DEAL MAKER

A PUBLICATION FOR COMMERCIAL LOAN BROKERS AND LENDERS

| AUGUST 2020 VOL 2 NO 4 |

THE ART OF CLOSING THE DEAL

MASTERING THE PROCESS

FIVE BEST PRACTICES

FOR CLOSING YOUR NEXT EQUIPMENT FINANCE DEAL

FACTORING:

HELPING BUSINESSES SURVIVE THE NEW ECONOMIC REALITY

NACLB

BY NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS

www.1stCommercialCredit.com

1ST COMMERCIAL CREDIT

We LEND more than the BANK

Cash Bonus up to $25,000

As Your Business Grows, We Deliver the FUNDS

POPULAR INDUSTRIES WE FUND

Temp Staffing
Manufacturers
Importers
Service Providers

UNDERWRITING PARAMETERS

Flexible Approvals
Funding in 3 to 5 Working Days
No Financials Required Up To – $350 K
Low Credit Score Approved

FINANCIAL SERVICES

Invoice Factoring
Purchase Order Financing
Small Cash Advances
Supply Chain Financing - New

BROKER INCENTIVES

Cash Bonus up to $25,000
10% Commission for Life of Deal!
Same Day Decisions
Multiple Funding Products

MEET THE 1ST COMMERCIAL CREDIT FUNDING GROUP:

Capital Credit · Commerce Commercial Credit · PaYables Credit Inc. · Future Sales Advance

Call anytime: 24-7
1-800 876-6071

For over 19 years, 1st Commercial Credit has been providing funding to businesses when they are needed most!

BBB ACCREDITED BUSINESS

Raul Esqueda, President
Email: raul@1stcommercialcredit.com

DEAL MAKER

CONTENTS

AUGUST 20 VOL 2 NO 4

AUGUST 20 VOL 2 NO 4

DEALMAKER

COLUMNS

ADVERTISER INDEX

EDITOR'S LETTER

There's nothing quite like the feeling of wrapping up a complex project.

For brokers, this means finally closing a deal after months of prospecting, collecting financials and acting as an intermediary between borrowers and lenders. Experienced brokers — and lenders — know firsthand that this process is an art.

Chip Cummings from Northwind Financial and Red Oak Capital takes a close look at the intricate processes that brokers must master before they can achieve a successful closing. He shows us how planning, preparation and flexibility are the tools used by the artful broker.

In this issue, we focus on two areas of commercial finance that are especially relevant to brokers in the post-pandemic environment: equipment finance and factoring. Paul Fogle and Mae Philpott from Quality Leasing share five best practices for brokers looking to close their next equipment finance deal.

On the factoring side, Haze Walker from FSW Funding stresses the importance of finding the right lender during these uncertain times. She says factors are some of the best lenders right now as they offer the flexibility, availability and ease of use that companies need.

Miguel Serricchio and John Teixeira from LSQ outline how factoring is a fantastic choice for businesses facing cash flow constraints. With banks pulling back on lending and supply chains in a state of disarray, factors can help where many lenders cannot.

Martin Chera from Express Capital Financing offers advice for new brokers entering the game. He encourages newcomers to follow a code of ethics. By treating borrowers and lenders with integrity, new brokers can quickly grow and earn repeat business.

In our ***The Softer Side of Sales*** column, 2017 NACLB Broker of the Year Bennett Able reminds us that to sell money effectively, we must go back to the basic principles of sales. He offers tips like differentiation and transparency that will help brokers increase the effectiveness of their sales strategies.

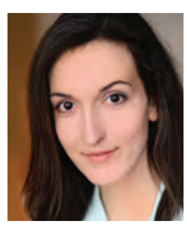
In ***Marketing 101***, Ben Mathewson from North Avenue Capital explores the marketing quandary of financial institutions. How do you stand out from the crowd when many are selling similar products? He shares strategies for getting the attention of the right borrowers.

In ***Brokers 101***, we hear from Brandon Bartoldi, who launched his brokerage right before the pandemic hit. By learning how to pivot, his business not only stayed open but added to its team to keep up with demand.

With this issue heading out the door, we have our sights set on autumn, which means planning this year's annual conference issue! This special issue will feature interviews with industry icons, NACLB exhibitors and much more. Until then, stay tuned in to our weekly *DealMaker* newsletter and stay safe!

Sincerely,

Rita



Rita Garwood
Editor in Chief

DEALMAKER

A publication of the National Association of Commercial Loan Brokers

PUBLISHER
Lisa Rafter
610.213.9105
lrafter@naclb.org

EDITORIAL/PRODUCTION
EDITOR IN CHIEF
Rita Garwood
rita.garwood@naclb.org

SENIOR EDITOR
Phil Neuffer
phil.neuffer@naclb.org

ART DIRECTOR/PRODUCTION MGR
Hedy Sirico

INDUSTRY NEWS/EVENTS/INFO
484.253.2505

ADVERTISING
DIRECTOR OF ADVERTISING
Laura Backe
484.253.2511
laura.backe@naclb.org

THE DEALMAKER **AUGUST 20**
VOL. 2, NO. 4
Published bimonthly by
RAM Group Holdings, Inc.,
7 Hansen Court
Narberth, PA 19072

SUBSCRIPTIONS/BACK ISSUES
SUBSCRIBER SERVICES
Terry Mulreany
484.253.2517

POSTMASTER/
SEND ADDRESS CHANGES TO:

THE DEALMAKER **SUBSCRIPTION SERVICES**
7 Hansen Court
Narberth, PA 19072

CUSTOM REPRINTS
The YGS Group is the authorized provider of customizable reprints, e-prints and PDFs for *The DealMaker.* For a quote, call Jessica Stremmel at 800.290.5460 or e-mail reprints@ theYGSgroup.com

AUGUST 20

NEWSMAKERS

PEOPLE

Red Oak Capital Names Bechtel CEO
Red Oak Capital Group welcomed Gary Bechtel to the firm as CEO. Bechtel previously served as president of Money360, where he was responsible for developing and executing its expansion strategy. Prior to joining Money360, Bechtel was chief lending/originations officer for CU Business Partners, a credit union service organization.

North Mill Hires Fanelle as Broker Relationship Manager
North Mill appointed Robert Fanelle a broker relationship manager, reporting to Paul Cheslock, vice president of customer relations. Fanelle's prior work experience managing brokers in a financial services setting is especially salient because North Mill generates new business solely through third-party referral agents. Fanelle began his career with Canon Financial Services as a dealer representative, eventually graduating to branch manager roles for TD Bank in Oaklyn, NJ, and for PNC Bank in Vorhees, NJ. In 2015 he joined Marlin Business Bank and established and grew broker relationships.

Northland Capital Names Eschmann President
Northland Capital appointed Brian Eschmann president. Eschmann will apply his more than 20 years of commercial finance sales and leadership experience to Northland Capital's business model to drive growth and build upon the company's cultural foundation.

Entrepreneur Growth Capital Hires Abraham as VP, New Business Development
Robert Abraham joined Entrepreneur Growth Capital as vice president, new business development. Abraham joined Entrepreneur Growth Capital from Signature Bank, where he was vice president of new business development in asset-based lending. Prior to that, he was team leader and senior vice president in asset-based lending at Lakeland Bank.

IFA Appoints Crawford, Landis, Roberson and Shu Advisory Board Members
The International Factoring Association appointed four new Advisory Board members. The new members are: Bud Crawford, CEO of PrimeArc Capital; Dean Landis, third-generation owner of Entrepreneur Growth Capital; Meg Roberson, senior vice president and national sales manager of Gulf Coast Business Credit; and Glen Shu, president of Heritage Bank of Commerce's specialty finance group.

Chung Joins Republic Business Credit as SVP of Business Development
Republic Business Credit hired Tae Chung as senior vice president of business development in its Los Angeles office. Chung will increase Republic Business Credit's presence in the California traditional factoring market, further building upon the acquisition of Continental Business Credit in 2019. Chung will lead Republic's efforts in the apparel, accessory, electronic, textile, furniture and importer segments.

NEWSMAKERS

Loeb Term Solutions Hires New BDO
Loeb Term Solutions hired Rob Harjung as a business development officer for the Loeb Term Solutions management team.

Estevez Joins Tradewind Finance as VP of Sales in New York
Emilio Estevez joined Tradewind Finance as vice president of sales based out of the New York office. Estevez will leverage his experiences building client relationships and structuring deals in the trade finance space to drive Tradewind's factoring and supply chain financing business and expand its international client base, including in Latin America, where he concentrated his business development efforts previously.

North Mill Equipment Finance Appoints Four New Employees
North Mill Equipment Finance appointed Matthew Mosley broker relationship manager, Max Russell, Jr. asset management associate, Bryan Rosado Delgado asset recovery associate and Jacob Keller staff accountant.

Viva Capital Funding Hires Williams as Vice President of Sales
Viva Capital Funding added Sarah Williams as vice president of sales. In this new role, Williams will be responsible for implementing the strategy and direction of the company's sales and marketing departments.

UMB Capital Finance Adds Wagner to Business Development Team
UMB Capital Finance added Nic Wagner as a business development officer based in Denver. Wagner will be representing UMB in the Colorado, Oklahoma and Texas markets, offering working capital solutions through accounts receivable finance, factoring and asset-based lending.

CIBC Adds Love as Managing Director of Business Development for ABL Team
CIBC expanded its U.S. asset-based lending capabilities in Buffalo, NY, by naming Nathan Love managing director of business development. Love joined CIBC from PNC Business Credit, where he served as senior vice president of business development. Love will focus on origination in the Great Lakes region, continuing to provide solutions to family-owned or sponsor-backed middle market companies.

HubTran Adds Durrenberger in New VP, Executive Management Role
HubTran, an automation platform for the transportation industry, named Tom Durrenberger vice president to head the company's factor segment. Prior to HubTran, Durrenberger served a five-year tenure at Boston Consulting Group. Durrenberger will lead product development, guide client relationships and manage all aspects of the company's business serving factors.

PERSONNEL NEWS

LIMA ONE CAPITAL EXPANDS WITH FOUR NEW ADDITIONS TO SALES TEAM

Lima One Capital made four new additions to its growing national sales team. Toby Newhouse will serve as a regional sales manager representing the Southwest. Josh Schwartz will serve as the business development manager for the Pacific Northwest. Michael Nelson will serve as a senior commercial real estate loan originator, supporting national accounts for Lima One. Darren McGurn will serve as a business development representative for the Atlanta region.

"We're honored to welcome these four seasoned originators to Lima One Capital," Josh Craig, chief revenue officer of Lima One Capital, said. "In these most uncertain times, we're continuing to add great people to our company and build for long-term success. These new additions to the team are not only all great originators and leaders but all fit seamlessly into our culture. We continue to build a team of high performers based around core values, who are passionate about helping our investor clients improve the neighborhood and give families a chance to live the American dream. We're ecstatic to welcome Toby, Josh, Mike and Darren to the Lima One family and can't wait to watch them flourish."

DEALS

North Mill Capital Provides $750K GearTek AR Facility
North Mill Capital funded a $750,000 accounts receivable facility to GearTek. The funds were used to pay off the previous lender and to provide additional working capital for the company.

Loeb Term Solutions Provides $10MM in Recent Transactions
Loeb Term Solutions recently provided $10 million in covenant-free financing for nine clients, including $3.5 million for an earth moving construction company.

Amerisource Business Capital Funds $3MM to Health Services Company
Amerisource Business Capital closed and funded a $3 million credit facility for an international occupational health services company based in Texas. The company used the proceeds to refinance existing bank debt and to support additional working capital needs.

Ready Capital Announces Completion of Two Securitizations
Ready Capital, a multi-strategy real estate finance company that originates, acquires, finances and services small- to medium-sized balance commercial loans, completed two securitizations totaling $609 million in Q2/20.

Entrepreneur Growth Capital Provides $6.8MM Bridge Loan
Entrepreneur Growth Capital provided $6.8 million in funding to a New York-based hospitality company.

Republic Business Credit Provides $1.75MM Factoring Facility to Apparel Importer
Republic Business Credit provided a $1.75 million non-recourse factoring facility with credit protection and extended customer payment terms eligibility to a West Coast-based apparel importer.

Breakout Capital Closes $20MM in Credit Facilities with Medalist Partners
Breakout Capital, a nationwide small business lender, completed two senior secured credit facilities totaling $20 million with Medalist Partners, expanding and extending a current term loan facility and establishing a new term loan facility with attractive forward flow features.

Alleon Healthcare Provides $500K Medical AR Facility to Oncology Center
Alleon Healthcare Capital closed a $500,000 medical accounts receivable financing facility with a specialty oncology clinic in California. The company approached Alleon seeking financing for its third-party health insurance accounts receivable for working capital needs and debt restructuring.

North Mill Capital Provides $500K A/R Facility to The Right Staff
North Mill Capital provided a $500,000 accounts receivable facility to The Right

Staff, a professional employment firm with locations in Minneapolis. The Right Staff used the funds to pay off a previous lender and to provide additional working capital for the company.

Amerisource Funds $3MM Credit Facility for Distribution Company
Amerisource Business Capital closed and funded a $3 million credit facility for a distribution company based in California. The company will use the proceeds for growth capital.

Capital Now Provides $500K Credit Facility to Oil Production Company
Capital Now provided a $500,000 credit facility to an oil production company in Calgary, AB. Capital Now ensured the company had the cash flow to manage outstanding debt.

Prestige Capital Closes $1.25MM in Recent Factoring Arrangements
Prestige Capital Finance closed $1.25 million in combined factoring arrangements for Nouri Life, a probiotics company; KiiTO, a plant-based nutrition company; and Cure Hydration, a sports hydration company.

Rosenthal Supplies $6.5MM in Recent Transactions
Rosenthal & Rosenthal completed a $5 million revolving line of credit to an industrial maintenance and repair company and a $1.5 million asset-based loan facility for a distributor of electrical cable.

Republic Business Credit Provides $3.5MM Factoring Facility to Furniture Manufacturer
Republic Business Credit provided a $3.5 million non-recourse factoring facility that provides credit protection without any covenants to a furniture manufacturer on the West Coast.

Brookridge Funding Completes $15MM PO Facility for Patio Furniture Distributor
Brookridge Funding completed a $15 million purchase order funding facility for an importer and distributor of patio furniture.

Wintrust Receivables Finance Closes $1.5MM Line of Credit for Pharmaceutical Company
Wintrust Receivables Finance, part of Wintrust Business Credit, closed a new $1.5 million accounts receivable-based line of credit for a Chicago area distributor of neuroscience medications.

CapitalPlus Delivers More Than $4.5MM in Construction Factoring Facilities in May
CapitalPlus Construction Services provided more than $4.5 million in factoring facilities during May, including a $3 million construction factoring facility for an interior/exterior contractor specializing in retirement communities in Virginia.

TAB Bank Provides $8MM Revolver to Consumer Lighting Products Company
TAB Bank provided an $8 million asset-based revolving credit facility to a consumer lighting products company based in Utah. The new facility is extended through a multi-year agreement and will provide for the ongoing working capital needs of the company.

North Mill Capital Delivers $4.4MM in Recent A/R Credit Facilities
North Mill Capital provided $4.4 million in three recent accounts receivable credit facilities. First, North Mill Capital provided a $2 million accounts receivable credit facility to an LTL transportation company specializing in the transport and storage of products for industrial manufacturers throughout the Midwest. Secondly, it provided a $2 million accounts receivable credit facility to an Iowa-based consulting firm providing IT staffing and services to businesses. Lastly, North Mill Capital provided a $400,000 accounts receivable credit facility to a manufacturer of retail fixtures and point of purchase displays in Minnesota.

Huntington Business Credit Closes $11.5MM in Financing for Robinson Fans
Huntington Business Credit closed new $11.5 million credit facilities with Robinson Fans Holdings. Robinson Fans Holdings used the proceeds of the facilities to

NEWSMAKERS

refinance existing debt and to provide ongoing working capital growth financing.

Sallyport Commercial Finance Arranges $3MM AR Facility for Electronics Company
Sallyport Commercial Finance arranged a $3 million accounts receivable facility for a national distributor of gaming and consumer electronics.

Entrepreneur Growth Capital Provides $1MM LOC to Digital Marketing Firm
Entrepreneur Growth Capital closed a $1 million working capital facility to a software company that streamlines influencer and content creation strategies.

Franklin Capital Provides $4MM in A/R Financing Facilities
Franklin Capital completed two new accounts receivable financing facilities, including a $1 million accounts receivable financing facility to a supplier of personal protective equipment and a $3 million accounts receivable financing facility to a UK-based IT equipment supplier.

Sallyport Commercial Finance Arranges $2MM AR Facility for Mortgage Advisory Firm
Sallyport Commercial Finance arranged a $2 million accounts receivable facility, including a $500,000 cash flow loan, to a company that provides due diligence and document management solutions.

Crestmark, Iron Horse Credit Provide $12.5MM in Financing to Singing Machine
The Singing Machine Company executed a tri-party intercreditor agreement for a revolving line of credit on eligible accounts receivable and inventory. The company entered into a two-year loan and security agreement for a $10 million financing facility with Crestmark, a division of Meta Bank, on eligible accounts receivable. Further, the company executed a two-year loan and security agreement with Iron Horse Credit for up to $2.5 million in inventory financing.

Access Capital Structures $1.5MM Credit Facility for truData Solutions
Access Capital structured a $1.5 million credit facility for truData, a data centric firm focused on partnering with clients in building analytics and data integration capabilities leveraged through cloud solutions.

TradeCap Partners Structures $1.6MM PO Finance Facility for West Coast Soap Importer
TradeCap Partners closed a $1.6 million purchase order facility for a West Coast-based importer of soap products.

Amerisource Business Capital Funds $3MM to Health Services Company
Amerisource Business Capital closed and funded a $3 million credit facility for an international occupational health services company based in Texas. The company used the proceeds to refinance existing bank debt and to support additional working capital needs.

Allied Provides $1.4MM in Receivables Financing
Allied Affiliated Funding closed $1 million in receivables financing to a Texas-based commercial flooring company and $400,000 in receivables financing to a Louisiana-based oil and gas industry consulting company.

J D Factors Delivers $2.325MM in Recent Factoring Facilities
J D Factors provided $2.325 million in recent factoring facilities, including a $700,000 factoring facility to a transportation company in California.

Amerisource Funds $3MM Credit Facility for Distribution Company
Amerisource Business Capital closed and funded a $3 million credit facility for a distribution company based in California. The company will use the proceeds for growth capital.

Rosenthal Provides $4MM PO Facility for Personal Protection Products Distributor
Rosenthal & Rosenthal completed a purchase order finance facility to support the production financing requirements of a California-based distributor of hand sanitizer and antibacterial soap.

NEWSMAKERS

Utica Leaseco Provides $11.3MM to Agricultural Company
Utica Leaseco completed one transaction totaling $11.3 million. The refinance was secured by machinery and equipment to an agricultural company located in Michigan.

White Oak Adds $6MM to Credit Facility for Hunt & Sons
White Oak Commercial Finance increased funding on its $75 million asset-based credit facility with Hunt & Sons by $6 million. Hunt & Sons, which is a third-generation, family-owned petroleum products distributor, used the funding to support regional acquisitions.

Austin Financial Services Provides $2.5MM Revolving A/R Facility to Logistics Company
Austin Financial Services closed a $2.5 million revolving A/R facility to a logistics and fulfillment company. The company used the proceeds from the revolver to support its growing customer base and near-term plans for expansion.

Triumph Acquires Transportation Factoring Assets of Transport Financial Solutions
Triumph Business Capital closed the acquisition of the transportation factoring assets of Transport Financial Solutions (TFS).

North Mill Delivers $1MM A/R Facility to Rebel Green
North Mill Capital delivered a $1 million accounts receivable credit facility to Rebel Green, which provides a line of natural, eco-friendly household cleaning products.

Huntington Business Credit Supplies $10.5MM to Midwest Iron
Huntington Business Credit closed a new $10.5 million credit facility with Midwest Iron and Metal Company.

Crestmark Secures $29MM in Commercial Financing Transactions in H1/June
Crestmark Equipment Finance provided $15,319,877 in four new lease transactions, Crestmark Vendor Finance provided $8,710,820 in 121 new lease transactions and Crestmark's government guaranteed lending group provided $5,050,000 in financing for two new clients in the first half of June.

Tradewind Provides Factoring Facility to Hong Kong Consultancy Firm
Tradewind Finance, in a deal debuting its funding capabilities for another local currency, provided a factoring facility in Hong Kong dollars for a consultancy firm based in Hong Kong that provides financial advisory services to global banks and other financial institutions located in the region.

TradeCap Partners Closes $350K PO Facility for Midwest Paper Products Importer
TradeCap Partners closed a $350,000 purchase order finance facility for an importer of paper products based in Minnesota.

Siena Completes $45MM in New Facilities During Q2/20
Siena Lending Group completed two deals for an aggregate amount of $25 million in Q2/20, while Siena Healthcare Finance delivered two deals for an aggregate amount of $20 million in the quarter.

Government Leasing Closes $2.7MM in Federal Agency Equipment Leases
Government Leasing closed $2.7 million in federal agency equipment leases in June, including $1.5 million for the Department of the Navy and $1.2 million for the Army Corps of Engineers.

Crestmark Provides More Than $57.9MM in Financing to 294 Businesses in H2/June
Crestmark Equipment Finance provided $14.4 million in four new lease transactions, Crestmark Vendor Finance provided $21 million in 273 new lease transactions, Crestmark's Government Guaranteed Lending group provided $6.2 million in financing for three new clients and Crestmark secured a total of $16.4 million in ABL financial solutions for 14 new clients in the second half of June.

Gibraltar Provides $20MM to Sponsor-Backed Seasonal Business
Gibraltar Business Capital provided Texas-based Easy Gardener Products a $20 million credit facility to help with a restructuring. Easy Gardener designs, manufactures and sells consumer lawn and garden products.

INDUSTRY NEWS

July Commercial Chapter 11 Filings Increase 52% Y/Y, Total Filings Down 33%
Total commercial Chapter 11 filings in July 2020 increased 52% from the previous year, according to data provided by Epiq. Commercial Chapter 11 filings totaled 643 in July 2020, expanding from the July 2019 total of 423. Conversely, total commercial filings decreased 17% in July 2020, as the 2,768 filings were down from the 3,314 commercial filings registered in July 2019. The 42,861 total bankruptcy filings in July 2020 were down 33% from the 64,345 total filings in July 2019.

AICPA Survey: 56% of Business Execs Say Companies Sought PPP Funds
According to a survey from the American Institute of CPAs, 56% of business executives said their companies sought relief funds through the Paycheck Protection Program (PPP), a $660 billion initiative under the CARES Act designed to protect small businesses and their employees.

PayNet: June Lending Jumps as Small Businesses Look for Lifeline
The PayNet Small Business Lending Index (SBLI) recovered in June, increasing 16 points (13.8%) to 132.1, and is now just 3.7% below its year-ago level. The SBLI three-month moving average increased 2.9% but remains 20.9% below its level from June of last year.

Equipment Leasing and Finance Industry Confidence Surges in June
Confidence in the equipment finance market increased to 45.8, up from the May index of 25.8, according to the June 2020 Monthly Confidence Index for the Equipment Finance Industry from the Equipment Leasing & Finance Foundation.

Love's Expands Freight Factoring Capabilities with Vero and Foley Acquisitions
Love's Financial acquired Vero Business Capital and Foley Business Capital, which are both freight factoring companies.

BMO: Some Industries Set to Rebound From Pandemic More Quickly
As the U.S. works to recover from the COVID-19 pandemic and the corresponding economic dislocation, some industries will naturally rebound quickly as distancing measures lighten, according to a new report from BMO Economics.

ABI: Commercial Chapter 11 Filings Up 26% Y/Y, Bankruptcy Filings Down 23% in H1/20
Total commercial Chapter 11 filings during the first six months of the year increased 26% to 3,604 from the 2,855 total filings during the same period in 2019, according to data provided by Epiq. Total bankruptcy filings also decreased to 298,080 during the first six months of 2020, a 23% decrease from the 388,594 total commercial filings during the same period a year ago.

eCapital Acquires 100% Ownership of Prosperity Funding
eCapital acquired 100% of the ownership equity of Prosperity Funding, a Fort Lauderdale, FL-based factoring company.

ABCO Federal Credit Union Joins cuBIZloan
cuBIZloan welcomed ABCO Federal Credit Union to its member business and commercial loan referral program. ABCO is looking forward to offering business loans to add value to its business checking and payroll services.

CoreLogic Reports Home Prices Were Up in May but Could Slump Over the Summer
CoreLogic, a global property information, analytics and data-enabled solutions provider, released the CoreLogic Home Price Index (HPI) and HPI Forecast for May 2020. Nationally, home prices increased by 4.8% compared with May 2019. Home prices increased 0.7% in May 2020 compared with April of this year.

Maxim Commercial Capital Funds Deals in 30 States During Q2/20
Maxim Commercial Capital funded hard asset-secured financings for small and

mid-sized businesses in 30 states across the United States during Q2/20.

Tri Valley Service Federal Credit Union Joins cuBIZloan
Tri Valley Service Community Federal Credit Union joined cuBIZloan's member business and commercial loan referral program.

ELFF Snapshot Reveals 10.5% Decline in Equipment Investment in Q1/20
According to the ELFF's Q3/20 industry snapshot, equipment and software investment plunged 10.5% annualized in the first quarter, and second quarter declines are expected to be more pronounced.

ISM: COVID-19's Disruption on the Supply Chain Continues Globally
As a follow-up to survey results released on March 11 and April 14, the Institute for Supply Management released its third wave of research on COVID-19's impact on businesses and their supply chains. Insights reflect input gathered by ISM primarily from U.S.-based respondents between May 7 to May 25. According to the results, more than three-quarters (76%) of respondents reported reduced revenue targets.

Moody's Analytics: COVID-19 Resurgence Could Cause Global Economic Depression
According to the Moody's Analytics baseline economic forecast, real global GDP will fall by 4.5% this year as a result of COVID-19. The base case for the U.S. suggests that it will take until mid-decade for the economy to return to full employment. Mark Zandi, chief economist at Moody's Analytics, described the outlook in a new paper, "Handicapping the Paths for the Pandemic Economy."

MUFG: Suppliers Tap Receivables for Liquidity During COVID-19 Pandemic
A growing number of suppliers are using their receivables as a source of liquidity to alleviate financial strains in the wake of the coronavirus pandemic, according to Maureen Sullivan, head of supply chain finance at Mitsubishi UFJ Financial Group (MUFG).

SFNet: ABL Lenders Experience Q1/20 Growth Prior to COVID-19 Impact
Banks and independent lenders were enjoying a strong market for asset-based lending with solid credit quality in Q1/20 before the full impact of the COVID-19 pandemic was felt, according to data released by the Secured Finance Network.

IFA Forms Southeast Chapter
The International Factoring Association officially formed its southeast chapter in June. The new chapter will serve Florida, Georgia, South Carolina, North Carolina and Southern Virginia.

New York AG Takes MCA Companies to Court for Illegal Lending, Threatening Practices
New York Attorney General Letitia James filed a lawsuit against Richmond Capital Group, Ram Capital Funding and Viceroy Capital Funding seeking to stop the three New York City-based companies and their owners and managers from continuing to cheat small businesses out of millions of dollars each year by selling owners merchant cash advances or "sky-high" interest loans.

ABI: Nearly 500 Small Businesses File for Bankruptcy Under Subchapter V Provision
According to data released at the end of June from the American Bankruptcy Institute, 471 small businesses elected to file for bankruptcy relief under the new Subchapter V to Chapter 11 of the Bankruptcy Code since it was enacted.

Commercial Credit Group Moves HQ to Accommodate Expanding Workforce
Commercial Credit Group, an independent commercial equipment finance company, moved its company headquarters within Charlotte, NC. The new office is located at 525 N. Tryon St. in Charlotte and houses 80 employees. ■

EVENTS CALENDAR

SEPTEMBER 8, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

SEPTEMBER 9-11, 2020
INTERNATIONAL FACTORING ASSOCIATION TRANSPORTATION FACTORING MEETING
Virtual
factoring.org

SEPTEMBER 15, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

SEPTEMBER 22, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

SEPTEMBER 29, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

OCTOBER 6, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

OCTOBER 13-15, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB 2020 Conference & Exhibition
Las Vegas
naclb.org

OCTOBER 27, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

OCTOBER 27-28, 2020
EQUIPMENT LEASING & FINANCE ASSOCIATION
ELFA 2020 Business Live!
elfaonline.org

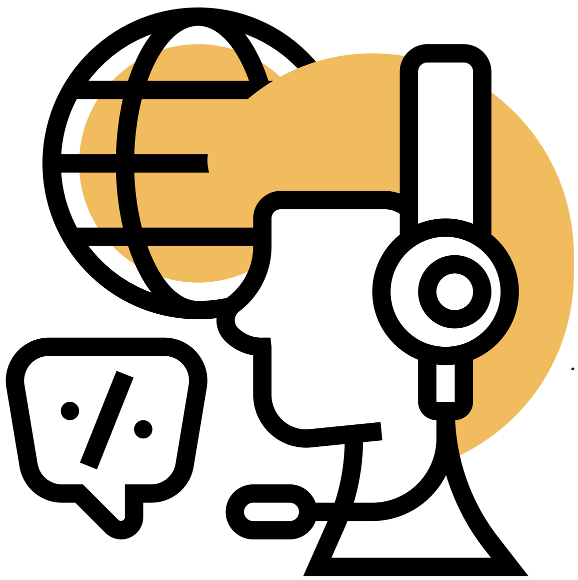
NOVEMBER 3, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

NOVEMBER 10, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

NOVEMBER 17, 2020
NATIONAL ALLIANCE OF COMMERCIAL LOAN BROKERS
NACLB Weekly Webinar
scott@naclb.org

DEALMAKER QUICKFACTS

AUGUST 20



73%

THE USER SATISFACTION RATE FOR WEBCHAT

10

The number of best-selling books authored by Chip Cummings

2017

The year that Bennett Abel won NACLB's Broker of the Year

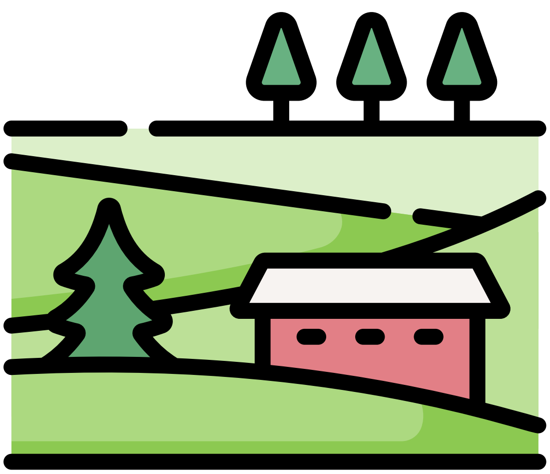
02/20

The month and year when Brandon Bartoldi launched his brokerage

44%

THE USER
SATISFACTION RATE
FOR PHONE CALLS

90% — THE PERCENTAGE OF CORPORATIONS AND REAL ESTATE INVESTORS WITHOUT COMMERCIAL LOAN OPTIONS



<50,000

The number of residents a location must have to be considered rural

70%-90%

THE AMOUNT OF AN INVOICE A FACTOR WILL INITIALLY ADVANCE TO A BUSINESS

FIVE BEST PRACTICES FOR CLOSING YOUR NEXT EQUIPMENT FINANCE DEAL

By **G. Paul Fogle, CLFP** and **Mae Philpott, CLFP**

Every broker wants to close more deals, Paul Fogle and Mae Philpott provide five guidelines to get to the finish line on your next equipment finance deal. By following these best practices, brokers will save time and increase their ability to close deals.

Few things are more frustrating than putting in days or weeks of work on a deal only to have your customer back out just before funding. As a third-party originator (TPO), every transaction that crosses your desk utilizes your valuable time and resources. A primary function of your job is to efficiently conserve those limited resources while ensuring you earn the highest return for your efforts.

While there are hundreds of reasons why a deal may not close, within the equipment finance space, you can employ five best practices on every deal that will save time and energy and increase your overall closing ratio. These best practices — which are similar across third-party representation lending — will make you more productive, more efficient and (most importantly) more profitable.

1. KNOW YOUR CUSTOMER

Generally speaking, as the dollar amount of the transaction increases, the more you should know about your customer. It's important to understand your customer's business history, financials and credit profile, but you also need a clear picture of how the financed equipment will increase revenue or conserve capital. Is it replacement equipment or used for expansion?

Find out your customer's hot buttons: Are they more concerned about payments, effective rate, overall payback or tax benefits? What kind of payments are they expecting to make? Knowing where your customer's business has been, where they would like to grow and addressing primary concerns will help you demonstrate why your equipment financing offer is the right one for them and their company.

“Learning about your equipment finance funding sources, understanding your customer, building a solid submission and managing expectations appropriately are the keys to successfully closing your next equipment finance deal.”

2. KNOW YOUR FUNDING SOURCE

A TPO should have a general idea of what types of equipment and customers their lenders are looking to finance. Most lenders have published guidelines covering which asset types, credit profiles, deal sizes and pricing ranges they cover. This information is also readily available from company websites, online forums and industry publications.

When in doubt, pick up the phone and speak with a salesperson directly. Submitting deals that are not in your lender's wheelhouse will only lead to frustration for you, deal fatigue for your customer and a lower approval ratio — which can damage the relationship — with your funder. Take the time to learn about your funding sources now so you can close the right deal with the best-fitting lender later.

3. KNOW THE SUBMISSION REQUIREMENTS

Every funding source has a checklist outlining which documentation is required for a submission. Gathering all required information from your customer and reviewing it for clarity and accuracy will prevent myriad headaches down the road. Communicating clearly with your customer and/or vendor on the items your lender needs and why, and then submitting a complete file to your funding source will save you hours of time and energy in the long run and cut out the dreaded back-and-forth that frustrates so many customers into walking away from a deal. The more attention you give your submission, the faster your deal can be approved, underwritten and closed.

4. MANAGE EXPECTATIONS

So now you've learned what your customer wants, what your lender needs and what you actually have to work with. The next step is to manage expectations appropriately. Review the submission information with the customer and point out the pros and cons of the profile as it pertains to your lenders' underwriting criteria. Conservatively estimate monthly payments and explain why you believe the lender(s) you selected will be the best fit for your customer. Communicate clearly and accurately using fact-based information. Don't over-promise or under-deliver. Be honest and transparent and watch how quickly you build loyalty and trust with your customer — two key features necessary for keeping a customer and closing any deal.

5. DO THE WORK

All the knowledge, expertise and sales skills in the world will only take you so far. You must put in the work to get the job done. Many people are compelled to take the easiest route, but in today's unprecedented pandemic environment, the easy route is often a dead end. Nothing turns off lenders more than throwing deals against the proverbial wall to see what sticks when clearly it doesn't fit their requirements. Nothing turns off customers more than thinking their rep didn't do their best for them. Cutting corners may save time initially, but it will cost you more time and frustration fixing issues down the road. To set yourself up for success every time, just do the work.

GET GOING

As you start to work with various lenders, you will become more familiar with their programs and processes. You will become more efficient at taking a transaction from submission through commission. With so many different lenders and requirements out there, it is impossible to work with all of them. We recommend you choose a small number to work with consistently to ensure familiarity and results. The more you close, the more confident you'll be in communicating with your customers and the more comfortable your lenders will become working with you. Learning about your equipment finance funding sources, understanding your customer, building a solid submission and managing expectations appropriately are the keys to successfully closing your next equipment finance deal. ■

ABOUT THE AUTHORS

G. Paul Fogle, CLFP is the managing director of Quality Leasing Co. based in Indianapolis. He has been in the commercial lending business for more than 30 years and joined Quality in 2012.

Mae Philpott, CLFP is a senior leasing consultant for Quality Leasing Co and is based in Charlotte, NC. She has been in equipment leasing for more than 15 years and joined Quality in 2016.

G. Paul Fogle, CLFP
Managing Director
Quality Leasing Co.

Mae Philpott, CLFP
Senior Leasing Consultant
Quality Leasing Co.

ARE YOU A COMMERCIAL FINANCE BROKER WHO:

- Has seen a sharp decrease in your revenue level due to the Covid-19 crisis?
- Would like to double or even triple your income while meeting a huge market need?
- Has had financing applications submitted in record numbers, but are dealing with lenders who aren't lending, and applicants who aren't qualifying like they used to?
- Has clients with MCAs and other high-cost debt who are struggling to make their payments and don't know where to turn?

DEBT RESTRUCTURING IS THE ANSWER.

And, by partnering with Value Capital Funding, YOU can be your clients' go-to solution.

There is nothing to sell and very little marketing needed, because you will be dealing with your existing book of business as a true commercial finance consultant…not a salesperson.

At Value Capital Funding, not only are we fellow small business owners and CCTG graduates, we are seasoned professionals with over three decades of experience in the financial industry.

It's no secret that the world has changed permanently since the onset of COVID-19 just a few short months ago, and not for the better. So, when life gives you lemons, make lemonade! This is an enormous opportunity for the right professional. *If you share this attitude, then we should talk.* To **learn more**, we invite you to visit our *partner-only webpage* for access to a special Landing Page with more detailed information including a live client Offer Sheet disclosing compensation figures.

At Value Capital Funding, we don't accomplish the impossible…we only accomplish what *seems* impossible.

VALUE
CAPITAL FUNDING

https://valuecapitalfunding.com/partner-program

IN THESE UNCERTAIN TIMES, ONE THING IS CONSTANT — PICKING THE RIGHT LENDER!

By **Haze Walker**

As banks tighten up lending, many companies will need a new lending option. Haze Walker explains why factoring is one of the best options for businesses in the post-pandemic environment as it provides the flexibility, availability and ease of use that companies need during these uncertain times.

Small to mid-sized businesses have had an incredible roller coaster ride in terms of earnings in the past few months. COVID-19 has deprived many business owners of their livelihoods and left a wave of destruction. While many household names such as Boeing, GE and Lyft announced deep layoffs, many could not weather the economic storm and more retailers are filing for bankruptcy or going out of business.

For businesses that have survived, what happens now? We know to expect a slow recovery. Earnings will continue to be depressed and, unfortunately, this recession will touch every industry in the U.S. This environment will force businesses to forecast cash flow for the next 13 weeks without a clue of what tomorrow will look like. Lenders are scrambling to work with their borrowers, large and small, and lenders also are affected by this uncertain time. Banks are increasing loan loss provisions and carefully looking at their existing portfolio of commercial loans to decide who to keep and who to push out. No business gets a free pass, no matter how long it has done business with a bank or lender.

This means many businesses are seeing credit line increases denied, while banks and lenders are unable to make credit exceptions that would have been easy to do pre-pandemic. Many businesses must find a new lender, which can become one of the most important decisions they will ever make.

THE FACTORING OPTION

Factoring is probably the oldest form of financing, but it is often misunderstood. Factoring began with the advent of commerce and trade and has been around for more than 4,000 years. In today's credit strained economy, factoring can be an attractive alternative to bank financing.

When time is of the essence and cash flow is critical, moving to a factoring line can be the best option. Unlike banks, factors require basic financial information and no financial covenants. Factors do not need audited or reviewed financials; they can work from the current aging report and will not take months to approve and fund. Usually they can complete due diligence and have loan documents out within days.

Companies tend to get lax about receivables when the economy is booming, interest rates are relatively low and cash flow is not a concern. But as supply chains are affected, managing cash flow becomes more important. Companies must take a hard look at how receivables are being managed. A key benefit that comes with factoring is the expertise in the collection processes that can dramatically improve A/R turn, which equals more cash flow.

Factors perform credit administration functions and cash applications while focusing on customer-specific payment performance and identifying companies that may be changing their payment practices. This will be a crucial component in the current environment and help companies be proactive in identifying and addressing potential problems.

The technology factors offer has advanced and now includes access to online real-time reporting. Companies that work with factors can customize key reports and download them directly into most accounting software systems. Between the collection management and reporting capabilities, these functions can become an extension of the backroom and relieve additional overhead. This will allow more time to focus on the business.

STRUCTURING FLEXIBILITY

Most factors have flexibility when it comes to structuring rates and fees. Misconceptions exist about how the fees work on a traditionally discounted factoring deal. For example, factors advance 70% to 90% of the invoice and wait for the debtor to pay. When the invoice is paid, the company will receive the remainder of the money minus the small fee (2% to 5%) the factor charges for this service.

Some business owners think that if they pay a 2.5% fee to a factor on an invoice they are paying 30% per year on the invoice. But that is incorrect. If you multiply the 2.5% by 12 to calculate an annual rate of 30%, you also must multiply the invoice amount by 12. Using this calculation, the rate is 2.5%, not 30%.

Example: A factor is collecting an invoice of $50,000 a month with a 2.5% fee. For payment in 30 days, the formula would be 2.5% x $50,000 = $1,250 and $1,250 x 12 = $15,000. In one year, the company will pay the factor $15,000. Now multiply the invoice amounts: 12 x $50,000 = $600,000 and 2.5% x $600,000 = $15,000. Using this calculation will prove that the company is paying 2.5%, not 30%. Bank loans are not available at 2.5% interest.

There are many ways to make up the cost of factoring. When a business owner knows the money will be in their bank account immediately once the invoice is issued, they can negotiate discounts with their suppliers and save more than the amount of the factoring fees. Additionally, businesses can go after larger orders and accept more business with confidence because they can cash flow the deal.

Now is not the time to look for the cheapest bank or lender. More than likely, lower rates will coincide with a much tighter credit structure and little room for exceptions if the borrower hits a rough patch (i.e., a customer filing for bankruptcy, concentration issues or other credit disruption).

While looking for a new lending partner, the critical factors to consider are flexibility, availability and ease of use, which will be extremely important in these uncertain times. In all, factoring firms are typically more expensive than a traditional bank line of credit. Unlike banks, factors can provide financing to businesses in a turnaround or without assets or proven track records. Factors can offer personalized solutions for their clients. As the saying goes, you don't need deep pockets if you have a factor's phone number. ■

ABOUT THE AUTHOR

Haze Walker is a highly experienced financial professional who has focused on alternative commercial financing for the past 25 years. She specializes in providing funding solutions and solving cash flow needs for small to medium businesses. Walker has been the director of Sales for FSW Funding since 2010 and has developed a strategic partnership with Lawrence Financial located in Los Angeles. She is a leader in the commercial financing arena and prides herself on building professional relationships. She was recently named in the Top 50 Women in Finance for 2020.

Haze Walker
Director of Sales
FSW Funding

INVOICE FINANCING CAN HELP BUSINESSES SURVIVE THE NEW ECONOMIC REALITY

By **Miguel Serricchio** and **John Teixeira**

From banks tightening lending requirements to supply chain disruptions, many businesses are facing cash flow disruptions resulting from the COVID-19 pandemic. Miguel Serricchio and John Teixeira explain why factoring is a great choice to enhance liquidity in this environment.

The past few weeks have put the economic devastation caused by the coronavirus into focus. In the United States, more than 1 million businesses have shuttered, and we experienced a 32.9% decline in quarterly GDP, the worst ever recorded… and yes, that includes the Great Depression. While the economy has improved since the lockdowns of March and April, it's safe to assume that the virus' impact will linger over businesses for the foreseeable future.

Given this reality, businesses should focus on optimizing their cash flow management to ensure they have the working capital they need to survive without incurring significant additional debt. For the moment, businesses have been able to rely on Paycheck Protection Program funding to bridge funding gaps, but they should begin to look for more permanent solutions, such as invoice financing, to address their cash flow needs.

WHAT IS INVOICE FINANCING?

Invoice financing — commonly known as factoring — is a form of financing widely used by businesses to access cash trapped in outstanding invoices or accounts receivable.

In simplest terms, invoice finance providers, or factors, purchase a client's receivables (invoices) and advance a portion of the receivables' face value in cash upfront. The remainder of the invoice amount is paid to the client once the factor gets paid by the client's customer. This process is referred to as "the sale of accounts receivable" and is one of the oldest and most common forms of commercial finance.

Many factors can advance up to 90% of the face value of an invoice within one business day. This allows businesses to reduce their days sales outstanding (DSO) considerably, giving them on-demand access to cash that they otherwise wouldn't receive for 30, 60, or even more than 90 days. As a result, they are in a better position to manage and predict their cash flow.

Factors look beyond a client's near-term financial condition to the strength of obligations owed by the customers of that client — the client's receivables. With this approach, a client receives funding based on its customers' ability to pay an invoice rather than the client's credit alone.

This has two noteworthy features:

1. Factors spread repayment risk across a client's multiple customers rather than to the client alone or just to a single customer. This is referred to as "diversification."

2. A client's customers often are stronger financially than the client itself. Imagine a small toy company with a limited credit history that sells to Wal-Mart, a company with solid credit. With invoice financing, a factor can finance the toy company based on the financial strength of Wal-Mart, which most likely will pay its bills.

WHY INVOICE FINANCING IS SUITED FOR THIS MOMENT

COVID-19 has forced businesses to change how they operate. Many businesses are focused on improving the resiliency of their supply chains and finances to survive. Luckily, invoice financing can help businesses move forward to face these new realities:

Cash is King
One of the primary impacts of the virus has been a return to the tried and true principle that "Cash is King." The Federal Reserve of Economic Data reported C&I usage across all U.S. commercial banks in late-February to mid-April jumped from $2.3 trillion to $2.95 trillion. This was mostly a result of SMEs employing PPP funds to position themselves for an extended period of downtime. Refinitiv reported that companies borrowed almost a year's cash in the first five months of 2020. This means previously leveraged companies are now further leveraged and will need to find new sources of liquidity, such as invoice financing, that don't add additional debt.

Uncertain Financial Relief & Tighter Lending Standards
Between the PPP soon expiring and congressional inaction, considerable uncertainty exists regarding what a financial relief package will include and when it may pass. It's safe to assume that it will not be as robust as the original offering. This may have dire consequences. Many recipients have been operating on PPP funds due to lack of revenue and may continue to rely on these funds in light of rising caseloads and the specter of decreased business in the second half of the year.

Banks have increased their lending standards, making it now almost impossible to get a bank loan not related to PPP. According to the Fed's latest Senior Loan Officer Opinion Survey on Bank Lending Practices, some 70% of lenders increased their lending standards for C&I loans.[1] It makes sense for banks to be restrictive. Balance sheets are a mess, credit scores are declining and the outlook for future orders on many goods and services is still grim.

For those lucky enough to have existing loans, several banks granted one to two quarter "covenant holidays" to segments of their portfolios when the pandemic started in mid-March with the expectation that the economy would have significantly recovered by the summer. Banks will have to address this miscalculation in some form, be it extensions or exits. If there is a tidal wave of workouts, businesses, along with their current lenders, will likely look to solutions, like invoice financing, to meet their needs.

Extended Procurement and Payment Cycles
One of the most evident reasons to consider invoice financing is that most elements of the cash conversion cycle are slowing down. Businesses looking to preserve cash are attempting to extend their payment terms with suppliers or choosing to make late payments.

In addition, according to the *Wall Street Journal*, although global factory production began to increase in July, the impact of lackluster trade is still a challenge.[2] This has led to a reduction in global shipping capacity and an increase in shipping costs, which has slowed down the entire supply chain.[3] To offset these delays and costs, many businesses are now choosing to adopt a "Just-in-Case" strategy of inventory management.

As a result, businesses are now placing larger orders that take longer to arrive and, therefore, longer to sell. This has real impacts on cash flow and supply chains. By utilizing invoice finance, businesses can offset some of that pain by converting their sales into cash immediately instead of waiting for the invoice maturation date.

THE BEST CANDIDATES FOR INVOICE FINANCING

Invoice financing works for many — but not all — kinds of businesses and has some specific requirements:

B2B or B2G
To qualify a business must sell goods or services to businesses, not consumers. Since consumers typically pay with cash or a credit card, and vendors receive cash immediately, there are no invoices to finance.

Bill customers on payment terms
The business must sell to customers on "terms" (e.g., due in 30 days), not cash. Otherwise there are no invoices to finance. Invoice financing turns invoices or receivables into immediate cash.

Invoice for delivered goods or services
The business' customers must be legally obligated to pay your invoices. Therefore, the business must have billed its customer after delivering goods or services, creating an invoice.

Have a creditworthy customer base
The business' customers must be creditworthy or "financially able" to pay their invoices. Creditworthiness is based on data from readily available databases such as Dun & Bradstreet or PayDex, financial statements, outside research or from the analysis of an underwriter.

No existing pledges (liens) on receivables
The business' receivables must not be pledged as security to someone else, like an existing lender. Otherwise the existing lender will have to "subordinate" so the factor has a first-priority claim on the receivables. Since its receivables are the primary source of repayment, the factor will need to be in "first position" over other lenders.

Decrease in Borrowing Base on an ABL Facility
Lenders often will remove from the borrowing base certain accounts receivable that do not meet the covenant requirements, such as when a customer has been delaying payment terms that exceed the ABL facility terms. ■

[1]"Senior Loan Officer Survey on Bank Lending Practices," Federal Reserve. July 2020.

[2]"Fairless, Tom, et. al., "Global Factories Increase Production but Overseas Demand Remains Soft," *The Wall Street Journal*, Aug. 3, 2020.

[3]Paris, Costas. "Peak Shipping Season Runs Aground as Ocean Lines Pull Capacity," *The Wall Street Journal*, Jun. 16, 2020.

ABOUT THE AUTHORS

Miguel Serricchio, EVP of Channel Management & Strategy at LSQ Funding, leads efforts to strategically expand LSQ's Sales & Distribution Channels.

John Teixeira, chief marketing officer at LSQ, leads the marketing team and spearheads the sales and marketing operation efforts at LSQ. He is a subject-matter expert in alternative and supplier chain finance solutions.

Miguel Serricchio
EVP, Channel Management & Strategy
LSQ

John Teixeira
Chief Marketing Officer
LSQ

THE ART OF CLOSING THE DEAL

By **Chip Cummings, CFE**

Before brokers can achieve a successful closing, they must learn how to close every aspect of a deal — from gaining a prospect's business to mastering every aspect of the process. Chip Cumming illustrates the planning, preparation and flexibility that it takes to artfully close a deal.

"Thanks for all your hard work! That closing went very well, and we really appreciate your efforts..."

Those are the magic words every loan broker longs to hear at the end of what is sometimes an exceptionally long and bumpy road in getting a deal to the closing table. Fortunately, it's usually followed by a nice paycheck, which makes it all worthwhile. Hopefully, the phrase above comes directly from the client, but it's certainly worth more when it comes from the lender, title company, attorney or even a seller. Then you know you've done your job.

So, how exactly did you get to the closing? We all know the entire point of what we do is getting to the closing table. But closing the deal is more than simply sitting around in a room signing documents and collecting a commission check. Closing the deal starts at the beginning.

CLOSING THE PROSPECT

From the time you get the initial phone call from a prospect until the actual closing, roughly 200 different tasks must be completed. While many of the items on the checklist are similar for each transaction, no two deals are ever the same. The reason is simple: no two sponsors are ever the same.

A basic sales rule every successful salesperson learns is the "Rule of ABC" — Always Be Closing. You have many opportunities to close the borrower and the deal, but you must get used to recognizing and acting on them. Good brokers close the deal — great brokers close the prospect. The first step in "closing the deal" is closing on the sponsor. You need to spend time getting to know them and their business and discover the answers to a few questions. What are they trying to accomplish? Who have they already contacted? Why did they call you? Does their "story" make sense?

More importantly, do you like them? As silly as this seems, this is a key element as to your chances of getting the deal closed. If you cannot develop a rapport with them, things may go south in a hurry.

One of the best sales rules to remember is if two people really want a transaction to come together, and know and like each other, then they will find a way to get it to the closing table — even when things get tough. If one of the people is not on the same page, any little thing will become a reason to back down and the deal will die. If not, it will be an uncomfortable road. We've all had borrowers that we wish we would have never met. Those deals are just not worth it.

Closing the prospect is an art. Take the time to really understand the situation and ensure you have a viable solution. The last thing you want to do is try to solve a problem they don't have, or worse, one that you cannot solve. Doing this upfront will solidify the foundation for advancing to the next step.

CLOSING THE PROCESS

Closing the process means being able to really wrap your arms around everything that needs to be done. Yes, you will need to gather the basic information and documents required for any transaction, such as a good executive summary, year-to-date financials, bank statements and tax returns. But as the professional loan broker, you must map out the process required for you to reach the closing table. This is the reason you get paid, and your ability to make it there will prove your true value to all parties involved.

This means understanding exactly what your lender expects. Every lender has somewhat different requirements and program nuances. Become knowledgeable of their checklists, forms and processes as well as the people with whom you will be working. The key is being proactive in providing the necessary documentation and also acting as a liaison between the sponsor.

Brokers who do not know and fully understand the elements of the transaction, or who do not have a good relationship with their clients, look like fools in the eyes of a lender. Do not make excuses, do not argue with processors or underwriters, do not try to change their process or conditions and do not take forever to deliver answers. Instead, just do.

Do what you are expected to do and do it well. Do provide answers and information about the transaction as completely and honestly as possible to all parties. Do communicate with the sponsor and get documents together in a timely manner. Do prepare the borrower for what is going on, the requirements to get completed and the expected timeline. When you act like a professional representative for the lender and the sponsor, you truly come across as a professional broker.

In my more than 30 years in the business, I can safely say this is where most brokers fail, and it limits or kills their road to success. Knowing and understanding the process — and keeping control of it — are key components of closing the deal. This takes time and experience to master, but education, enthusiasm and not acting like a know-it-all will pay off big in the long run.

CLOSING THE LOAN

Once you have mastered closing the process, the hard part is done. The more enjoyable part of closing the loan happens in two parts — the preparation and the closing itself.

Preparing for a closing happens after the loan approval and any underwriting conditions have been cleared and involves helping the closer get their requirements in place. This is where you can show your value. Assist in obtaining payoff letters, surveys, environmental reports, insurance policies, lease transfer letters and any title conditions cleared. Again, be a resource for the closer and be willing to make the phone calls, track down answers and docs, and keep the sponsor in check. The borrower will be anxious to close, but if everything isn't ready in this phase, then it will end up delaying the closing and people's nerves will start to come undone.

Do not schedule the closing. That is the job of the lender and the closer, and they will let you know when it is ready to be scheduled — this is not your call to make. Don't try to rush it, and then make sure that it's comfortable for everyone's schedule.

Be prepared. Ensure the sponsor knows which funds they will need to close and that the funds are readily available and won't take three days to settle and clear. Ensure the insurance policy is in place and the lender has been added as an additional insured. Ensure the lease agreements and notifications are ready to go, and the sponsor is ready for the transition with any tenants.

Any contracts being assigned or assumed must be reviewed with and by the sponsor, as well as an accounting of all tenant or contract deposits. Review any closing statements with the sponsor in advance so any discrepancies can be rectified before everyone is sitting at the table. The closing table is not the time to hash out these details or review documents for the first time. The better prepared you are, and the better you prepare the sponsor, the fewer headaches, arguments and problems you will have. Not being prepared in this step can erase all of your previous efforts and the goodwill you've built up.

In short, the closing should be a mere formality if you have done your job correctly. Not that issues out of your control will not come up at the last minute — because they always do — but being prepared and professional in your approach to them is what will set you apart.

BECOMING AN ARTIST

As you can tell, the art of closing the deal is much more than showing up at the closing. It involves planning, preparation, flexibility, the ability to handle difficult situations and, of course, being able to perform well with people in many different situations.

Just as every artist paints a different picture, or builds a completely different sculpture, so it is with your business. All painters have the use of the same colors — how they use them makes the difference.

Your transition to becoming a professional when it comes to closing the deal will take time, but it amazes me how many people who have supposedly been in the commercial loan brokering arena for many years haven't taken the time to figure out the process. Practicing your art, refining it as you go and understanding that closing the deal actually starts in the beginning will set you up for many closings and great successes in the long run. ■

ABOUT THE AUTHOR

Chip Cummings is the CEO of Northwind Financial and Red Oak Capital, a nationwide short-term bridge lender for more than 22 years. A best-selling author of 10 books, Cummings has been featured on many radio and television shows and appeared as a financial expert on FOX News for several years. He is a member of the NACLB Advisory Board and a regular speaker at events nationwide. He can be reached at (616) 977-7900.

Chip Cummings, CFE
CEO
Northwind Financial and
Red Oak Capital

COMMERCIAL LENDING BROKERS:

GET A LEG UP ON THE COMPETITION

By **Martin Chera**

Commercial loan brokers are not always known for their code of ethics, which creates an opportunity for emerging brokers to set themselves apart. Martin Chera outlines how brokers can treat lenders and borrowers with integrity while taking their business to the next level.

Regardless of the current state of the economy, there is an incessant, pressing demand for capital. When the economy is running on all cylinders, corporations and individuals making investments in the commercial real estate sector require funding to operate. Conversely, when the economy slows, the same individuals have an even greater need for capital to sustain themselves during periods of reduced cash flow. Despite the clear necessity for capital, many financial institutions are implementing exceedingly prohibitive lending protocols, making it more and more difficult for businesses and real estate investors to acquire the financial tools they need to prosper.

Presently, the vast majority of banks are not actively extending loans to business entities, and the few that are approve only 10% to 19% of the loan applications they receive. That means nearly 90% of corporations and real estate investors are left without a viable option for obtaining a commercial loan. That's where a commercial finance consultant or a diversified loan broker comes into play. These are individuals who can assist corporate and real estate entities in fulfilling their unique financial requirements by employing a 360-degree underwriting strategy to facilitate business lending solutions that the one-dimensional mindset adopted by major banks simply cannot deliver.

The sad reality is commercial loan brokers who follow a discernable code of ethics and implement proper broker etiquette are few and far between. The good news is this gaping dearth of professionalism in the commercial lending sector presents a tremendous opportunity for emerging commercial finance professionals to set themselves apart from the competition. By maintaining professional etiquette during all client interactions and following ethical models of business conduct, proactive brokers can showcase their integrity to potential clientele and funding sources alike. Making a positive impression to both parties associated with any given transaction is a significant advantage and ups the

> By maintaining professional etiquette during all client interactions and following ethical models of business conduct, proactive brokers can showcase their integrity to potential clientele and funding sources alike.

chances of receiving referrals and repeat customers. Here are a few tips for brokers looking to take their practice to the next level.

RESIST THE URGE TO SHOP A DEAL

The practice referred to as "shopping a deal" is effectively circulating the details of a pending deal to a variety of lenders as bait to see which financial entity subsequently offers the most ideal funding terms. Doing so, however, will most likely alienate lenders and adversely affect the potential establishment of lasting professional relationships with these lending companies — a key component of sustained success in the commercial lending brokerage profession. The most productive course of action is to present the deal to one individual lender and only move on to an alternative bank if the initial funding source clearly expresses they are not interested. Building consistent relationships with lenders is crucial and will speed up the overall process.

KNOW THE DEAL INSIDE & OUT

As the old adage goes, "An ounce of preparation is worth its weight in gold." The same principle holds true when it comes to streamlining the brokerage process, saving the lender and borrower a substantial amount of time and hassle. This includes the preparation of insightful executive summaries, conducting preliminary analysis, highlighting the positive aspects of the deal at hand and posing potential solutions to any issues the borrower may experience. These actions can collectively make a huge positive impact on both parties and increase the likelihood they'll come to you for more business down the road.

AVOID THE CHAIN GANG

Unfortunately, because most brokers operate in highly specialized niches, a significant number of the deals out there implicate a diverse chain of brokers. Broker chains happen when a series of brokers are involved with a given deal, each managing a singular product or service that is part of the overarching transaction. It would be like making a sandwich and being forced to hire an employee to slice the bread, another to apply the condiments, an additional two workers to fetch the cold cuts from the fridge and another to assemble all the ingredients into the finished product. Suddenly what should be a straightforward affair is transformed into an overcomplicated process bogged down with administrative tasks that result in an inefficient and costly hassle.

In the long run, unfortunately, the client suffers the real damage in this type of situation. Lenders are wary of deals that involve multiple brokers because the transactions are complicated with red tape and overlapping fees, both of which make it more difficult to obtain approval. The primary concern, however, with broker chains is communication — or lack thereof. With several brokers come several conflicting perspectives on how the deal should be handled, resulting in contradictory and muddled channels of communication that can adversely impact the client.

REFUSE UPFRONT FEES

Turn down any upfront, non-refundable fees as they are both frowned upon and damaging to a broker's professional reputation among peers, clients and lenders alike. Brokers can freely accept payments that are earmarked for conducting appraisals or due diligence and should follow ethical business practices by charging fees to be paid upon closing only. It is never acceptable to charge upfront fees just to examine the aspects of a deal or to procure initial financing prior to closing.

PRIORITIZE EFFICIENCY

Efficient use of time is the name of the game when it comes to brokering transactions that involve commercial lending. Due diligence is a critical stage of every deal when time comes into play. Brokers can save lenders and clients ample time by intimately knowing their product as well as the parties on both sides of the table and their unique set of needs.

To accomplish this, brokers would be wise to conduct a pre-underwriting process on potential transactions. This is akin to a triage protocol in which brokers can eliminate deals that have little chance of reaching the closing stage. Pose questions to your clients that dig deeper than just the financial data and uncover aspects of their financial history that can derail the loan process. Doing so can help you present executive summaries to lenders and enable you to highlight the positive aspects of your client's history and how they can mitigate any risky aspects of their profile. This will increase the odds of getting the loan approved and assist your lender in arriving at a loan decision more efficiently. The upfront time requirement of conducting this analysis will be well worth it in return on investment, as banks will recognize over time that you are consistently prepared and only present them with viable deals. ■

ABOUT THE AUTHOR

Martin Chera has been an owner of Express Capital Financing for the past eight years, helping his investors and clients build their wealth in real estate. Chera has a deep understanding of the inner workings of real estate business operations and services the needs of investors in real estate, helping them identify a qualified property to attain their financial goals.

Martin Chera
Owner
Express Capital Financing

SELLING MONEY:

MASTERING THE SALES PROCESS BY GOING BACK TO BASICS

By **Bennett Abel**

Being a successful commercial finance broker depends upon essential sales practices. Bennett Abel outlines how brokers can sell effectively, differentiate and be transparent to set themselves up for success in the business.

When I speak with prospective brokers who are thinking of getting into the commercial finance business, I ask them if they've been in sales before. This business is no different than any other sales business. Find the lead and sell the need or advantages of taking the money. The nice aspect of commercial finance is, unlike other sales products, the borrower needs us rather than the other way around. Since we provide the funds they need, the sales process should be easy if presented correctly.

SELLING EFFECTIVELY

Selling money is different. Unlike other products, which sell themselves, money is the same everywhere but has different aspects. The commercial finance space has many different products, including real estate, equipment, cash receipts, accounts receivable and many more to leverage.

To be effective as the expert, you must determine the most affordable and least expensive leverage for your client. You are not searching for the easiest option but the most effective solution for their needs. This requires a journey back to sales 101. First you must complete a needs analysis with your borrower to determine their requirements, just like any other product you have sold before.

> ***“If you present yourself in a professional and responsive manner and present them with many options, you will gain their trust and justify your fee.”***

When you capture a lead, research the borrower and their business so you have a good understanding of their situation before making contact. As a solution to their problem, you must present many options — not just one. This is where you earn your fee, so be sure to know your products. This knowledge is crucial but even more important is knowing what you are talking about. Ensure your knowledge of the lending products is top notch so you sound like an expert. Hearing your borrower say, “Wow! You seem to know what you’re talking about,” makes your job a lot easier.

WHAT SETS YOU APART?

Many businesses are in the lending space, so it’s important to separate your company from the rest. The first step is determining what your competition offers in terms of points and rates, branding, personality and response times. Quite often, prospective borrowers thank me for returning their requests so fast. They tell me the other companies they’ve called have yet to call back. When receiving a lead via email, versus by phone, always take the more communicative approach first. In this business, getting prospects on the phone is best since they usually contact a few companies at once. If you call and there is no answer, send a follow up email with your information attached, and include digital brochures and promote your website.

Social media is another valuable asset to differentiate your company. Borrowers love to educate themselves and read articles about this business, so utilize your social pages and promote them to current and future borrowers. Blogging and email marketing are other effective tools that will help you stay in front of prospective borrowers.

Another important differentiator is your fee schedule. Do you want high volume with lower points or high points and lower volume? If you have lower fees, you will stand out and attract repeat borrowers. Determine your fees by the type of deal. You can charge a higher rate for lower priced real estate loans than higher bridge loans.

ALWAYS BE TRANSPARENT

Be transparent with your borrower about who you are (broker versus lender), what you are charging, how you are paid and what you specialize in. Many brokers do not reveal who they are and lose the borrower’s trust when surprises arise. Be clear that you provide a service that can help borrowers and save them time. You will save them time by identifying the right lenders, finding the best rate/points available and making the process as seamless as possible. This is what borrowers pay us to do, so be an expert here. Let the borrower know what you charge as soon as possible before moving to the next step in the sales cycle. If you present yourself in a professional and responsive manner and present them with many options, you will gain their trust and justify your fee.

ASK FOR THE SALE

Like any sales process, you must ask for the order. In the lending business, it’s hard to pressure the borrower to purchase or buy. But you can ask, “Would you like to move forward?” If they are unsure and waiting for other offers, then you didn’t complete your due diligence on this borrower. The borrower must not be happy with your offer.

At this point, you must ask what is standing in the way of moving forward with your offer. If the borrower says fees or rates, it’s time to figure out what your lenders charge in this space. With this knowledge, you can determine if you have wiggle room or if you need to come down on rates or fees. Knowing what other brokers and lenders charge is important so you can position your sale. For example, if your borrower needs high LTV rather than a lower rate, asking is very helpful and will save you time if they will never buy.

SELLING SUCCESS

Borrowers like to be associated with credible individuals with proven success, so promoting your achievements can be helpful. Showcase your recently funded deals by month on your website. Take the time to share your recently funded deals with *DealMaker* so they are published on the magazine’s website. If a borrower is investigating your credibility, direct them to your website and to dealmaker-magazine.com.

Always ask if your borrower would like to see your references. Being upfront about this will demonstrate your success and will make the borrower comfortable.

Finally, promote your business social media pages in all your emails to give the borrower insight into your marketing. And always remember that a borrower is paying you a fee for your advice, expertise and trust in funding their deals. ■

ABOUT THE AUTHOR

Bennett Abel is the president of Abel Commercial Funding, which is located in Washington D.C. and has been in business for more than six years. Abel specializes in fix and flips, long-term rental financing and lines of credit. He was named the NACLB Broker of the Year in 2017 and has expanded his business over the years with the help of three full-time originators.

Bennett Abel
President
Abel Commercial Funding

TO SELL AN ENIGMA:

THE MARKETING QUANDARY OF FINANCIAL INSTITUTIONS

By **Ben Mathewson**

Since many lenders offer similar products, how can they stand out from the crowd? Ben Mathewson outlines several steps that lenders can take to focus on their specialties and get attention from the right borrowers.

"There is no such thing as a commodity. All goods and services are differentiable."

Such was the unwavering declaration of Theodore Levitt, famed Harvard Business School researcher and professor, in his 1980 whitepaper, "Marketing Success through Differentiation — of Anything."

Flanked by strip steel and isopropyl alcohol, Levitt lists commercial bank services among the categories that seem incapable of distinction at first glance.

Most borrowers — and many lenders — would warily agree. After all, the lending industry's interest rates, terms, required documentation, heck, even the chairs lining our waiting rooms and art trimming our walls can feel indistinguishable between rivals. But that doesn't render your unique approach incapable of differentiation.

How can lenders stand apart? Levitt explains: "What they 'sell' is the claimed distinction of their execution — the efficiency of their transactions on their clients' behalf, their responsiveness to inquiries, the clarity and speed of their confirmations, and the like. In short, the offered product is differentiated, though the generic product is identical."

FOCUSING YOUR FORTE

Lenders' "generic product" is providing capital to keep factories humming, lights illuminated and employees paid. The opportunity for distinction lies in the approach taken, and occasionally, the specific product offerings.

Many lenders make the mistake of hiding their specialties for fear of excluding potential customers. It's a big mistake and a common one. At North Avenue Capital (NAC), we fell prey to the same miscalculation in our public-facing marketing materials.

NAC is fortunate to operate in a niche category. As the nation's only exclusive USDA lender, we cater specifically to rural businesses located amid populations of 50,000 or fewer and in need of at least $2 million in funding. Despite assumptions to the contrary, we're not an agricultural lender, and our proficiency is best understood by those who've attempted to navigate it on their own: processing government-backed financing.

Such a precise scope certainly makes it easier to market our services — once we articulate it effectively. We learned this lesson the hard way. Until recently, our specialty was a mystery to visitors of NorthAvenue.com. Our previous site framed our services much like any other lender: capital for commercial borrowers. The framework was accurate but did little to elevate our services above the competition, especially with borrowers in search of our specific acumen.

Our narrowed focus has already helped reduce low-quality leads and clarify our mission among key stakeholders.

Focus can feel exclusionary, but you'll likely exclude more would-be customers with a diluted message than any you'd catch with an ambiguous-but-wide net. And perhaps worse, you'll spend an inordinate amount of time clearing out disqualified leads.

PREACHING WHAT YOU PRACTICE

It's one thing to populate a conference room whiteboard with a crystalized vision of your expertise. It's quite another to relay that vision to the masses. The key to marketing a financial institution can be reduced to a single word: presence. Presence in the rooms where ideas are sparked, presence in the channels where research is conducted and presence in the moments when deals are closed.

MASTERING A DIGITAL DIALOGUE

In our 24/7 digital world, silence is not golden. At least not if you want to close a deal. Even before COVID-19 turned our world into a virtual one, potential borrowers were already laying the groundwork for their financing with online research, lender vetting and digital dialogue. Lenders absent from digital channels will never know the extent to which they're being excluded from a borrower's search for a lender.

ONLINE CHAT

It's official: phone calls are passé. It's not you, Alexander Graham Bell. It's us. We've changed. A study by Econsultancy found that webchat garnered the highest user satisfaction rates (73%) of any platform, while phone calls ranked among the lowest (44%).[1] When available, webchat is often the first tool used by potential borrowers and it offers a simple way for customers to engage and ask questions during their preliminary research. But its value goes beyond mere introduction. The feature also builds brand credibility by fostering personal interaction at the customer's convenience.

WEBSITE

Amid the newfangled platforms that seem to pop up on a daily basis, mastering traditional touchpoints is still vital. The most basic tool in a lender's digital toolbelt is often the most overlooked: your website. The bottom line is if the dotcom you purchased during the Clinton administration hasn't had a facelift (or 10) since, drop everything else until it shines. Borrowers are looking for credibility and clarity. The more concrete information you can provide, the better. If you have a specialty, declare it front and center. The ultimate win is a homepage that leaves a potential customer saying, "I understand what they do, it's precisely what I need, and I trust that they'll serve me well."

BROKERS ARE FRIENDS NOT FOES

When it comes to filtering leads, most lenders face a similar conundrum: what to do with the imperfect leads that come their way. Rather than viewing ill-fitting leads as an inconvenience, reimagine such efforts as opportunities to pay it forward. Instead of turning customers away, harness the moment to establish a reputation as a trusted connector of borrowers and lenders of all kinds. Make no mistake: such connections will require contacts. That's why it's imperative that lenders invest heavily in building and maintaining a robust network of trusted brokers in various regions and specialties. Your goal should be to have a clear next step for any lead. Sometimes that's a place within your portfolio. Frequently it will be an introduction to a broker you know can serve them well. But a meaningful connection with those brokers is dependent on meeting them in the first place.

GET IN THE ROOM

Following months of quarantine, the concept of in-person conferences may seem archaic, but the handshakes, swag bags and plate-sized cookies will eventually return. When they do, get in the room. NAC arrives at trade events with a concise and specific description to relay with our colleagues. How specific? "North Avenue Capital is a commercial lender that specializes in USDA-backed loans of $2 million to $10 million for businesses located amidst populations of 50,000 or fewer."

Then, with just as much focus as you exude in sharing your credit box, listen. As your colleagues explain the types of customers and projects they serve, take notes. When a city-dwelling restaurateur comes to you in search of working capital, you'll be able to respond with a constructive answer — "happy to help" — even if you can't lend to them directly. ■

[1]Charlton, Graham, "Consumers prefer live chat for customer service: stats," Econsultancy, Nov. 25, 2013.

A NOTE ON VIRTUAL CONFERENCES

If a conference you planned to attend goes virtual, you may be tempted to sit it out. Don't. Engage with the virtual gathering with the same commitment and vigor you'd bring to a hotel ballroom. Block the dates on your calendar and resist the temptation to multitask. Dialogue in the chats and engage during networking times. While others sit out the season, you could bolster your network and strengthen your value — all without taking off your slippers.

ABOUT THE AUTHOR

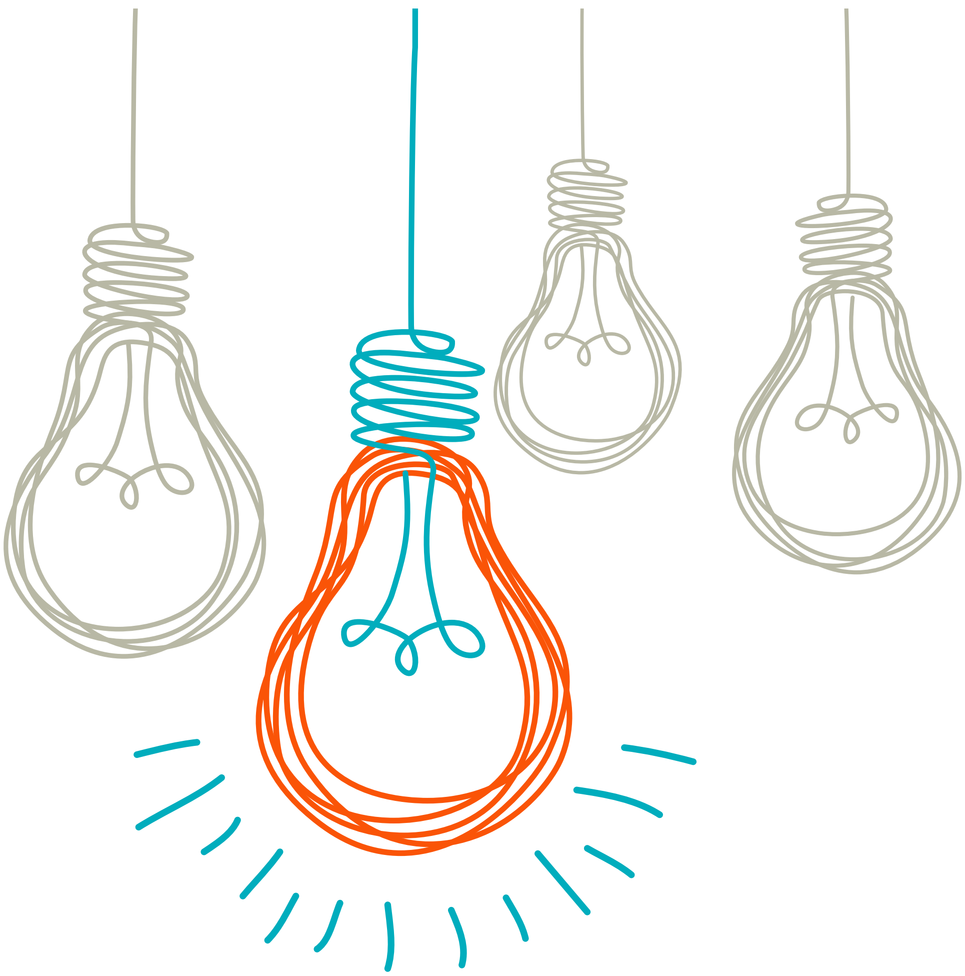
Ben Mathewson has been a vital part of the North Avenue Capital team for nearly 2.5 years as a commercial lender, working out of the NAC Nevada office.

Ben Mathewson
Vice President
North Avenue Capital

INNOVATION IS THE KEY TO POST-PANDEMIC GROWTH

By **Brandon Bartoldi**

Brandon Bartoldi had recently launched his brokerage when COVID-19 hit. When real estate — his firm's primary area of focus — was affected by the pandemic, his team learned the value of flexibility and adaptability. By learning how to pivot, his brokerage not only stayed afloat but expanded its team to keep up with demand.



Since the COVID-19 pandemic kicked into high gear, many economic forecasts have been full of doom and gloom. However, businesses are still experiencing growth amid conditions that would normally lead to contraction. My company, Prosper Firm, which I founded in February 2020, is a perfect example of this trend.

I was very eager and excited to launch a commercial lending brokerage. I researched throughout the winter, decided to move forward in the new year and went to the Commercial Capital Training Group (CCTG) training in mid-February to launch my business. Within the first 30 to 60 days of launching my business, COVID-19 hit and shook up the entire market and state of lending.

Fast forward to today and the market is still very rocky in many sectors such as the food and alcohol, live entertainment and sports industries. Markets are shifting, evolving, growing and declining. Businesses are quickly adapting and, unfortunately, some have closed permanently. The lending market is still performing and moving but with significant changes and pivots. We're seeing a surge in business sales and believe this trend will continue, yielding opportunity to finance business acquisitions.

The real estate industry came to a halt with the lockdown orders and left many investors and general contractors frantic about what would happen next. Much of the dust has settled now, and people are beginning to focus on solutions and getting their ducks in a row for upcoming opportunities. We are seeing a surge in loan requests for various real estate lending products, such as fix and flip loans, bridge and construction loans, refinances and cash-outs since real estate has reopened in most U.S. markets.

INNOVATIVE GROWTH

The optimists of the industry are setting their sights on continued growth and expansion of their portfolios while creating innovative methods to operate. I have received multiple requests for marketing services from investors as well as business owners interested in enhancing their digital presence, credibility and reputation. We are already starting to see many portfolio sales and off-market opportunities that are surging short-term loans.

“ We cannot change what happens to us, but we can change the outcomes of our circumstances by being agile, solving problems, duplicating ourselves, automating simple tasks and building relationships and partnerships with the right people. ”

Business growth during contraction almost seems paradoxical, but the truth is that businesses are finding more ways to adapt and innovate to serve their clients. Restaurants, for example, when faced with city and state guidelines that required them to stop seating customers, embraced partnerships with delivery and ride-sharing services to get food to customers. People who are self-quarantining are still placing orders with restaurants, bakeries and more — and these businesses are experiencing continued revenue.

Brick-and-mortar retailers were reliant on foot traffic to generate sales before the pandemic hit. Rather than board up and go under, those businesses shifted to e-commerce to continue sales and cast a much wider net, expanding their reach to an audience outside of their regular local customers. The current situation has allowed businesses that once operated with a limited radius to take things online and serve customers at state, regional and even national levels.

Even people who were on the fence about becoming entrepreneurs — or those who have been furloughed from “non-essential” roles — are offering their services and opening online stores to generate revenue.

Any business that was around a little more than a decade ago for the Great Recession learned the importance of adaptability for continued growth during a period of contraction. Even newer businesses led by people who may have been employees during that period learned how to avoid the pitfalls of the era. While the circumstances may have changed with the pandemic, businesses are finding innovative ways to adapt and grow, which will have an overall positive impact on our economy and help us all successfully navigate adversity today for a brighter and more robust future.

AGILITY & ADAPTABILITY ARE ESSENTIAL

Every adversity comes with a seed of equal or greater value to those in pursuit of solutions. We cannot be ignorant to the current landscape of our changing society and economy, but I believe that there will be a wave of significant opportunity in many forms over the next 24 months as our country fights to bounce back from this crisis, and the individuals that position themselves correctly will reap far greater returns than they did in the steady-state, business-as-usual environment pre-pandemic.

Being agile and adaptive to change will be critical in this current environment. Our firm achieved this by focusing on the types of financing options we offered. When the pandemic hit, our company was focused primarily on the real estate space, which came to a temporary halt at the time. We quickly assessed and evaluated the market as well as our options and saw a window of opportunity to pivot to Payroll Protection Program (PPP) loans. We quickly pivoted and got a few clients funded. We also pivoted to focus more on unsecured lines of credit, which had not slowed at all. When the lenders in our current portfolio stopped lending, we searched for and brought on new lenders that were still lending through the crisis.

Through those quick adjustments and pivots, we not only stayed afloat but grew through those few months and brought on new team members to support the volume increase. Another huge focus area that has led to significant volume has been our strategic partnerships. We partnered with business bankers, real estate agents, networking groups, podcasters, attorneys, CPAs and even a residential mortgage company to increase our leads and product and service offerings and to evolve our business model even further. For us, creating these relationships has created a level of stability for our volume and deal flow.

We are still in our infancy stage, but we have grown significantly since our launch in February and believe the key to scaling at this speed is duplication and automation. The speed at which you can grow and scale will be directly proportionate to your ability to duplicate yourself through others. From my consulting and network marketing experience, I have learned how to recruit, train and duplicate myself through the right people to be able to get more done. Surrounding yourself with quality people that think the way you do will dramatically increase your ability to grow. My ability to automate certain processes and tasks also allowed me to grow and scale. By automating a good CRM system, hiring a virtual assistant, having a marketing team run my social media and email marketing, and delegating certain tasks to team members, I’ve been able to focus my time on the most value-added items, like problem solving, making big decisions and developing strategic partnerships.

The key to winning in this arena is having a positive mental attitude and being a problem solver. Optimists are typically quicker to build solutions to current gaps or problems that are in front of them versus being stuck or stagnant in the chaos of current change. We cannot control the market or our clients. The only things we can control are our actions and our attitude. We cannot change what happens to us, but we can change the outcomes of our circumstances by being agile, solving problems, duplicating ourselves, automating simple tasks and building relationships and partnerships with the right people. ■

ABOUT THE AUTHOR

Brandon Bartoldi founded Prosper Firm as a management consulting firm and has expanded its service lines to include commercial lending and digital marketing due to the need in the market for customized and creative solutions for small to medium sized business owners. Bartoldi’s goal is for Prosper to truly help each client’s business prosper in every area, with a customer-centered model focused on customized solutions delivered at the highest speeds and most precise quality.

Brandon Bartoldi
Founder & Managing Partner
Prosper Firm

AUGUST 20

DEAL HIGHLIGHTS

RECENTLY FUNDED

BULL MARKET CAPITAL

THE DEAL Bull Market Capital, a Greensboro, NC-based commercial finance company provided a $1 million revolving line of credit to a houseboat construction. This repeat client needed funding in a tough industry due to its uncommon and hard to comp nature.

RECENTLY FUNDED

NORTH AVENUE CAPITAL

THE DEAL North Avenue Capital, a specialized commercial lender exclusively originating, underwriting and funding USDA Rural Development loans, provided a $2.2 million loan to Royal Caridea, a high-tech shrimp farmer, for the acquisition of new equipment and to provide working capital for the aquaculture farm in Gila Bend, AZ.