



## The Benefits of Working With A Funding Expert "I can be patient — just tell me how long I have to wait."

By Storm Miller, Benetrends, Inc., National Account Manager

Sound familiar? Even the most patient person can be tested from time to time. When it comes to opening a franchise, there are many different deadlines that must be met if the business is to open on time.

It's important to keep the project moving along, which is why it's important to make sure to first have funding in place. But what happens if you've planned ahead, and the bank is delaying your approval? You could lose the perfect location, you may pay more for the equipment — and of course, each day the business is closed is a day of income lost. How do you avoid delays?



### Work with a Funding Expert

What are the benefits, you ask? Let's take a look at two scenarios. Ben and Bob are both opening a new fitness franchise. They both want an SBA loan, and both have savings that can be used for the business. Time is money, and since Ben worked with a funding expert, he now has the money to launch his franchise, and he's using his time to grow the business. Plus, he understands that he has other options to grow and expand his franchise.

*Bob decided to search for funding without help. Although he has good credit, his local bank has enough concentration of fitness concepts in their portfolio, so he is turned down — months after he began his work with them. Furthermore, the fees he paid for the processing of his application are never refunded. **Bob is now without funds and without financing.***

Ben enlisted the help of a funding partner. He learns that although he has savings, he would be better off financially using his retirement funds as the cash injection for his SBA loan, allowing him to hold onto his cash to continue covering his standard living expenses. Ben's consultant walked him through the SBA process, and he was able to obtain a commitment letter from a bank in under two months. Although Ben went with a traditional SBA loan, he was presented with other funding opportunities:

### 401(k)/IRA Funding

A popular program known as a ROBS Plan (Rollover as Business Startups) enables entrepreneurs to use their retirement funds to purchase a franchise without owing taxes or penalties associated with taking a distribution from the retirement account. Benetrends pioneered this type of funding, known as the Rainmaker Plan®. The advantages of this program are:

- No monthly loan payments
- The ability to draw income from the business immediately
- Credit score is not a factor
- Can be used to provide cash injection on an SBA loan

### Corporate Capitalization Strategy

For entrepreneurs who have the means to self-fund a business or are funding their business with an SBA loan, the Benetrends' Rainmaker Advantage Plan® may be a better fit. It is a capitalization structure, designed around an exit strategy, and provides the ability to maximize wealth while mitigating or eliminating taxes on the profit when the company is sold.

### SBA Loans

Lenders have different credit boxes and different appetites for a particular franchisor's concept, so knowing which lender favors your 'flavor' is vital to ensuring time isn't wasted going to the wrong bank (or banks) only to be denied. That is why it's better to work with a funding partner. Borrowers with access to a national network of lenders have more leverage, a simplified application process. As a result, their application is put in front of multiple banks, often resulting in more favorable interest rates and terms and a higher loan approval success rate.

### Additional Funding Options

There are many other options available as well (Security Backed Line of Credit, Equipment Leasing, etc.). Oftentimes the best solution to funding a business quickly, safely, and economically is to use a combination of the aforementioned funding programs.

The benefit of working with a funding expert is that you will have a reliable partner, funding your business and fueling your growth.

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