FUNDING ALLIANCES

FUNDING-READY GUIDE

The Small Business

Funding Playbook



Show lenders you're worth the investment.

A plain-English guide to getting funding-ready, for owners in any industry.

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BEFORE YOU START

A note from Ellard

Dear business owner,

I've spent my career working alongside leaders and business owners, and one pattern keeps showing up. Good businesses get turned down, or sign offers that hurt them, because nobody ever showed them how funding actually works.

I put this playbook together to change that. It's the plain-English guide I wish every owner had before their first funding conversation: what funders look for, how to pick the right type of funding, and how to read an offer before you sign anything.

Read it once, use the checklists, and take the Funding-Ready Scorecard near the end. When you're ready, our funding partners can show you what may be available for your business, with no obligation to accept anything.

To your growth,

Ellard Thomas

Founder, Funding Alliances

HOW TO USE THIS GUIDE

Start with Chapter 1 and find your cash gap. Then work through the chapters in order, or jump to the one you need today.

START HERE

Funding starts before the application.

How to fund your next hire, your next piece of equipment, and your next slow season without guessing.

Most small business cash crunches come from timing, not failure. Money goes out on day one for inventory, payroll, materials, or rent, and money comes in on day 30, 45, or 90 when the customer, the insurer, or the client finally pays.

The businesses that grow plan for that gap instead of getting ambushed by it.

This playbook shows you how to:

- Measure your cash gap so you know exactly what you need
- Pick the right type of funding for the right purpose
- Understand how funders see your industry
- Walk into any funding conversation prepared
- Read an offer so you never sign something that hurts you
- Spot the red flags that cost owners thousands

Read it in one sitting. Use the checklists. Then make your move.

About Funding Alliances: We are not a lender. We help business owners understand their options and connect them with established third-party funding partners. You decide whether any offer is right for you.

CHAPTER 1

Know your cash gap

Before you ask anyone for money, answer one question:

How long is my money tied up before I get paid?

That stretch between paying out and getting paid is your **cash gap**. It drives every funding decision.

WHAT A CASH GAP LOOKS LIKE IN DIFFERENT BUSINESSES

BUSINESS	MONEY GOES OUT	MONEY COMES IN
Contractor	Materials and crew on day 1	Progress and final payments 30–60 days later
Dental or medical practice	Payroll and supplies every week	Insurance reimbursements 30–90 days later
Trucking company	Fuel, repairs and drivers on every load	Broker or shipper pays in 30–45 days
Restaurant	Food, staff and rent up front	Card sales daily, but slow months hit hard
Wholesaler or manufacturer	Inventory and raw materials months ahead	Customers pay on net-30 or net-60 terms

EXAMPLE: A NEIGHBORHOOD SHOP

Monthly expenses paid before customers pay	**$20,000**
Days between paying out and getting paid	**45 days**
Months of gap carried at once (45 ÷ 30)	**1.5**
Planned extra spend for the busy season	**$10,000**
Peak cash gap ($20,000 × 1.5 + $10,000)	**$40,000**

Example numbers only. Your Cash Gap Worksheet is on the next page.

WORKSHEET

Your cash gap worksheet

Fill in each line. Use your own numbers.

1	**Average monthly expenses you pay before getting paid**	$ _____
2	**Average days between paying out and getting paid**	_____ **days**
3	**Months of that gap you carry at once** Line 2 ÷ 30	_____ **months**
4	**Planned extra spend** Big order, new hire, equipment, busy season	$ _____
5	**Your peak cash gap** Line 1 × Line 3, plus Line 4	$ _____

WHY THIS MATTERS

Line 5 is your real funding need. Ask for too little and you run short mid-stream. Ask for too much and you pay for money you don't use.

CHAPTER 2

The funding toolbox

Every funding product is a tool with one job. Use the right one and funding pays for itself; use the wrong one and it drains you.

01

Working capital

Fast, flexible cash repaid over a short term.

Best for Payroll, inventory, deposits, quick opportunities.

Watch for Shorter terms, frequent payments.

02

Revenue-based financing

An advance repaid from a share of future sales or deposits.

Best for Businesses with strong card or deposit volume.

Watch for Total payback and daily or weekly collections.

03

Equipment financing

The equipment itself usually secures the deal.

Best for Trucks, machines, medical or kitchen equipment.

Watch for Matching the term to the equipment's useful life.

04

Business line of credit

Draw, repay and draw again; pay only on what you use.

Best for Seasonal dips and recurring, unpredictable gaps.

Watch for Draw fees and renewal terms.

Three more tools on the next page →

CHAPTER 2 · CONTINUED

The toolbox, continued

05

Invoice financing

Turn unpaid invoices into cash now.

Best for B2B businesses with reliable but slow-paying customers.

Watch for Fees that grow the longer an invoice stays open.

06

Term loan

A lump sum repaid on a fixed schedule.

Best for Expansion, renovation, a planned large purchase.

Watch for Stronger credit and paperwork requirements.

07

SBA loan

Government-backed loans through lenders, with longer terms.

Best for Buying a building, refinancing, major growth.

Watch for More paperwork and a longer timeline.

NOT SURE WHICH TOOL FITS?

Chapter 3 matches the most common needs to the right type of funding, and the ones to avoid.

CHAPTER 3

Match the money to the mission

The most expensive funding mistake isn't a high rate. **It's using the wrong tool.**

IF YOU NEED TO…	LOOK AT…	AVOID…
Cover payroll until customers pay	Working capital or line of credit	A 5-year loan for a 30-day problem
Buy a truck, machine or equipment	Equipment financing	Short-term cash for a long-life asset
Stock up before a busy season	Line of credit or working capital	Draining your emergency reserve
Survive a slow season	Line of credit, set up in advance	Waiting until you're already behind
Stop waiting on slow-paying clients	Invoice financing	Borrowing on personal credit cards
Expand, renovate or buy property	Term or SBA loan	Rushing a big decision

RULE OF THUMB

Short-term needs get short-term money. Long-term assets get long-term money.

CHAPTER 4

What funders look at

Every funding provider sets its own requirements, but most review the same core picture:

Time in business

How long you've been operating.

Monthly revenue

How much comes in, and how consistently.

Bank statements

Deposits, balances and cash-flow patterns.

Credit

Business and sometimes personal credit history.

Existing debt

What you already owe and what your payments look like.

Industry

How steady businesses like yours tend to be (see Chapter 5).

Strengthen your position before you apply

- ✓ Run all business income through one business bank account.
- ✓ Avoid overdrafts and negative-balance days in the months before applying.
- ✓ Keep invoices, contracts and receipts organized and easy to share.
- ✓ Know your numbers: monthly revenue, your biggest expenses, and your cash gap from Chapter 1.
- ✓ Pay down or consolidate high-cost debt where you can.

An owner who can explain their business clearly comes across as a stronger candidate.

CHAPTER 5

How funders see your industry

Funders favor businesses with steady deposits, real assets or reliable customers. Find your industry below to see what helps your case and which tools usually fit. Every funder has its own rules, so treat this as a guide, not a promise.

INDUSTRY	WHAT FUNDERS LIKE	WHAT TO BE READY FOR	TOOLS THAT OFTEN FIT
Construction and specialty trades	Signed contracts, steady job flow, equipment as collateral	Seasonal swings, slow-paying general contractors	Working capital, equipment financing, invoice financing
Home services (HVAC, plumbing, electrical, landscaping)	Repeat customers, year-round demand, service agreements	Seasonal peaks, vehicle and equipment costs	Equipment financing, line of credit, working capital
Medical, dental and veterinary practices	Stable revenue, licensed professionals, predictable demand	Insurance reimbursement delays	Equipment financing, term loans, line of credit
Auto repair and auto services	Daily card sales, steady repeat business	Equipment age, parts inventory costs	Equipment financing, working capital
Trucking and transportation	Contracts with brokers and shippers, trucks as collateral	Fuel swings; some funders limit cash advances here	Equipment financing, invoice (freight) factoring
Manufacturing, wholesale and distribution	Purchase orders, B2B customers, inventory and equipment	Long net-30 to net-60 payment terms	Invoice financing, line of credit, equipment financing
Retail with steady card sales	Daily deposits that show real demand	Inventory build-up before busy seasons	Revenue-based financing, line of credit
Restaurants and food service	Strong daily card volume	Higher-risk rating with many funders; slow months	Revenue-based financing, equipment financing

INDUSTRIES MANY FUNDERS RESTRICT

Adult entertainment, firearms, cannabis, gambling, and some real estate investing, nonprofit and financial-services businesses. Policies vary by funder.

CHAPTER 6 · CHECKLIST

Get your documents ready

Being prepared is the easiest way to move faster. Gather these now, before you need them:

- [ ] **Last 3–6 months of business bank statements**
- [ ] **Government-issued photo ID**
- [ ] **Business registration and EIN documentation**
- [ ] **Professional or trade license** if your industry requires one
- [ ] **Voided business check**
- [ ] **Recent business tax returns** some products require them
- [ ] **Profit and loss statement** helpful for larger requests
- [ ] **Open invoices, contracts or purchase orders** for invoice- or contract-based funding
- [ ] **Equipment quote or invoice** for equipment financing
- [ ] **Card processing statements** for revenue-based financing



PRO TIP

Save everything as PDFs in one folder on your phone. When the right opportunity shows up, you can respond in minutes instead of days.

CHAPTER 7

Read the offer before you sign

Funding offers are written in very different ways. Compare them on the same five terms:

1. **Total payback vs. amount received:** what you repay in total, including every fee, compared with the cash that actually lands in your account.
2. **Payment frequency:** daily, weekly or monthly. A small daily payment adds up fast, so make sure it fits how your cash comes in.
3. **Fees:** origination, processing, draw or closing fees. Ask for every one in writing.
4. **Prepayment terms:** whether paying early saves you anything. Some products reward early payoff; others don't.
5. **Term length:** whether it matches what you're funding (see Chapter 3).

Questions to ask any funder

- ? What is the total amount I'll repay?
- ? How often are payments, and how are they collected?
- ? What fees are included, and when are they charged?
- ? What happens if I pay it off early?
- ? What happens if I have a slow month?

If a funder won't answer these clearly, that tells you something.

PLAIN ENGLISH

Funding terms, decoded

The words you'll see on offers and applications, explained simply. Keep this page next to Chapter 7.

Total payback	Everything you'll repay, including fees. Subtract the cash you actually receive to see your real cost.
Interest rate	The percentage charged on the money you borrow. It usually doesn't include fees.
APR (annual percentage rate)	The yearly cost of borrowing, including interest and certain fees, shown as a percentage. Useful for comparing offers. If an offer doesn't show one, ask for the total payback in writing.
Factor rate	A decimal, such as 1.3, used by some advances and short-term products. Multiply it by the amount funded to get total payback: 1.3 × $10,000 = $13,000. It is not the same as an interest rate.
Origination fee	An upfront fee for setting up the funding. It's often taken out of the money you receive.
Term	How long you have to repay.
Draw	Money you take out of a line of credit. Some lines charge a fee each time you draw.
Holdback or remittance	With revenue-based financing, the share of your daily or weekly sales collected toward repayment.
Collateral	An asset, such as equipment or property, that secures the funding.
Personal guarantee	Your promise to repay personally if the business can't.
UCC filing	A public notice that a funder has a claim on certain business assets until you've repaid.
Prepayment terms	What happens if you pay early: a discount, no change, or a penalty.

CHAPTER 8

Red flags that cost owners thousands

Walk away, or slow way down, if you hear:

“You're guaranteed approval.”
No legitimate provider can guarantee approval before reviewing your business.

“Just pay this fee first.”
Be very cautious of anyone asking for money up front before funding.

“This offer expires today.”
Pressure is a tactic, not a term.

Vague or missing numbers
If you can't see the total cost in writing, don't sign.

“Don't worry about the fine print.”
Always worry about the fine print.

Stacking pressure
Be careful of anyone pushing a second or third advance on top of one you already have.

THE BOTTOM LINE

Good funding partners explain. Bad ones push.

SELF-CHECK

Your Funding-Ready Scorecard

Circle Yes or No for each statement. Give yourself one point for every Yes.

01	All business income runs through one business bank account.	YES	NO
02	My last 3–6 months of business bank statements are ready to share.	YES	NO
03	I've had no overdrafts or negative-balance days in the last 90 days.	YES	NO
04	I know my average monthly revenue.	YES	NO
05	I know my peak cash gap from Chapter 1.	YES	NO
06	I know exactly what the money is for and how it will be repaid.	YES	NO
07	My business registration and EIN documents are on hand.	YES	NO
08	My invoices, contracts and receipts are organized.	YES	NO
09	I know what my business owes now and what the payments are.	YES	NO
10	I know which type of funding fits my need (Chapter 3).	YES	NO

8–10

You're in strong shape. See what may be available for your business.

5–7

You're close. Turn your No answers into Yes, starting with Chapters 4 and 6.

0–4

Start with Chapters 1, 4 and 6 to build your foundation first.

This is a self-check to help you prepare. It is not a credit decision or a promise of approval.

YOUR NEXT MOVE

Your 3-step action plan

You now know more about small business funding than most people who apply for it. Here's your 3-step action plan:

1 **Run your numbers.**
Fill in the Cash Gap Worksheet in Chapter 1.

2 **Gather your documents.**
Knock out the Chapter 6 checklist this week.

3 **Explore your options.**
See what types of funding may be available for your business through our funding partners, with no obligation to accept any offer.

Explore your funding options

The best time to line up funding is before you need it.

See My Funding Options →

fundingalliances.com

DISCLOSURES

This playbook is for general educational purposes only and is not financial, legal or tax advice.

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