Sponsor VIP Training
Speaking and Sponsor Success

What We'll Talk about in this VIP Call

- How to transform your attitudes about asking for money
- The ASK formula
- Where to get money
- Biggest mistakes people make
- How to approach sponsors and lenders

Transform Your Attitudes about Asking for Money

In training people on how to get sponsorships, their biggest obstacle was that they didn't like asking for money. We're all walking around with lots of bad programming around money.

In the reviews about the Attracting Corporate Sponsors Training, one person said the biggest thing they learned could be summed up in 3 letters: A-S-K.

ASK Formula

A - Analyze
S - Solicit
K - Keep

How to overcome the fear and guilt about asking for money

- **Opportunity**: Think of it as giving people an opportunity to get a return on their investment and add value to their brands.
- **No Guilt**: Examine the reasons why you feel guilty about taking people's money
- **Mission and Purpose**: Write a mission statement for your life.
- **Transformation**: You're in the life-changing business and you need money and resources to change people's lives.
- **Good or Evil**: Money is not good or evil. It's simply energy. Like a hammer, you can use it to inflict harm on another person or use it to build a house.
- **Pursue Money Actively**. If you make a lot of money, you can always give it away.
- **Adult vs. Child**: Being an adult is knowing when to ask for help. Asking for shouldn't make you feel like a child.
- **Vivid Vision**: Think about how great it will feel when you accomplish your goals and you're in a position to give money to others.
- **Power Reversal**. Qualify the sponsors and lenders.
- Robert Allen got turned down for a bank loan. He wrote a turn-down letter to the bank and listed everything he didn't like about them including ugly tellers.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Recommended Book: Ask without Fear by Marc A. Pitman

1. **Don't Be a Chicken.** Some people just send a written solicitation for money rather than a real, face-to-face ask. Remember that you need to build a relationship.
2. **Don't Indulge in Poverty Thinking**. When you approach sponsors and lenders, donors, do it right. Have a great business plan and sponsor proposal. Take them to a restaurant with real silverware and a tablecloth for heaven's sake.
3. **Don't overwhelm your sponsors and investors with too many choices**. Pitman says to remember P.Y.I.T.S. or put yourself in their shoes.
4. **Be careful what you say**. Watch those phrases that just spring to your lips, but that may be really, really inappropriate.
5. **The Spell-Check-Will-Catch-It**. Oh, this one we all know well. Learn to proof-read your long-labored-over sponsor proposals and business plan briefs, and have someone else look at them too.
6. **The You're Good-Enough-To-Go-It-Alone Blunder**. Pairing up to make an ask is more effective than going it alone.
7. **The Highway Fallacy**. Yep, this is about "My way or the highway!" In raising money, the asker sometimes ignores all the clues the donor is giving off and just blunders ahead.

Where to Get Money

- Bootstrapping: How Most Start-Ups and Businesses are Financed
- Friends and Family
- Self-Financing: Credit Cards and Home Equity
- Bank Financing
- Peer-To-Peer Lending
- Trade Credit
- Factoring
- Angel Investors
- Crowd Funding
- Grants
- Sponsors

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Bootstrapping: Deciding Who to Approach for Money

1. People Who Trust in you. Identify those people who know your character or abilities and trust that your deeds will match your words. Family and friends with whom you have good relationships, and people with whom you've worked, especially your supervisors or employers, may fall into this category.

2. Ability to afford the investment. The higher a person's net income, the more likely he or she is to agree to an informal investment. While it's great to have a long list of people who trust and adore you, the ones who can't spare the cash--or can't spare enough to make a difference--should simple be crossed off your list.

For each prospect on your list, ask yourself: "Can he or she afford to lose the investment?" For equity investors, this is a real risk, and for each one, you should be able to answer "yes." For lenders, the risk is a bit lower, especially if you secure the loan with your business or personal assets. Finally, finding people who can provide larger amounts means less work for you overall. If you can, for example, raise $50,000 in two $25,000 loans, it will require a lot less effort (both before and during the loan) than raising $50,000 through ten $5,000 loans.

3. Business experience. People who are themselves entrepreneurs are the most likely to invest in other businesses. Perhaps the reason is that, they understand the entrepreneurial process; they are able to evaluate the prospects of another entrepreneur's venture; and they like to support other entrepreneurs with both money and advice.

4. No emotional baggage. Emotional baggage is the stuff that weighs people down. Review your list to make sure there are no people with whom, in your gut, you feel nervous about entering a financial relationship. If you find any, cross them off. Past conflict between you and the other person is the biggest red flag, especially if it remains unresolved.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Bank Financing: Questions to Ask a Bank Lender

1. Is the bank *really* prepared to meet your lending needs?

More than 70 percent of the small businesses in the United States have not requested credit from their banker in the past 12 months, which means there's likely a backlog of small businesses that will be seeking additional credit as the economy improves. You need to make sure your bank has the resources to finance not just your business, but many others.

2. Does the bank have any questions about your character?

Banking is a business of trust. If a bank officer can't trust you, they don't care how good your financials are. So what can you do to show a bank that you're trustworthy? Establish a consistent repayment history, a solid credit history, and compelling references. And be prepared to give names of key customers and suppliers who can testify to your trustworthiness.

3. Does the bank understand your reason for borrowing?

Some banks won't lend to casinos; others do not fund restaurant ventures or acquisition loans. You want to make sure you bank knows what business you're in and why you need more money. It's a mistake to not be precise when talking to your banker about a possible loan.

4. Is the amount you're asking for reasonable?

You don't want to find yourself in a situation where you've borrowed enough to get yourself in debt, but not enough to finance your company's most promising growth opportunities. Made sure you and your bank know how much money it will take to implement your business plan.

5. What's your cash position?

The primary source of repayment is always cash flow from your business. So, your banker should want more specifics, and you should be able to provide them.

6. What are the risks to loan repayment?

Your banker should help you pinpoint the risks you face and assess where you stand. How much current debt does your business have? How vulnerable is your industry to the business cycle? Are changes in technology something that could disrupt your ability to make money? "

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

7. Can these risks be mitigated without adding tough terms to your loan covenant?

Once you've figured out what the risks are to repayment, you can work with your banker to mitigate them. Usually this part of the conversation will boil down to adding on collateral and guarantees as terms of your loan.

8. Do you think my company's financials are strong?

As a business owner, you've probably provided your bank a lot of financial information. But how solid is this data? If your financial documents suggest a level of sophistication that is attractive in a borrower. A full fiscal review or forecast is a step up from basic accounting data in bankers' eyes, and an audit from a good accounting firm will further establish your credibility

9. Do you trust me?

Cultivate a reputation for forthrightness and honesty with your banker. A lot of small business owners love to share their successes, but they don't like to share when times are not so good. Really, that's the time when they need the most advice. And that gets back to character and trust.

Peer-To-Peer Lending

This is social online lending. You can get loans by private investors for your business or to consolidate your debt.

Peer-to-peer lending networks remove the traditional lending institutions, instead allowing lending transactions to take place directly between individuals. On these sites, loan seekers request a specific amount (typically up to $25,000) at a specific interest rate, and lenders fund all or portions of the loan. Lenders are then paid back with interest over a set period of time. Buyers' success when using these networks depends largely on their credit ratings.

http://www.prosper.com/
http://www.lendingclub.com

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Trade Credit

Normally, a supplier will extend you credit after you're a regular customer for 30, 60 or 90 days, without charging interest. For example, suppose that a supplier ships something to you, and that bill is due in 30 days but you have trade credit or terms. Your terms might be net 60 days from the receipt of goods, in which case you would have 30 extra days to pay for the items.

The owner or financial officer may give you half the order on credit, with the balance due upon delivery. Of course, the trick here is to get your goods shipped to you, and sell them before you have to pay for them yourself. You could borrow the money to pay for your inventory, but you would have to pay interest on that money. So trade credit is one of the most important ways to reduce the amount of working capital you need. This is especially true in retail operations.

Despite the urge to use trade credit on a continual and consistent basis, you should consider it as a source of capital to meet relatively small, short-term needs. Do not look at it as a long-term solution. By doing so, you may find your business heavily committed to those suppliers who accept extended credit terms. As a result, the business may no longer have ready access to other, more competitive suppliers who might offer lower prices, a superior product or more reliable deliveries.

Merchant and Cash Advances

If you take payments with credit cards, you have a merchant account. You can get advances based on your merchant charges. The loan company or credit card company advances you money and you pay it back when they take out a portion of your credit card charges. American Express has this program as well as other funding companies. Another related loan product is the cash advance. This is good if you don’t have credit history, have less than good credit or need money right away. The loan company advances you money and the loan is repaid by automatically taking money from your bank account.

Resource: Lendio.com matches you with loan programs and it’s all done on the Internet.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Factoring

This is a financing method where you actually sell your accounts receivable to a buyer such as a commercial finance company to raise capital. A "factor" buys accounts receivable, usually at a discount rate that ranges between one and 15 percent. The factor then becomes the creditor and assumes the task of collecting the receivables as well as doing what would've been your paperwork chores. Factoring can be performed on a non-notification basis. That means your customers aren't aware that their accounts have been sold.

In addition to reducing your internal costs, factoring also frees up money that would otherwise be tied to receivables. Especially for businesses that sell to other businesses or to government, there are often long delays in payment that this would offset. This money can be used to generate profit through other avenues of the company. Factoring can be a very useful tool for raising money and keeping cash flowing.

Angel Investors

The term “Angel Investors” started in Broadway. People called the backers of Broadway plays angels. As a rule, angel investors are wealthy people who like to bet on early-stage startups. The range of individual investments runs from $10,000 to $1 million, with deals typically between $25,000 and $100,000. Group or network ventures usually run $250,000 to $750,000 each.

Find angel investors from the local Small Business Development Center (SBDC), Chamber of Commerce, Internet, business colleagues, accountants and attorneys. It’s best to get a quality introduction. If it comes totally unsolicited, it will be reviewed, but it won't get extra attention."

If you want to make certain an angel reads a plan or pitch to the end, then one out of every 20 words ought to talk about reward, not risk. But be realistic about the risks and rewards. Angel investors are seasoned business owners and they appreciate honesty. CrowdFunding

This is funding by friends and family on steroids and has been made possible by the Internet. Popular web sites are Kickstarter.com, IndeGoGo.com or GoFundMe.com. This movement was started by filmmakers who didn’t want to go through the Hollywood system and didn’t big investors but knew lots of people who would give them small amounts of money. In crowdfunding, lots of people donate small amounts of money and they either get your eternal gratefulness or a small token of appreciation such as a t-shirt, mention in your project, etc. Sometimes they can even get equity in your project. Check these sites out because some of them won’t fund you if you don’t reach your goal and some will. As with everything else, your success depends on a marketing campaign. Join social media groups that relate to your project, send announcements out ahead of time about when your campaign will start. You can also tie the cash gifts to a special occasion and say “instead of giving me a birthday gift, donate to my crowdfunding campaign.”

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Grants

Grants are tied to some public good or non-profit goal. Classic examples are developing an underdeveloped area, neighborhood or region; developing some technology believed to offer public good; or addressing some public objective like diversification (hence some grants to minority businesses, for example).

Most grants are awarded by government organizations at the state and local level, nonprofit organizations and academia. The chances of success are greater if you have a small business engaged in activities that benefit the general public, and if your services fill a void not being filled in some other way. Nonprofits seeking funding to directly advance important government goals have an even greater chance of receiving grants.

While it's tempting to think of grants as "free money," securing a grant is a complex process that requires significant time and expertise. Grants also require a commitment to fulfill certain obligations in exchange for the money, and failure to do so on schedule may result in legal penalties.

The preparation of a grant request is a complex undertaking often left to professional proposal writers with relevant training and experience. The completion of a successful proposal involves planning, research and the ability to navigate through a maze of detailed requirements and specifications. Grants are subject to comprehensive government oversight and audits conducted at least once per year. All grants require the presentation of a business plan that includes a budget, scheduled milestones and project goals that must be completed within the established parameters.

Sponsors

Corporate sponsors can fund your business, event, speaking tour, book, or non-profit charity. Determine your demographics and then find companies who want to get their marketing messages out to your target market. You'll need to contact the prospective sponsors, tell them about your property, then send them a pitch letter and sponsor proposal. They give you money that you don't have to repay, but it's not free money. You need to provide services, assets and deliverables to the sponsor and add value to their company.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Approaching Investors and Sponsors

The right time to ask for money is when your relationship is comfortable and trusting and when you sense the investor will be open to the request.

If the investor is a friend or family member, you should have a good sense of their personal life. For example, if there are any big life events like a move, a marriage or a new baby coming up, it's probably not the best time to ask for money. If the investor is unrelated, you'll be best served to make contact and have at least two or three social interactions with him or her before asking for money--unless of course you're lucky enough to have a strong introduction from a close friend of the investor--preferably one who's already invested in your business--that is specifically intended to help you schedule a meeting to ask for money.

It will take, at a minimum, many months to close on your round of fundraising, so you'll need to understand your cash flow well enough to plan several months in advance for how much you'll need and when.

It takes time to raise money from relatives, friends and angel investors--just like it takes time to raise money from venture capitalists. Entrepreneurs expect it to take six to 12 months to close a round of venture capital. For raising money from relatives, friends and angels, it could take as little as three months to close a round from five to six investors. For raising a larger round from 10 to 15 investors, it could easily take well over 6 months. Imposing deadlines on angel investors is notoriously difficult.

Even from friends and family members, present them with a business plan and have signed contracts.

Mistakes in Asking for Money

Here's what to avoid saying to potential investors and sponsors:

- **That you have big plans for the future.** Big plans--for example, to turn your startup chocolate pretzel store into the next big franchise--may appear vague and overly ambitious. Your investor expects you to be a visionary, but also to achieve the short term financial projections that will earn both of you a lot of money. With corporate sponsors, don't tell them that you'll do a 100 city tour. It's too hard for them to manage. Concentrate on the first event, build rapport, then tell them your bigger vision.

- **Anything that appears cagey or dishonest.** Honesty is the most important value investors can find in an entrepreneur, and your investor will be trying to assess your degree of honesty from day one. Avoid the temptation to puff up your projected profits or your colleagues' resumes beyond the bounds of reality.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Goals for Your Meeting with Sponsors and Investors

Goal #1: Communicate your business idea. When you ask for equity capital, you really must have an articulate business plan. You need to be able to answer the question, "When will you make a profit?" The answer to this should be in the cash flow projections of your business plan.

A smart equity investor will nearly always ask to see a copy of your business plan. Unless they ask for it in advance, don't bring your full plan to the meeting. When they ask about it at the meeting, you can provide them with a plan summary and offer to mail the complete plan to them afterwards. With corporate sponsors, you can bring your full sponsor proposal and the proposal brief.

What it takes to get to profitability. Investors will want to see that you've "crunched the numbers" and made a plan for success.

- **What skills you're lacking and which types of people and skill sets you'll need to have.** Good leaders have the confidence to surround themselves with smart people who together make a great team. Show your investor that you know this and have a plan in place to bring on board the people needed to make your business a success.

- **How your personal finances relate to those of the business.** Investors don't want to hear that you're starting a business so you can spend more time at home with your kids. They don't want to see you dropping cash like it's going out of style. They want to know you'll be the one sweeping the floors after everyone else goes home at night. They want to know you're willing to sacrifice--to scrimp and save--to make the business succeed. They know it's hard work to create and run a successful business, and they expect you to do what it takes to make them a lot of money.

Goal #2: Get to "yes." The goal of your meeting with the investors and sponsors is an agreement to fund you.

For unrelated angel investors, especially those who are notoriously difficult to pin down, aim to get the investor to sign a letter of intent (LOI) at the meeting. Although the letter will be informal and nonbinding, it's a great way to get the investor to agree to the idea of making the investment. Follow up promptly with the legally binding stock purchase agreement. The LOI is a tool to get you a commitment from an investor at the moment when he or she is most excited about the business. A signed LOI also allows you to nudge other investors by letting them know you already have money committed.

Nearly half of all private loans and investments come from people who are not related to the entrepreneur (29 percent friends and neighbors, and another 19 percent who are work colleagues, strangers and others).

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com

Sponsor VIP Training
Speaking and Sponsor Success

Get Funding from Different Sources

Chances are that you will need to piece together business capital from several different sources. Finding one sponsor, lender or person who can provide all the financing you need is unlikely and could be overly time consuming. To assemble your capital, you may need to both rekindle old relationships and start new ones. Many of the most successful entrepreneurial ventures--those that create jobs, wealth, innovation and economic growth--got off the ground because of the founder's ability to ask for money, without fear or guilt.

Sponsor Concierge Dares

- Pick out at least three strategies for asking for money from sponsors and investors
- Figure out 5 things you'll do this week to insure the future of your business.
- Make a list of 25 people you want to connect with for joint ventures.
- Look into building your team.
- Modify your Action plan for getting corporate sponsors and joint venture partners.

Linda Hollander has been featured by Inc. Magazine as the leading expert on corporate sponsorship. She is the CEO of Sponsor Concierge, the author of *Corporate Sponsorship in 3 Easy Steps* and the founder of the Sponsor Secrets Seminar. Her corporate sponsors have included Citibank, Fed Ex, Health Net, American Airlines, Bank of America, Staples, Wal Mart and IBM. She consults with businesses on how to increase their profits and get sponsors.

Sponsor Concierge

13428 Maxella Avenue, Suite 982 · Marina Del Rey, CA 90292 · 310-337-1430
Fax 310-641-5823 · Email: Success@SponsorConcierge.com · www.SponsorConcierge.com