

# Alternative Financing Strategies

BY TOM ST. LOUIS

In the run-up of the tech sector in previous years, many small business owners said to themselves, "Maybe I'm in the wrong business! Maybe I should write a great business plan, raise a ton of dough, take a company public, and retire." It sure seemed like the money was flowing like water, didn't it?

But when you try to secure financing for expansion or equipment, what happens? If you are like most, at one time or another, you have experienced the frustration of being turned down. Maybe a better solution is to market and sell your way out of your cash crunch. Although it's nice to find "angels" to help you along, there's a price to pay. When you do it yourself, you reap a double benefit.

The following are some strategies for small business owners who need money and are willing to think outside the box.

**1) Your Database.** Let me ask you a serious question. Don't think; just give me the first number that comes to mind. How many dollars in sales are there sitting in your customer and prospect lists? Is it \$10,000? \$100,000? Have you ever sat down and strategically created a plan for maximizing the value of your database? What offers could you make to the various segments of your database that would induce them to buy?

You might be able to raise a good portion, or all of the money you need by strategically communicating to your customers. Fran Tarkenton, the legendary quarterback of the Minnesota Vikings, Hall of Famer, and all around good ol' boy, is also a legendary entrepreneur. His claim to fame in the business world has been getting his clients to finance one hundred per cent of his start-up expenses in every business he ever founded. How did he do it? Quite simply, he convinced them that it was in their best interests to pay him in advance. Of course, at first they said, "We don't do that!" Fran didn't stop there. He went all out to persuade them – and succeeded. He sold four different businesses within 90 days of start up and never for less than \$1,000,000.

**2) Your Suppliers.** You buy from these people. They profit from you. They see how diligent you are in growing your business. Do

they believe in you? Do they see you as an up and comer? You might be able to convince them to finance your new acquisitions, if they see that doing so is in their best interests. What kind of an offer could you make to them? What if you went to several of your suppliers and proposed that they provided you with a short-term loan and special payment terms for your purchases of their product for a defined period – 120 days instead of the usual 30. Why would they do this? They might not, but if they did, it would be because they believe in you and want you to grow and they see the obvious advantages to themselves of your burgeoning success.

**3) Joint Ventures.** If you can't find financing any other way, here's another way to sell your way out of a cash crunch. Approach a number of potential partners in a one-time special promotion. There are two types of partners who will see the advantage to themselves in working with you. The first group is owners of companies who are non-competitive to you but whose customer profile is similar or identical to your own. See if you can get them to offer your products or services to their list for a split of the profits. See if you can get them to endorse you and pay the expenses. Maybe it sounds farfetched but it happens every day. The secret of success is always to keep them focused on what's in it for them.

The second group is company owners who have excellent products or services that are not competitive with your own, but that your customers would buy. Offer to help them to communicate with your clients or customers. Of course, they will pay the expenses and you will split the profits. If they see your customer base as highly desirable, they may be willing to accept as little as 25% of the profits for the opportunity to capture these wonderful new customers for life.

**4) Changing Your Mindset.** Too many times small business owners try to spend their way out of a jam. Maybe money isn't the best solution, after all. Maybe you can trade, negotiate, and deal your way to what you want. Maybe you can hustle and market and sell your way out of your current cash shortage.

My first direct mail campaign was sending ten one-page letters in a #10 envelope. I made a strong offer and guaranteed results. I

*How to Get the Money You Need through Friendly Sources without having to "Pay it Back"*



received one phone call and got a client worth \$20,000 over three years. Of course, I called the rest of the list and obtained other work.

Because I had no money, I looked to other solutions. Many times there are non-financial solutions to what seem like money problems. But they are not so much money problems as problems of perception.

Here is a suggestion for thinking, selling, and paradigm-shifting your way out of a cash shortage: Try an all-out blitz. I was once in a serious cash shortage. At the time, I was selling awnings in Montreal. I didn't think anybody would lend me money, so I staged a one-day sales blitz. I walked the length of Sherbrooke St., offering a great deal on an awning to absolutely every shop owner without judgment on both sides of the street. I started before 7 a.m. and I finished at about 11 p.m. Guess what? At the end of the day, I was tired but I had earned several thousand dollars in commissions. Of course the question begs, "Why don't we simply do this every day?" It's a good question and there's no good reason not to. We're used to sitting in our nice offices shuffling papers, resisting making calls and wondering when success is going to come and get us.

One suggestion I can make for expanding your mindset is to read "*Nothing Down*," by Robert Allen. Even if you have no interest in real estate investing, you will be astonished and inspired at how unbelievable slice- and dice-able transactions can be – if you are willing to look at your problem from several different angles. Remember, we live in a land of unlimited opportunity. The secret to getting the cash you need, might be to ask someone else for it. The secret might be to sell, hustle, make deals, and leverage the assets you control that don't show up on a balance sheet. **SBCM**

Tom St. Louis is president of Zerald Communications Corporation, a marketing strategist and founder of the "Double Your Business in 180 Days Program" a marketing and behaviour-change series that offers unlimited support to small business owners and comes with a 1000% Guarantee. For a free copy of "The Three Most Powerful Marketing Strategies in History," or information about Zerald Programs, please e-mail Tom at [marketingwizard@sympatico.ca](mailto:marketingwizard@sympatico.ca) or call Tom directly at 1-888-214-8314.

