



Part one

# SHAKE THE MONEY TREE

Imagine if you will. It is 1:30 a.m. and you have one more errand for the day.

You need cash for your restaurant business. A simple \$250,000 withdrawal from your ATM card and you should be good to go.

The stinking ATM machine declines your request. Apparently, your \$170.12 balance won't cover that size of request.

### Now what?

Well, keep your chin up. All is not lost. You have, in fact, achieved a wonderful threshold of the entrepreneurial life. You have just received your first

financing turndown. This NO, puts you one step closer to hearing your first YES! And that really is wonderful.

Forget about the ATM machine. Much like many lenders and investors, they won't be able to see the same vision you do anyway.

### What's next?

Well, you gotta learn how to shake the money tree baby.

Let's start with the basics.

There are three financing stages and each will require you to find money.

**1) Seed capital.** This is start-

up funds to finish preparing the business for launch and then actually beginning to operate the joint, or taking a business that didn't really take off and trying to give it the electric shock treatment.

**2) Growth capital.** This is once your restaurant has proven it is a viable concept and ready to grow.

**3) Harvest capital.** This is usually brought on by the owner wanting his wealth out of the business, or possibly wanting to exit, or to bring on other investors.

Keep in mind, there is always money available. And there are plenty of ways to get money for wants and needs, but there are also plenty of money people who really enjoy saying the word, "No."

Get ready. Resilience is the theme for being effective at shaking the money tree. There will be plenty of "No" in your future. To which, you can only say, "So," and then move on.

In business, you cannot let a turndown deter you. If the plan is solid, the concept is viable, and you are

passionate about the project, in time, you will certainly hear that magic word – whether it comes from your local banker, a venture capital firm, or even Aunt Emma.

The problem for some businesses, though, is they don't know how to get the capital they need. Those businesses fail.

### How do you get money?

■ **Have a Great Restaurant Concept.** You must be able to answer, "What sets you apart from the competition?"

■ **Provide a Complete and Well-conceived Business Plan.** Whether you are a start-up or have been in business for twenty years, a business plan is critical to securing funding of any kind.

■ **Choose The Right Site.** Great locations can ensure success for nearly any concept.

■ **Offer A Funding Plan Schedule.** This is a set of strategies for targeting the right amount of money from the right sources, at the right time, for the right price. Be sure to examine all the sources you can. Also,

define the points in your plan when you will most likely need an injection of cash. Knowing

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### food for thought

**Colonel Sanders, himself, spent seven years traveling the country selling his chicken out of the back of his station wagon before he found someone to fund his secret recipe. He didn't care who said, "No." He knew the only right answer was, "Yes!"**



ahead of time what you will need and when is much better than trying to take all your money at once or worse, going to the money well too many times.

■ **Use Common Sense.**

Figure out how much money you actually need, not what you think you can get. Falling short later can be more painful than not getting anything now. And greedily

overreaching is just, well, bad karma.

■ **Have a Strong Management Team.**

Can your team get it done? Often, a loan will be decided based on the level of experience, professional appearance, attitude, and the personal track record of success of your team, as well as your ability to engender confidence.

So you want money for your restaurant? Surround yourself with people who cover any deficiencies you may have, whether it be

leadership, accounting, marketing etc. Once you have assembled your team, ask yourself- "Would I loan money to these guys?" If you have a team you believe in, that will shine through to a smart investor.

Knowing WHO to ask and HOW to ask them is critical.

You can beg and grovel, but that probably won't work, so we will need to save that for next time. **S**



*Points To Ponder!*

**Carefully consider what the use of someone else's money will cost you. What are you willing to give up in ownership? How much are you willing to pay in interest?**



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