

# THE C & D NEWSLETTER



**CITRON & DEUTSCH**  
A LAW CORPORATION

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## RECAPITALIZING YOUR BUSINESS

Finding money for your business, once you are in business, is a very different process than funding a startup. You already have an ongoing concern and a track record to show your potential sources of capital. And, there is a process that works. Our interpretation of that process:

1. ***Draft a mini-business plan.*** Show the basic elements of your business in simple format. This plan should be no more than ten pages long and should contain enough information to let someone know what you have done, what you are now doing, and what you plan to do in the future when properly capitalized.
2. ***Show why you are so good.*** Present the elements of your business that are different than other similar businesses as your strongest points. What do you have that others don't? This can separate the men from the boys in the eyes of capital.
3. ***The deal points should stand out.*** Show what you are going to do to make it better. We call them "kickers" to a deal. Whether you are going to a traditional bank, private investors, or a potential joint venture partner for your business, they like to see where you have an edge on the market both currently and in the future.
4. ***Go to the right sources for funds.*** Defining who might give you the required capital will save a lot of time and effort. There are people and institutions who loan to specific niches. Find the ones that have completed financing deals with companies similar to yours.
5. ***Management, Management, Management.*** Make sure you have a management team that is capable of going to the next level for your business. Management is the name of the game. You can be involved in a very competitive industry with many complex and diverse challenges and, with the right management, you will survive and thrive. The right consultants should be used to supplement your in-house management team.
6. ***Prepare the proper numbers.*** Don't prepare too many numbers, just enough to show that you have a handle on the business and will make good decisions based upon pulling together the right information in a timely fashion. Usually a current Balance Sheet, a Use of Funds analysis, and two years Projection of Profits and Losses and Cash Flow is enough to get the process in gear. After you have an interested source for capital, they will request the additional information they require, such as tax returns, historical numbers, and so on. Be prepared to give it to them immediately.

It appears that sources of capital are beginning to open up again after three years of very tough times. Look for yours beginning now.

*This complimentary newsletter is intended to provide general information. Because of the complexities and constant changes in the law, it is important to seek professional advice before acting on any of the matters covered herein.*