



**Small Business  
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# **Small Business Strategies**

## *2013*

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# Who is @MichaelBowers?

District Center Manager for Ohio SBDC at Columbus State since 2002


SBDC State Star for Ohio in 2007

Won the SBA Innovation and Service Center of the Year for Ohio and SBA Region Five in 2007

Won the State of Ohio SBDC Innovation Award 2011

*Striving to accelerate the growth of entrepreneurship and small business innovation. [#RunNerds](#) Marathoner. What's worth doing is worth doing for 26.2!*





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## Five Things You Can Learn About Business From Watching Football



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Ohio

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# Who is the Ohio SBDC at Columbus State?

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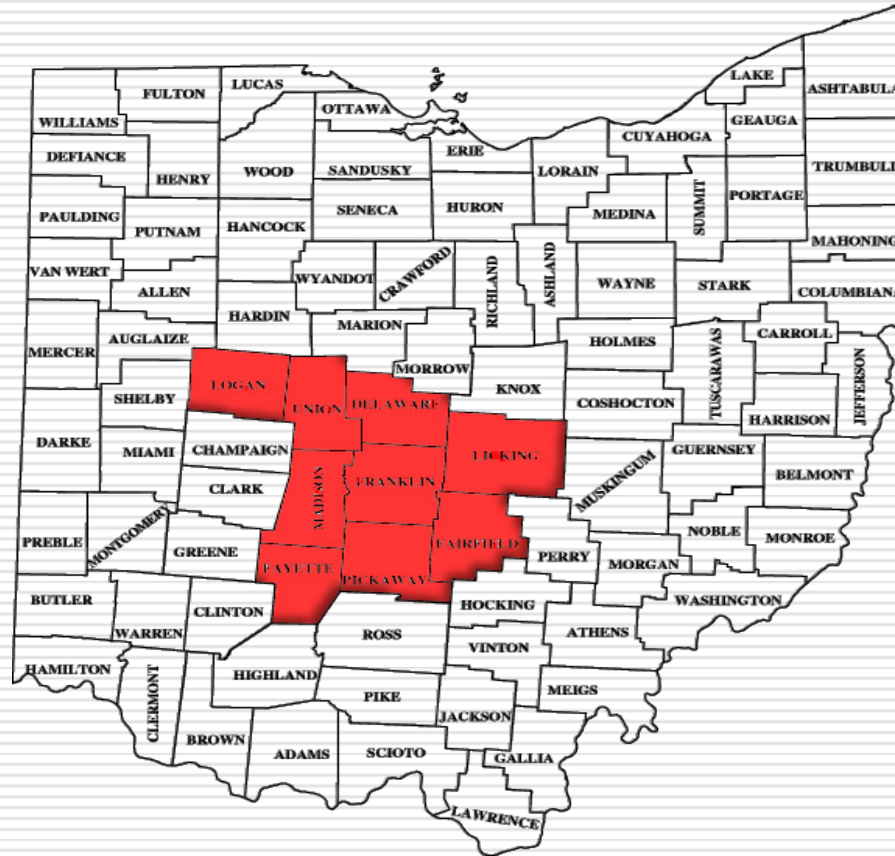
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# Where is the SBDC at Columbus State



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# Small Business Financing



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# Banking As We Know It

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Banks typically lend for “stuff”. To a bank collateral is real estate or equipment.

Banks are a great option if you have history and are looking to expand. However, for an early stage company with limited history and minimal collateral, getting a loan could prove difficult.



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# Working Capital

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Short-term money to operate the business.

Typically financed by a *Line of Credit*.



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# Creative Financing options



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# Peer To Peer Lending

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These are direct loans between a business and investors. They are typically facilitated by a third party intermediary that collects information on loan amount, purpose, the credit and business strength (financial statements, bank accounts, etc.). Investors are able to look at the opportunities and select what they are interested in funding.

What attracts investors to participate is return. Typically rates will be above 10% depending on the strength of the borrower.



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# Factoring ~ Accounts Receivable Financing

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Business sells its accounts receivables/invoices to a third party at a discount. The "Factor" provides a cash advance, often 70-85% of the value of the accounts. When the customer pays the bill the check is typically sent to "Lock Box" in the name of the business and the factor. Upon collection of the receivable the factor takes their principle and their accumulated fee with the remainder going to the business.

The fee is typically based on a percentage rate to be paid to the factor based on the number of days the receivable is outstanding. This can get expensive if the receivable drags on and is not paid in a timely manner.

With factoring the strength of the vendor paying the invoice is just as important as the strength of you as the business owner (actually the strength of the vendor is probably more important).

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# Merchant Financing

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If you are accepting of credit cards in the course of your business this may work for you.

You need to be able to show your historic card activity and that you have a reoccurring volume of credit card purchases to secure cash advances from your merchant services provider.

You are getting a loan based on what you have done in credit cards in the past. Repayment/fee is deducted from your merchant account as you do business and generate credit card sales.



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# Vendor Financing

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Sometimes what you deliver is so important to your customers that they will help finance your growth capital needs.

Look at who your customers are and if they may be willing to fund some of your working capital needs.

When preparing to approach your customers for funding you need to consider if they are strong enough financially and have a strong cash position that will enable them to provide support. In the ask you should connect how your business growth will help their business grow.

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# CrowdFunding

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Crowdfunding is exactly what the name implies:

Raising small chunks of capital raised from a large number of people that will eventually total to the amount you need. This type of funding is a numbers game. You need to reach a large number of prospective funders so it is well suited to use social networking and internet funding portals like Kickstarter, Indiegogo and Fundable.

Currently, crowdfunding is based on a rewards model where if someone contributes they get a reward such as a t-shirt or an early release of the product instead of repayment . Eventually you will be able to seek investors and sell equity on crowdfunding sites.

# Financing Reference Posts

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[Creative Financing Is Needed For Small Business Success](#)

[What are the Real Sources Of Business Financing?](#)

Click the titles to link to posts



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# How To Find Customers



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# Why Now?

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**Marketing is changing**

**The need to spend money on push advertising is diminishing**

**“Word Of Mouth” is a click away**



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# Advertising

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**Advertising** I don't think works for most small businesses. The key to advertising is repetition. You need to buy enough ads so you can interrupt people enough times to grab their attention. This typically takes a lot of ads.



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# Word Of Mouth

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**Word of mouth** is the go to strategy for most small businesses. Why? Not because it works but because it is cheap. Small business owners typically do not have sufficient money to launch good marketing campaigns so they fall back on "word of mouth". Done right word of mouth is effective. If you can get people to recommend you to the right people then you will get business. The problem here is that most small business owners really don't know how to build the ground swell needed to execute a good word of mouth strategy.



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# Social Media

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**Social Media** is digital word of mouth. However, this is even more confusing to small business owners than traditional word of mouth. Small business owners often times do not understand what is involved in developing a good digital strategy. They don't understand that it is not about the tools or the technology but more about finding and engaging people that want to talk to you about your product or service. The other challenge is small business owners don't know what to say on-line.



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# Key To Success...

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# Be Remarkable



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# **Key To Success...**

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**Earn Attention Of People That ant  
To Talk To You**

**Build Trust**

**Turn into Desired Results**



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# Social Media Is Perfect For This...



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# Building Activity ~ Prospecting

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# Why Participate?

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**Your customers are on-line NOW!**

**You must be there too if you are going to reach and sell your customers.**

**If you are not there you can bet your competition is**



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# What Social Media Can Do For You

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Improved community outreach.

Marketing cost savings.

Improved client / customer flow.

Improved impact

## Better Results!!!



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# Social Media Done Right...

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Social Media is not the TOOLS

Social Media is the strategy and the  
story behind the tools



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# Social Media Done Right...

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Through “Engagement” You  
will create “Fans” that will  
follow you and buy from you



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# Social Media Reference Posts

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[How To Get Your Ideas To Spread](#)

[Great and Horrible...Same Thing](#)

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# Where Am I?

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Blog	<a href="http://www.ideas2deals.com/">http://www.ideas2deals.com/</a>
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