

**INSIGHT** Guest Perspective

**Finance your business**

Fuel your aspirations



**Tom Walsh**  
Northwest Bank

**“The first initial start-up capital for Amazon.com came primarily from my parents, and they invested a large fraction of their life savings in what became Amazon.com. My dad’s first question was, ‘What’s the Internet?’”**

**— Jeff Bezos**

No one could have guessed then that just 24 years later amazon.com would be among the world’s most successful companies, and Jeff Bezos its wealthiest private citizen. But Bezos’ ability to secure startup capital likely made all the difference. After all, of some 28 million small businesses in the United States today, only a third will be in business 10 years from now.

The number one reason for business failure is when products aren’t finding a market – but running out of cash is a close second.

Every business, whether startup or established, mom and pop shop or multi-national corporation, must be financially sound and fiscally self-sustaining in order to keep operating over the long term.

The financial dreams and aspirations of business owners are as varied as the businesses they run, but all share in common a practical reality each and every day: *cash flow*. It’s not uncommon for even a seemingly healthy business like ‘Widgets International’ to suddenly find that it’s struggling to meet its payroll and pay vendors when that contract for a million widgets needs to be produced by next month, but payment won’t be received until six months later.

**Plan for Profitability**

Fortunately, the owner of Widgets International is smart. He’s already secured the capital needed to pay for raw materials and labor for the big order. Most importantly, Widgets International has a *business plan* in place that makes it easy for lenders to have an accurate picture of Widgets’ mission statement, its business goals and objectives, its plans to develop new products, grow market share and increase profitability. Widgets’ business plan lays out how investments made in the brand, the infrastructure, customer service resources and customer loyalty programs will result in helping achieve ambitious long-term financial objectives.

Armed with a compelling, thorough

and realistic business plan, it’s now just a matter of deciding which funding source is the best fit for Widgets.

**Secure the Funding**

While many sources of funding for businesses large and small disappeared almost overnight in the wake of the Great Recession, the financial landscape has gradually returned to normal. Now, fortunately, restructuring debt, securing a loan and/or establishing a line of credit (LOC) – whether to expand your business, launch new products or simply meet the occasional temporary cash crunch – is easily within reach of most business owners.

While taking on debt is anathema to many business owners, the data shows that debt, from the right sources and structured properly, can be a business owner’s best friend. For example, the Kauffman Foundation, using data from nearly 5,000 companies that began operating in 2004, concluded that a startup company using a business bank loan reported nearly twice as much revenue after three years as a startup of similar size that took on no debt.

While your business banker may caution you about drawing on sources of capital such as retirement accounts and other long-term assets, he or she will provide guidance with respect to the many loan opportunities that exist through a bank, as well as through the Small Business Administration (SBA) guaranteed loan programs and other local, state and federal programs.

Or the business owner may choose to look for more creative, less conventional sources of capital, perhaps by selling assets or seeking help from friends and family à la Jeff Bezos. In any case, business owners should start today, if they haven’t already done so, to arrange to have enough capital on hand to help finance their business dreams, and fuel their aspirations.

*Tom Walsh is president and CEO of Northwest Bank of Rockford. He and Northwest’s experienced team of business and retail banking professionals provide value-added services to area businesses, business owners and individuals.*

*The views expressed are those of Walsh’s and do not necessarily represent those of the Rockford Chamber of Commerce.*

Rockford Chamber of Commerce

# FOUNDERS’ 2018 DAY

Business After Hours

**BLOCK PARTY!**  
Thursday, July 12th  
4:00pm-7:00pm  
100 Block of S. Main  
(right outside of Stewart Square)

Join the Rockford Chamber of Commerce as we celebrate our members at our annual **Founders’ Day Block Party**. Without each unique organization that the Chamber is comprised of, we would not have the reach and impact on the Rockford community that we have today. **Enjoy food and beer on us** during a live performance from **Prime Time Live Band!** We will also be joined by **Rockford Art Deli** as they do a live printing of an exclusive Founders’ Day design!

Presenting Sponsor:

**You are selling the apple on the right.**  
**Your competitor is selling the apple on the left.**

**How do you win the business?**

**We can answer that.**

Contact **Janet Fischer** at **(708) 287-7171**  
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