



SSFPA WOMEN'S INITIATIVE

Overcoming Business
Barriers Facing Women
Food Processors

Becoming Investment Ready

Investment Readiness: How to prepare to attract the money you need for your business

The importance of investing in your own financial readiness: Poor financial decisions are one of the main reasons why Canadian SMEs fail.

Research on financing behaviour shows the key areas you need to strengthen:

- Financial Confidence



- Financial Knowledge



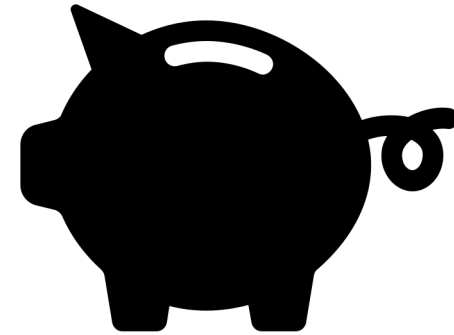
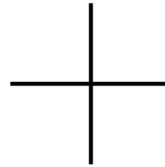
- Financial Behaviour



Financial Confidence



Your personal confidence



Your readiness for financial activity

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Build your personal confidence using SWOT

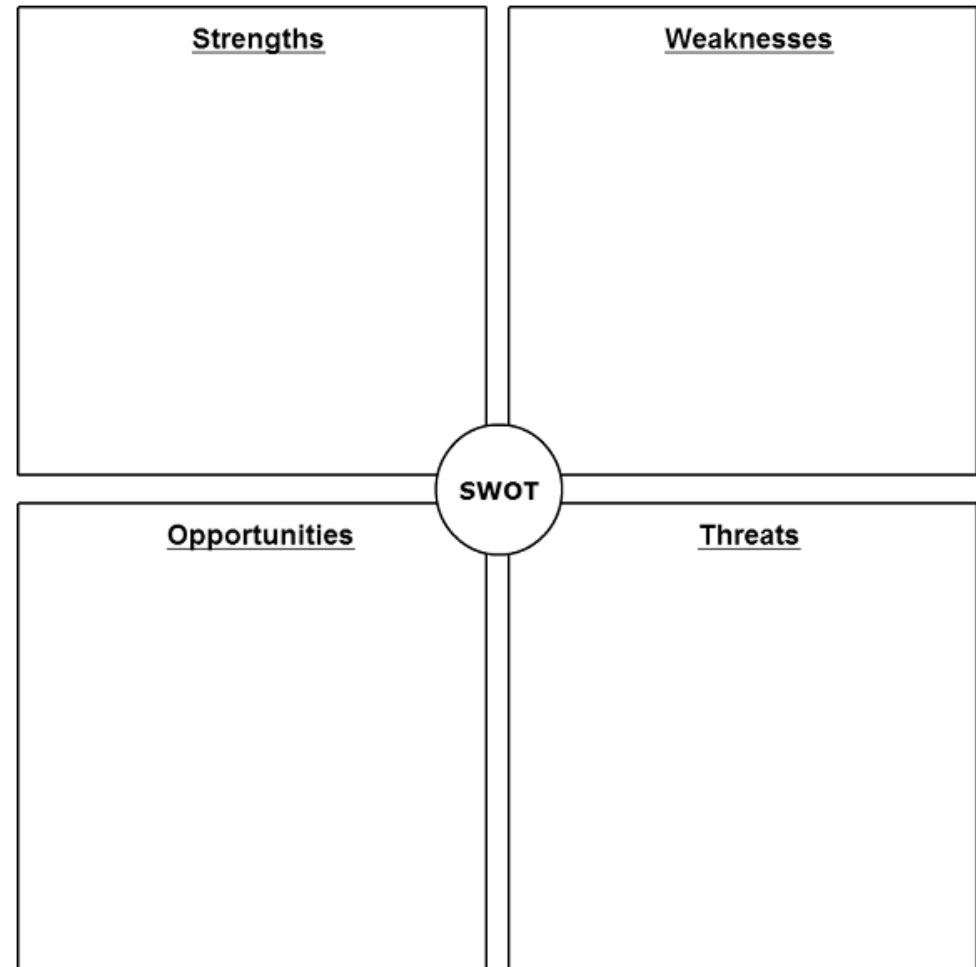
Your start-up SWOT: know yourself!

STRENGTHS

WEAKNESSES

OPPORTUNITIES

THREATS



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Build your confidence: Tell the story of your business idea

Business story:

- You are the problem solver for a consumer with your product—how will you do it
- The moral of the story: the benefits of your product
- Important note: always tell the truth

Building financial confidence:

- Consider what you want to achieve, and then commit to it.
- This motivates you to turn your vision of this future into reality.

Set SMART goals for your business

S - Specific

M - Measurable

A - Attainable

R - Relevant

T - Trackable

Build confidence in your business acumen



Your credit record



Your market research
(customer feedback)



Your personal and business
experience (your resume)



Your entrepreneurial
passion

Lenders are looking for the 5 C's

Credit History

Capacity

Collateral

Capital

Conditions

Credit is how lenders assess the risk of lending to you

Credit is the track record you've established while managing credit and making payments over time

Your **credit record** will show all of the transactions from lenders who have extended credit to you

Your **credit score** serves as a risk indicator for the lender based on your credit history. Generally, the **higher** the score, the **lower** the risk.

8 WAYS TO IMPROVE YOUR CREDIT

GET A COPY OF YOUR CREDIT REPORT



IT'S IMPORTANT TO GET A COPY FROM ALL 3 BUREAUS

REPORT ERRORS



A STUDY FOUND 79% OF CREDIT REPORTS CONTAINED A MISTAKE

PAY YOUR BILLS ONTIME



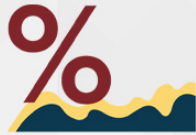
CONSIDER AUTOMATING PAYMENTS

MAKE FREQUENT PAYMENTS



PAY DOWN YOUR CARD TWICE A MONTH

PAY DOWN THE CARD THAT IS CLOSE TO ITS LIMIT 1ST



A CREDIT SCORE IS AFFECTED BY YOUR TOTAL DEBT-TO-CREDIT RATIO

ASK FOR HIGHER LIMITS, THEN DON'T CHARGE



AVAILABLE BALANCE HELPS DETERMINE CREDIT WORTHINESS

KEEP CREDIT CARDS OPEN



ALSO AVOID OPENING ANY OTHERS

MIX IT UP



HAVING BOTH A LOAN AND CREDIT CARD BOOSTS YOUR CREDIT-WORTHINESS

 WELCH STATE BANK

welchstatebank.com

Member
FDIC



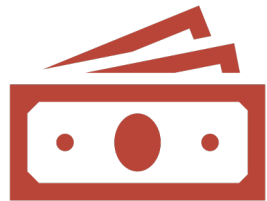
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Capacity: Can you comfortably manage repayment?

Your income and employment history are analyzed



The ratio of your current and any new debt as compared to your before-tax income, known as debt-to-income ratio (DTI), may be evaluated.

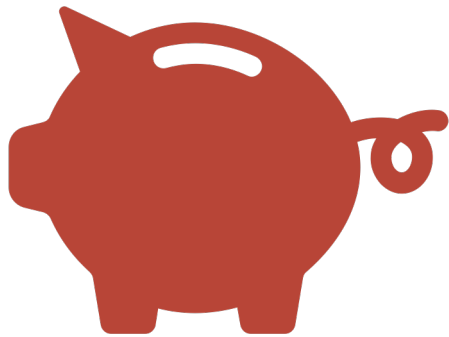
Collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan

Collateral includes loans, lines of credit, or credit cards you apply for (may be secured or unsecured)

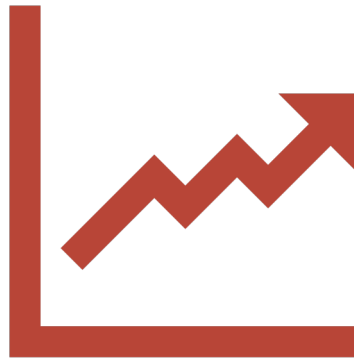
Of relevance when applying for a SECURED LOAN

Unsecured Loans do not rely on collateral in the lending decision

Capital is a way to assess your own financial strength



Savings

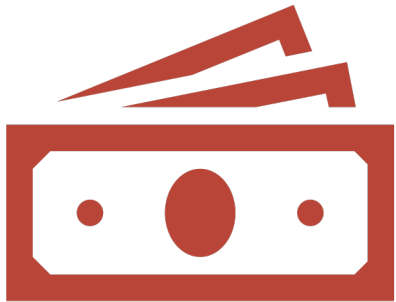


Investments



Assets

Conditions



**Lenders may want to know
how you plan to use the
money**



**They will consider the loan's
purpose**



**Other factors, such as
environmental and economic
conditions, may also be considered**

Investors are not considered by enough small businesses at start-up; a good business plan can attract them!

Investors are different from lenders: they want the bragging rights from exceptional products and exceptional teams

What are investors looking for?

Founding Team

- Entrepreneurial Passion
- Previous Track Record
- Willingness to learn and be mentored
- How your 'team' operates
- Start building your team as soon as you can: your banker, your accountant, your lawyer, other small scale food processors

Size of Market

- Fast growing?
- Can you dominate your niche Related products in other markets

Product

- Must have 'pain-killer' solution
- Differentiation
- Easy to demo benefits
- Customer experience and can you make them happier

Finance

- Your financing strategy
- Your financing strategy depends on your business goal

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What do Investors look for to de-risk their investment?

- A dynamic market opportunity: **momentum**
- Your Team's **execution** capacity: Founder needs to show they know what they don't know and bring in key supporters and that together they can make it happen
- Market engagement : Commercial **traction**: understanding what your customer need and will buy: Dynamic storytelling
- Investor **fit**: the investor's experience in your market space
- The **x-factor**: your confidence, preparation, engagement with the investor; how hard are you willing to work on/in your business

Specialized investors are moving into the impact market

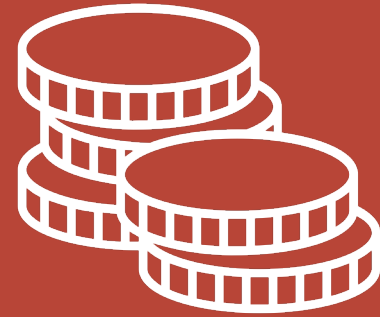
Impact investors are driven by values; they are looking to make a clear difference in these sectors:



Social



Environmental



Economic

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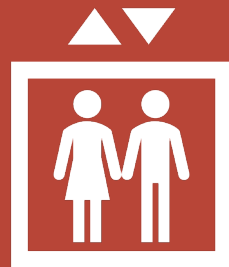
Financial confidence is just as important as financial knowledge

When it comes to financial behaviors, such as budgeting or applying for commercial credit, financial confidence is more important than financial knowledge for both lenders and investors



Practice and build your confidence with a good pitch

The elevator pitch: what you would say in the time to ride an elevator! (20-30 seconds of clear and succinct information about your business)



- **Who are you?**
- **The product I wish to sell is :**
- **This product helps (your target market – large? Growing?)**
- **Your value proposition (your product will: its benefits)**
- **To bring this product to market I need:**

Test your confidence frequently



Financial confidence rating?



Personal confidence rating?

Investment Readiness Checklist

Your financial strength:

- Boost your credit record
- A strong business plan is key showing your financial goal
- Build your ‘founding team’— to show you have the support you need

Your financial confidence:

- Build a relationship with your banker
- Incorporate your business when you know you have a strong business case
- Keep learning

Study the many ways that small businesses can be financed.

Check the Resources Section of this website and the power-point reviewing types of financing.