



U.S. Senator Arlen Specter
and
U.S. Small Business Administration
Present



How to Survive and Thrive in a Slowdown

November 17, 2008

8:30am—12:30pm

**William J. Green Federal Building
2nd Floor, Conference Rooms A & B
600 Arch Street
Philadelphia, PA 19106**

The following presentation was conducted by:

Eustace Kangaju, Director

Temple University

Small Business Development Center

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HOW TO FIND MONEY IN A TIGHT CREDIT MARKET

Presenter: Eustace Kangaju, MBA

Director Temple Small Business Development Center

Equipment Financing and Leasing

- ❖ General operating or growth needs
- ❖ Access to business equipment
 - Office equipment
 - Vehicles, Heavy machinery
 - Tools
- ❖ Minimal investment required

Equipment Financing and Leasing

Business owner applies for a contract

Leasing company purchases equipment and leases it out to the business

Business gets to utilize equipment for operations

At the end of contract term equipment is returned or purchased

Factoring Accounts

- ❖ Finance operating expenses
- ❖ Sale of invoices at a discount to a factor
- ❖ Discount fee - 5% to 20%
- ❖ Payment from debtor collected by factoring company
- ❖ Easy access to cash

Merchant Cash Advance

- ❖ Flexible alternative to traditional business financing
- ❖ Access to working capital
- ❖ Sale of future credit card sales in exchange for cash

Advantages

- ❖ Quick and easy
- ❖ No collateral involved

Personal Funds

- ❖ Cash
- ❖ Retirement accounts - 401 (k), 403 (B)
 - Funds can be used in real estate, franchise, tax liens etc.

Advantages

- ❖ Debt free
- ❖ Low overhead
- ❖ Tax deferred savings
- ❖ Leverage additional funding

State Finance Programs

❖ Small Business First

- Used for equipment, machinery, land and building acquisition and working capital
- Up to \$200k or 50% of total project cost
- Interest Rate – 3%
- \$25k for every job created; 3 – 15 yrs

State Finance Programs

- ❖ Pennsylvania Minority Business Development Authority (PMBDA)
 - Low interest loan for ethnic minorities
 - Used for equipment, machinery, land and building acquisition and working capital
 - Up to \$500k or 75% of total project cost (manufacturing, technology, international trade)
 - Up to \$250k or 75% of total project cost (Retail & commercial)
 - Terms – half of prime rate; \$15k for every job created; 3 – 15 yrs, 25% private sector match.

State Finance Programs

- ❖ Other state finance programs include:
 - PNC's Pennsylvania Working Capital Growth Fund
 - Business Opportunities Fund (BOF)
 - Machinery and Equipment Loan Fund (MELF)

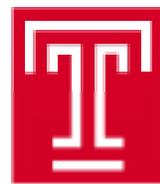
Local Sources – Philadelphia area

❖ Ben Franklin Technology Partners

- Industries: Information Technology, Life Sciences and Physical Sciences
- Innovation fund - \$100K
- Emerging fund - \$750K
- Technology Commercialization Fund - \$350K

Thank You.

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The Fox School of Business and Management

Online: www.temple.edu/SBDC

Tel: 215 204-7282