



PERSONAL SAVINGS

A key source of financing for your new business is your personal savings and assets. Even if you cannot entirely finance the business yourself, you must be willing to make significant cash investment.

Although you can tap into life insurance policies, home mortgages, individual retirement accounts, pension plans, and credit cards to finance your business, be sure you understand the risks associated with these options and incorporate a strategy to return these funds into your business plan. Consider that better alternatives might be available and explore your options thoroughly.

FRIENDS AND RELATIVES

Friends and relatives might be willing to invest in your business. Sometimes, they will loan you money interest free or at a low interest rate. To avoid misunderstandings, develop a written agreement describing any terms and conditions and showing a payment schedule.

GRANTS

Infomercials and advertisements suggest that “free money” is readily available from the government to help you start your business. This is not true. Some government grants are available for established businesses, but these are generally very specialized. Some foundations and organizations offer grants, but they typically fund nonprofit organizations rather than for-profit businesses. In short, very few grants are available for for-profit business, finding them can be a difficult, lengthy process, and the grant application process is very competitive. For more information on the truth about grants, view:

http://www.missouribusiness.net/sbtdc/docs/myth_about_grants.asp

<http://www.csi.edu/support/ISBDC/grants.html>

To research grant opportunities, start with these sites:

Federal Grant Resources <http://www.sba.gov/category/navigation-structure/loans-grants>

Foundation Centers User Friendly Guide <http://foundationcenter.org/findfunders/>

Kansas Grants Clearinghouse <http://www.kansasgrants.org/>

Kansas Department of Commerce Programs <http://www.kansascommerce.com> Click on Business Division

Kansas Council on Developmental Disabilities <http://www.kcdd.org>

Proposal Writer <http://www.proposalwriter.com/index.html>

BANKS

Many entrepreneurs turn to banks for financing. For tips on how to select a bank for your business, refer to: <http://www.sbaloansnews.com/choosing-best-bank-small-business>. The U. S. Small Business Administration provides information on small business friendly banks:

<http://www.sba.gov/about-offices-content/2/3117>

U. S. SMALL BUSINESS ADMINISTRATION COMMUNITY EXPRESSS LOAN PROGRAM

This loan program provides financial assistance and technical assistance to the underserved segment of the small business community. The program allows for loan applications of \$5,000 to \$250,000 with a seven-year term and provides for technical assistance for the borrower. Loan proceeds must be used exclusively for business related purposes. A business plan must accompany the loan application, and the borrower must commit to ongoing technical assistance. Some lenders offer uncollateralized loans under this program. Details vary depending on the loan provider. For additional information, talk with your KSBDC consultant.

U. S. SMALL BUSINESS ADMINISTRATION LOAN GUARANTEE PROGRAMS

The Kansas City SBA office is responsible for the delivery of SBA's many programs and services to eastern Kansas counties, while the western two-thirds of the state are served by the Wichita SBA office. The SBA provides financial assistance through the 7(a) and 504 loan guarantee programs. Working through their local banks, borrowers can obtain SBA guarantees on their loans. The maximum loan guarantee for one business or individual is \$750,000. Proceeds can be used to purchase machinery and equipment, real property, inventory, and to purchase an existing business. SBA makes a special effort to make its programs available to women, minorities, veterans and businesses involved in international trade. For more information about assistance in these specialized areas, contact the SBA.

U.S. Small Business Administration:

Wichita District Office
271 W 3rd St, N Suite 2500
Wichita, KS 67202
(316) 269-6566

Kansas City District Office
1000 Walnut, Suite 500
Kansas City, Missouri 64106
(816) 426-4900

These companies package SBA loans:

Kansas Certified Development Companies

See details on this fact sheet

<http://www.kacdc.com/>

KANSAS CERTIFIED DEVELOPMENT COMPANIES

Kansas CDC's assist businesses by developing loan packages that meet the financial need of a project. These packages often contain more than one source of project funding, thus providing the small business customer with the best combination of rates and terms possible. To learn more and to find the CDC nearest you, view <http://www.kacdc.com/>

Frontier Financial Partners

Frontier Financial Partners is a certified development company headquartered in Emporia, serving east-central Kansas.

1512 W. 6th Ave., Suite E, Emporia, KS 66801
(620) 342-7041
<http://www.frontierfinancialpartners.com>

Mid-America Certified Development Company

Mid-America CDC is a certified development company headquartered in Pittsburg, which serves southeast Kansas.

1501 S. Joplin
Pittsburg, KS 66762
(620) 235-4920

South Central Kansas Economic Development District

SCKEDD is a certified development company and economic development district headquartered in Wichita, which serves Butler, Chautauqua, Cowley, Elk, Greenwood, Harper, Harvey, Kingman, Marion, McPherson, Reno, Rice, Sedgwick and Sumner counties. SCKEDD packages a variety of loans and offers a microloan program with direct loans of up to \$35,000 for new or expanding businesses. Web site: <http://www.sckedd.org>

200 W. Douglas, Suite 710, Wichita, KS 67202
(316) 262-7035
<http://www.sckedd.org>

STARTUP KANSAS

The Kansas Center for Entrepreneurship StartUp Kansas program provides seed capital to entrepreneurs who want to start or grow their business in a distressed or rural community. Applications must be submitted by a NetWork Kansas resource partner on behalf of the small business owner, and the resource partner must provide match for the funds. The maximum funding is \$45,000 per application. Find additional information about NetWork Kansas resource partners and the program at: <http://www.networkkansas.com/>.

U. S. DEPARTMENT OF AGRICULTURE LOAN AND GRANT PROGRAMS

The USDA offers energy efficiency improvements grants, renewable energy systems grants, loan guarantee programs, and other options for small businesses. For an overview of programs offered in Kansas by the USDA, view http://www.rurdev.usda.gov/KS_Home.html

USDA Rural Development State Office
1303 SW First American Place, Suite 100, Topeka KS 66604 (785) 271-2700

For the regional office nearest your location, use the search tool at
http://www.rurdev.usda.gov/KS_Home_Contacts.html

VENTURE CAPITAL AND ANGEL CAPITAL

Venture capital is money provided by professionals who invest pooled funds in young, rapidly growing companies with an established track record. Most venture capital investments come from institutional pension funds, endowments, foundations, banks, and other entities seeking to diversify their portfolio. Angel investors are usually wealthy individuals who invest in startups.

Both venture capitalists and angel investors expect a high return on investment and often require the entrepreneur to relinquish controlling interest in the company. If you use venture or angel capital, hire an attorney to help with negotiations and be sure you understand the details of your agreement. For additional information about venture and angel capital, view these sites:

Midwest Venture Alliance (MVA) <http://www.midwestventure.com/index.html>

The MVA invests in high-growth seed and early-stage technology companies. A typical criterion includes a market opportunity large enough to create a business with at least \$30 million in annual revenue.

Access to Capital Electronic Network <http://www.angel-investor-network.com/ACE-Net.html>

ACE-Net enables investors and small companies to find each other. It is an Internet-based listing service for securities offerings of small, growing companies located throughout the nation, that are viewed anonymously by accredited investors.

Innovation Growth Program formerly (KTEC) <http://www.kansascommerce.com/index.aspx?nid=362>

The Innovation Growth Program assists Kansas entrepreneurs and technology companies by providing intellectual property, technical expertise, research and other services designed to help new and existing technology companies grow and succeed.

Kansas Venture Capital, Inc. (KVCI) <http://www.kvci.com/>

KVCI is a licensed Small Business Investment Company that provides equity financing primarily to small and middle market Midwestern companies demonstrating potential for substantial growth and long-term equity appreciation. KVCI's primary focus is companies with over \$5 million in revenue.

National Venture Capital Association (NVCA) <http://www.nvca.org/>

National Venture Capital Association (NVCA) is the trade association representing the venture capital industry.

CROWDFUNDING describes the collective effort of individuals who network and pool their money usually via the Internet, to support efforts initiated by other people or organizations. There are a variety of crowdfunding sites that will allow you to create a pitch and launch your pitch to be shared with others. For a Directory of crowdfunding sites go to www.crowdsourcing.org/directory and select crowdfunding in the left menu column. Review each site's purpose or intended audience to make sure your project fits their specifications. (Examples: Kickstarter, Indiegogo, gofundme to name a few)

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