



**Are You Ready for Some Funding?**

Oweesta  
October 17, 2013



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## Goals

- ★ Process of getting private investors
- ★ Assess where your org stands now
- ★ Set some goals and make an action plan
- ★ Tips and tools to help you get there



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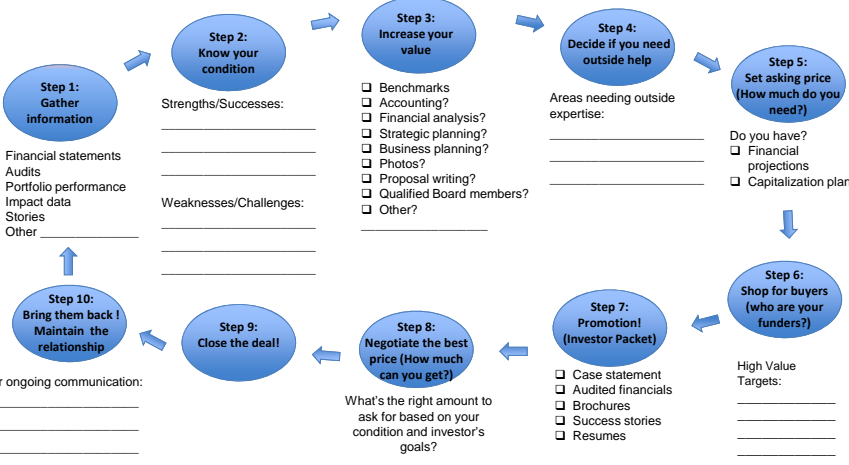
Prepare for successful investor conversations

# THE PROCESS




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## 10 Steps to Getting Private Funding



**Step 1: Gather information**

- Financial statements
- Audits
- Portfolio performance
- Impact data
- Stories
- Other \_\_\_\_\_

**Step 2: Know your condition**

Strengths/Successes:  
\_\_\_\_\_  
\_\_\_\_\_

Weaknesses/Challenges:  
\_\_\_\_\_  
\_\_\_\_\_

**Step 3: Increase your value**

- Benchmarks
- Accounting?
- Financial analysis?
- Strategic planning?
- Business planning?
- Photos?
- Proposal writing?
- Qualified Board members?
- Other? \_\_\_\_\_

**Step 4: Decide if you need outside help**

Areas needing outside expertise:  
\_\_\_\_\_  
\_\_\_\_\_

**Step 5: Set asking price (How much do you need?)**

Do you have?

- Financial projections
- Capitalization plan

**Step 6: Shop for buyers (who are your funders?)**

High Value Targets:  
\_\_\_\_\_  
\_\_\_\_\_

**Step 7: Promotion! (Investor Packet)**

- Case statement
- Audited financials
- Brochures
- Success stories
- Resumes

**Step 8: Negotiate the best price (How much can you get?)**

What's the right amount to ask for based on your condition and investor's goals?  
\_\_\_\_\_

**Step 9: Close the deal!**

**Step 10: Bring them back! Maintain the relationship**



Plan for ongoing communication:

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

MANY CDFIs

**ONE**

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How to sell your CDFI: Step One

# GATHER INFORMATION

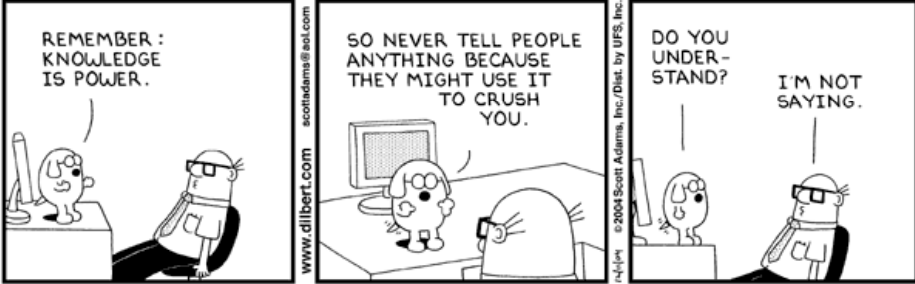


## Information is Power!

- ★ What information do you need to assess your organization?
- ★ What information do buyers need to understand your organization?
  - √ Financial statements / audits
  - √ Portfolio data
  - √ Development service data
  - √ Market data
  - √ Impact data
  - √ Stories/pictures
  - √ Other???





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**What if you have information that is not flattering?**



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How to sell your CDFI: Step Two

**KNOW YOUR CONDITION**



## Are you.....



or



or

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## Assess Your Organization

- ★ Are you meeting your mission?
- ★ Are you having impact in your target market?
- ★ What are your strengths and weaknesses?
  - √ Programmatically
  - √ Operationally?
  - √ Financially?

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## What Are You up Against?

- ★ Investor expectations
- ★ Financial & performance benchmarks
- ★ Industry standards
- ★ Competition



## National NCDFI Market Study

- ★ Large scale investments means in-depth underwriting  
*- smaller loans not as cost effective*
- ★ Investment parameters limit access to debt capital
- ★ Investment terms may deter some Native CDFIs
- ★ Satisfying underwriting requirements



## Financial & Performance Benchmarks and Industry Standards

- ★ Capitalization
- ★ Financing Activities & Performance
- ★ Efficiency & Operations
- ★ Staff & Board
- ★ Market



## Competition

- ★ Peer Groups
- ★ Market Area
- ★ Limited Resources



How to sell your CDFI: Step Three

## INCREASE VALUE



## Increasing Value in the Short-Term

- ★ Tighten up delinquencies
- ★ Get more stories and photos
- ★ Fix accounting issues
- ★ Increase expertise on your Board
- ★ Operational planning
- ★ Other?





## Increasing Value in the Long-Term

- ★ Better understand your market
- ★ Strategic planning
- ★ Business Planning
- ★ Financial analysis
- ★ Other?

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## Know Demand

- ★ Document, quantify and communicate demand for your org and specific products and services
- ★ Demand data helps shape responsive products and services
- ★ Demand data informs business plan, financial projections and community impact goals
- ★ Show investors you have sufficient demand to deploy the requested financing

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How to sell your CDFI: Step Four

## GOT TEAM? NEED HELP?



## Reasons to Consider Outside Help

- ★ Expertise
- ★ Lack of time internally
- ★ Get a fresh perspective
- ★ Gain credibility



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How to sell your CDFI: Step Five

## SET YOUR PRICE



## a.k.a. Don't Let the Tail Wag the Dog!!!

- ★ First Step: Develop financial projections
  - Shows you how much you plan to spend in the future
  - Can be provided to funder to build credibility
  
- ★ Second Step: Create a capitalization plan
  - How much do you have to cover needs?
  - How much do you need?
  - What areas are short?

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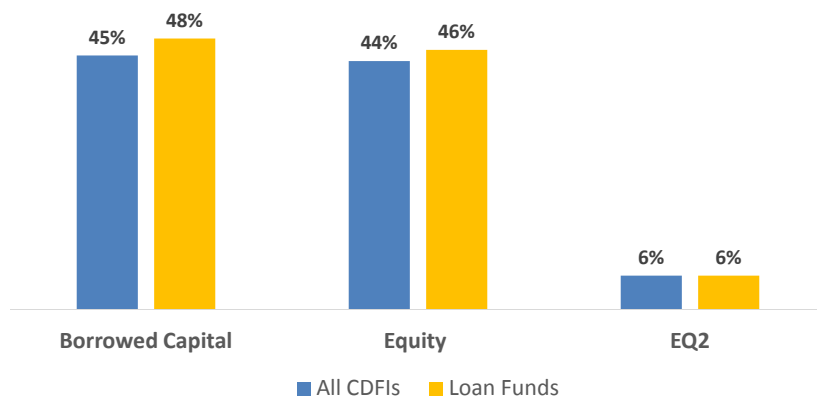


How to sell your CDFI: Step Six

# SHOP FOR BUYERS

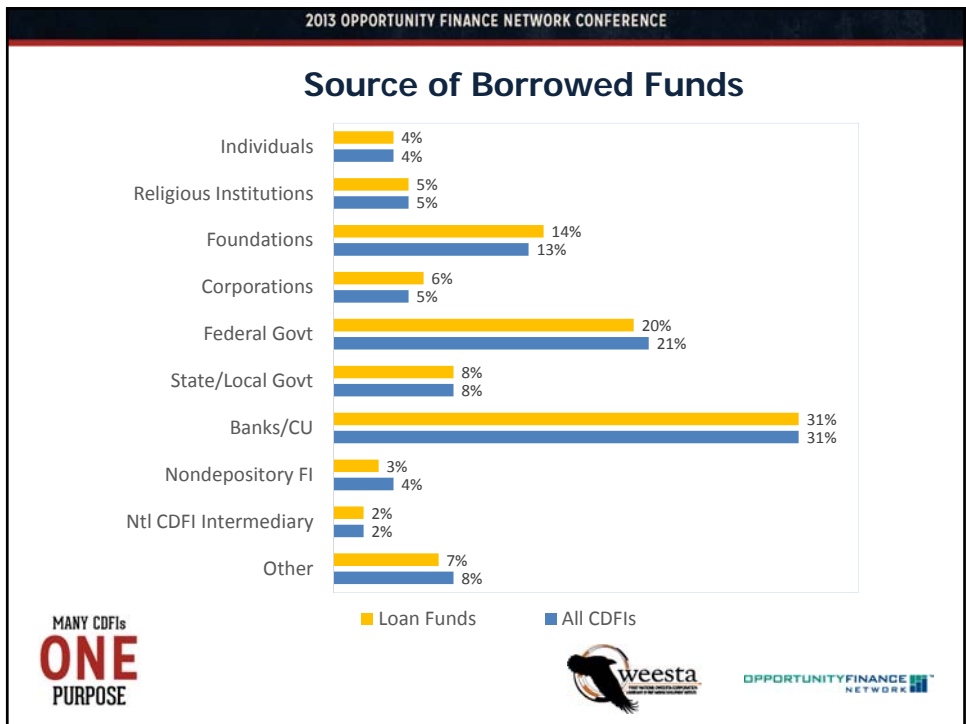


## Capitalization Total Capital by Type



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- ### Who do You Talk To?
- ★ Identify likely targets
    - Match mission
    - Geographic footprint
    - Who is supporting similar orgs?
    - Online resources
  - ★ Who is out there
  - ★ Market research
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How to sell your CDFI: Step Seven

## PROMOTE!



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## Key Elements of an Investor's Packet

- ★ Case statement including
  - Brief org overview and history
  - How you do what you do
  - Community benefit
  - What are your goals for this year
  - Why you need investor's support
- ★ Most recent audited financial statements
- ★ Organization/program brochures
- ★ Success stories
- ★ Resumes

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How to sell your CDFI: Step Eight

## NEGOTIATE!



## Now That You're Ready for The Ask

- ★ How much will you ask for?
- ★ Who makes the pitch
- ★ Customize the approach
- ★ Anticipate questions
- ★ What if they're just not that into you?



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How to sell your CDFI: Step Nine

# CLOSE THE DEAL



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Process and preparation gets you here.

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Then this happens!

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How to sell your CDFI: Step Ten

## BRING THEM BACK



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## Maintaining the Relationship

**“It’s always easier to keep a customer than to get a new one.”**



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## FINAL TIPS

- ★ Don't put all your eggs into one basket...diversify funding, hit more than one target
- ★ Make sure your pitch fits with investor's mission/goals/priorities
- ★ Tell your story to everyone!!!!
- ★ Be persistent and patient
- ★ If investor says no, ask why
- ★ Ask for help

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# 10 Steps to Getting Private Funding

