

TRIANGLE BUSINESS JOURNAL

VOL. 25.35 • Daily news updates at trianglebusinessjournal.com

April 30, 2010 • \$3.00

PROJECT SURVIVAL
Wine 101

THE LOCAL EXPERTS

PROJECT SURVIVAL
Wine 101

■ What is happening in general with small business loans?



Rod Webb
Senior vice president
Crescent State Bank

There are some basics to understand as one pursues a small business loan whether via a conventional bank loan or a bank loan involving the U.S. Small Business Administration.

One of the initial components of analysis for a small business loan is the personal credit of the owner. Usually the owner of a small business owns a majority of the business. Depending on how the business is legally organized, the profits and/or distributions are controlled by the owner,

or a majority of owners. These profits and/or distributions are sometimes needed to invest back into the business and/or to help the owner navigate and manage her or his personal lifestyle. If the business is not very seasoned, the personal history of the owners is that much more important. How one manages her or his personal finances is an indication of how they manage the business finances.

Another component is the scientific presentation of the financial statements. The owner will need to show the business' financial position. The bank wants to know the value of the business, its net worth, how much money moves through it profitably, cash flow, and what the owner's investment in the company is (her or his equity). The bank will also want to see detailed pro-forma statements that give projections about how the business will be profitable in perpetuity.

Mastering the art of the business plan preparation is

very beneficial as well. While the financial statements and the projections are a critical part of the business plan, banks issue small business loans to companies that have detail, detail and more detail. I strongly suggest that the owner prepare a plan with as much information as possible. This detail should include bios of the owner(s) and any partners, resumés of the owners, the owners' strategies and the competitive advantages of the business.

The SBA has various programs that work in conjunction with loans that banks want to issue, as well as programs to provide guidance for someone looking to start, support and build a small business. Depending on the program, the SBA offers levels of guarantees for loans as well as other services (see <http://www.sba.gov/index.html>).

The bank usually uses the SBA tools to meet a shortfall in the credit of the business, usually collateral, time in business or some other credit criteria. The bank must want to

make the loan based on objective credit criteria it employs. The SBA is there as a resource for the business and the bank to help bridge some credit gaps.

■ How can Wine 101 get its print advertising to be more effective?



Ann Camden
Senior vice president
Gibbs & Soell Inc.

It's difficult to make print advertising really stand out. Most print advertising is mediocre on its own, and the noise level today is far too high. Not only are you competing

with the volume of advertising but also the volume of products and brands available.

Before you build your print ad, you should determine how you will measure the effectiveness of the ad. Will you be surveying customers? Can you utilize a focus group to test creative concepts either formally or informally? Can you query customers online through your nearly 300 friends on Facebook?

In the case of Wine 101, there are several things to consider, starting with placement. Are there geographic specific magazines that may focus on the northern Wake County area (or in food sections)? These will allow you to reach local buyers who have a significant interest in good food and beverages. Then, I'd encourage you to think about other ways to reach prospective customers that would allow you to leverage the creative for your ad... are there local arts programs that you could support? Are there local concerts or garden tours where you could insert your ad into their program?

Print should be a component of a well-executed advertising and promotion plan. Without solid public relations and other outreach efforts, it's difficult for an advertisement to cut through all the clutter in the marketplace.

REAL LIFE BUSINESS SOLUTIONS

FROM SOUTHERN COMMUNITY

Forming A Partnership

In 2008 Scott Boyles had the opportunity to buy his own business, but needed to move quickly to meet the seller's deadline. In a down economy,

