategy to overcome any objections. Ask questions and put your client on the spot. Make sure that he or she can handle questions about their plan and forecast.

Step 4: Make the Introduction

You may be wondering why bankers show up to local meetups, networking events and even trade shows; they are there to make connections with financial professionals who can refer business to them. CPAs and accountants are generally well connected, knowing bankers, angel investors and other financiers who can help. If you are well connected, that's great; if not, take the time you need to establish these relationships. Chances are good that your client won't know where to turn, so

you can offer advice on which lenders to approach, taking into consideration any

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the business is, and whether the business will hit more cash issues in the future.

What's in it for You?

Of course, there are other areas of a business plan you can help with, but when it comes to funding, the client seeking financing will benefit from your experience and advice. Still, what does this do for you and your practice?

Deepening the relationship with your client not only leads to a very strong long-term relationship, but also offers multiple opportunities for referrals. If you had a positive outcome, ask the client for a referral – something as simple as, “Who do you know that could also benefit from my advice?”

Expand your service delivery and help your clients improve their bottom line. It's that simple.

Resources

To find out more about helping client seek financing, the [US Small Business Association](#) website has a variety of materials. Lending institutions will also have materials available. Learn more about business planning at www.liveplan.com.

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