

# **Obtaining Financing for Your Food Business: Lenders' Perspectives**

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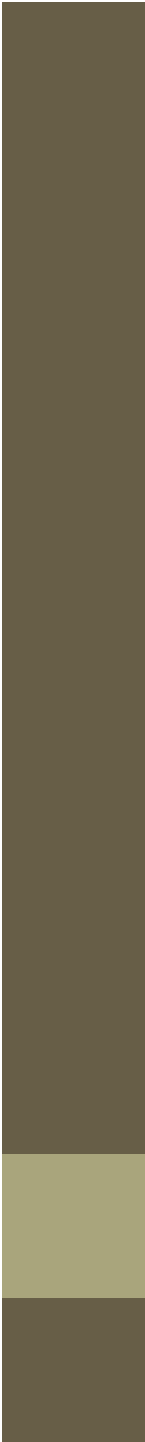
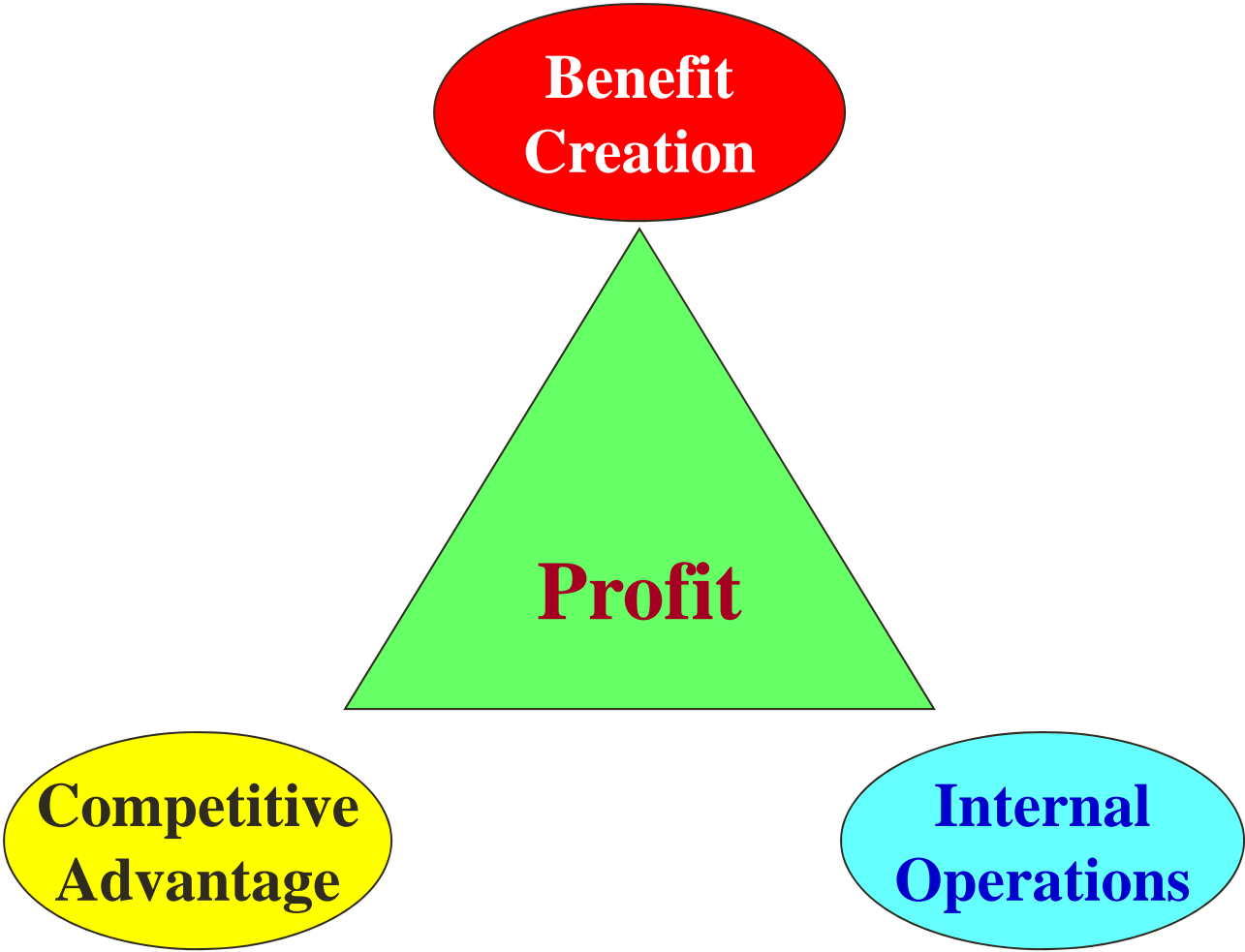
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# *The Profit Triangle*



# *Every business has essentially three tasks:*

- **Production**
- **Marketing**
- **Financing and Financial Management**



# ***Financing: Finding Money You Need to Start Your Business***

- **There are different sources to help finance your business. It is important to explore your options before making a decision.**

**Some common sources for money are:**

- **Personal Savings**
- **Friends and Relatives**
- **Banks and Credit Unions**
- **Private Investors e.g. Crowd Sourcing**



# *Business Plan*

- **Outline or scheme for the organization and use of the resources available to us to achieve our objectives.**



# *Why Business Planning?*

- **Obtaining Financing e.g. banks.**
- **Can we produce to achieve our objectives?**
- **If not, what do we need?**
- **What kind of returns and costs do we have?**
- **How much risk and uncertainty are we willing to take?**



# ***Business Plan Components***

- **Business Concept**
- **Management Capabilities**
- **Corporate Structure**
- **Operational/Production Considerations**
- **Competitive Analysis**
- **Marketing Plan**
- **Financial Projections:**
  - **Sales Forecasts**
  - **Cost Assessment**
- **Capitalization Requirements**



# *A Banker's Perspective*

(Casey Campbell, Wells Fargo Bank)

- **Know Your Lender**
- **Down Payment (Equity)**
- **Borrower History - Operational**
- **Borrower History - Financial**
  - **Earnings**
  - **Net Income**
  - **Equity**
  - **Liquidity**





# ***A Banker's Perspective***

(Casey Campbell, Wells Fargo Bank)

- **Paper Work Required**
  - **Tax Returns**
  - **Income Statement (Profit & Loss)**
  - **Balance Sheet (Assets & Liabilities)**
  - **Loan Application**
  - **Realistic Pro Forma (Expected Income & Expenses after Loan)**
- **Loan Structure**



# Thank You!







# Division of Economic Development Loan Programs

Michelle (Miki) Rodekohr  
Loan/Collection Officer III

**ALASKA**  
DEPARTMENT OF  
COMMERCE,  
COMMUNITY,  
AND ECONOMIC  
DEVELOPMENT

# Available Loan Programs

- Rural Development Initiative Fund
- Small Business Economic Development Fund
- Alaska Microloan Revolving Loan Fund
- Alaska Capstone Avionics Loan Program
- Commercial Fishing Revolving Loan Fund
- Commercial Charter Fisheries Revolving Loan Fund
- Mariculture Revolving Loan Fund
- Alternative Energy Conservation Loan Fund



# Rural Development Initiative Fund



## Goal and Purpose

To provide private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment.

To provide:

- Working capital
- Equipment
- Construction
- Other commercial purposes

# Rural Development Initiative Fund



## General Requirements and Eligibility

Eligible Areas with a population of:

- 5,000 or less, not connected by road or rail to Anchorage or Fairbanks.
- 2,000 or less, connected by road or rail to Anchorage or Fairbanks.

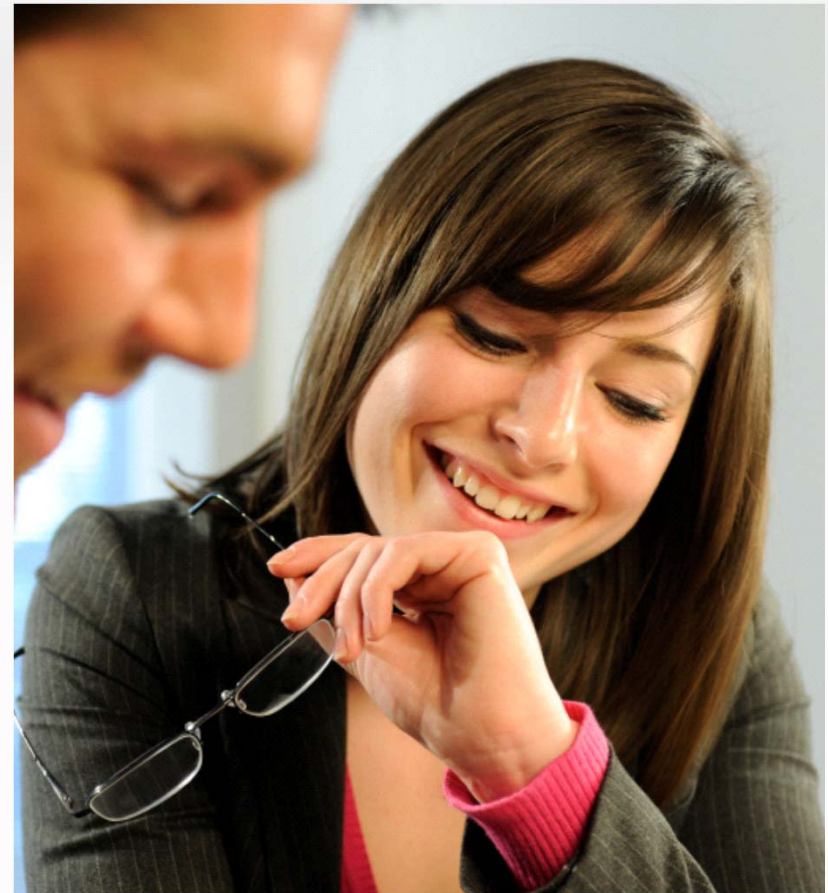
Must create new jobs, or retain existing jobs.

Non-state funding must be part of total project cost.

# Rural Development Initiative Fund

## Terms and Conditions

- Maximum term is 25 years
- \$150,000 per person
- \$300,000 for two or more people
- Interest rates fixed at the time of loan approval
- Adequately secured
- Fees: \$100 application fee  
1% origination fee collected at closing  
Borrower responsible to pay all costs incurred





# Small Business Economic Development



## Goal and Purpose

To provide private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment.

Provide financing to small businesses who are unable to obtain private financing for entire project.



# Small Business Economic Development



## General Requirements

- Loans must result in creation or retention of jobs in eligible areas.
- Eligibility includes all communities in the state of Alaska.
- Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability.
- There is a non-public matching funds requirement.

# Small Business Economic Development

## Terms and Conditions

- Maximum term:
  - 20 years fixed asset
  - 5 years working capital
- \$300,000 maximum loan amount
- Interest rates fixed at the time of loan approval
- Adequately secured
- Purchased assets must be the collateral
  
- Fees: \$200 application fee which is credited towards the origination fee  
1% origination fee deducted from loan proceeds  
Borrower is responsible to pay all costs incurred



# Alaska Microloan Revolving Loan Fund

## Purpose

To promote economic development in Alaska by helping small businesses access needed capital.



# Alaska Microloan Revolving Loan Fund

## General Requirements

- Loan may be made for working capital, equipment, construction, or other commercial purposes for a business located in Alaska.
- Alaska resident for the 12 months preceding the date of application.
- Loans may not be made to pay costs that were incurred more than six months prior to receipt of loan application.
- Applicant(s) may not have any child support arrearage.



# Alaska Microloan Revolving Loan Fund

## Terms and Conditions

- Maximum loan amount is \$35,000 to a person or up to \$70,000 to two or more persons.
- Loan requests of \$35,000 or more require a letter of denial from a financial institution, stating the reason(s) for denial, or confirmation that a loan from a financial institution is contingent on the applicant receiving a loan from the fund.
- Maximum loan term is 6 years.
- Interest rate fixed at the time of loan approval, contact us for current rates.
- All loans must be adequately secured.
- Applicant(s) must commit a reasonable amount of non-state funds to the project.
- Fees: \$100 application fee  
1% origination fee deducted from loan proceeds  
Borrower is responsible to pay all direct costs incurred



## DIVISION OF ECONOMIC DEVELOPMENT



### OFFICES:

Anchorage: Atwood Building downtown  
Juneau: Vintage Park in the Valley

1-800-478-LOAN

Please visit us at:

[www.commerce.alaska.gov/ded/fin/index.cfm](http://www.commerce.alaska.gov/ded/fin/index.cfm)

for information, loan applications and news

**Thank you!**