



# ACQUIRING CAPITAL FOR YOUR BUSINESS

Presentation to: **2006 ECONOMIC EMPOWERMENT SUMMIT**



**Building Businesses That Build Communities**

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**Building Businesses That Build Communities**



- CCV Services
- Acquiring Capital (Early Stage Capital)
- Venture Capital
- Questions

**Building Businesses That Build Communities**



Chicago Community Ventures (CCV) is a non-profit business development organization that provides financing and advisory services to small businesses in the greater Chicagoland area.

## Building Businesses That Build Communities



**Chicago West Side Entrepreneurship Center (CWSEC)** - is a partnership between CCV and the University of Illinois at Chicago, supported by the Department of Commerce and Economic Opportunity (DCEO). CWSEC was the first Entrepreneurship Center in the Illinois DCEO Entrepreneurship Network and serves as a model for 20 additional centers statewide that provide services to high growth potential companies.

**Illinois Statewide Minority Business Enterprise Center (ISMPEC)** - is a partnership of the U.S. Department of Commerce, Minority Business Development Agency, and the Chicago Minority Business Development Council. It provides consulting, business development and resources to minority-owned businesses with high growth potential or revenue of more than \$500,000. In addition to providing CCV's financial and consulting services, ISMPEC helps secure government contracts and bonding for minority-owned businesses.

**Economic Development Initiative (EDI)** - This program operates the Mid-South and Near West Side Small Business Development Initiative funded by the Partnership for New Communities to strengthen the business community in Bronzeville and on the Near West Side. It also operates a Geographic Information System website that provides market and demographic information for the city free of charge.

**Neighborhood Transformation Loan Fund (NTLF)** - addresses the need for small business financing in Chicago's low and moderate income communities. The goal is to make careful lending choices in areas that lack investment capital in order to act as a catalyst for economic growth and community revitalization

**Building Businesses That Build Communities**



- CCV's typical Client Profile:

- Historical Growth Profile – 10%+
- Generate \$500,00+ in revenues
- Majority of Clients have 5+ employees.

Typically do not see (Normally referred to SBDCs):

- Start-ups
- Lifestyle Businesses

**Building Businesses That Build Communities**



Since our inception, CCV has:

- Successfully serviced more than 1,500 small businesses.
- Distributed more than \$2.6 Million in loan funds.
- Helped create and retain more than 550 jobs.
- Assisted minority companies in obtaining over \$35 Million in contracts and financial transactions.
- Assisted in obtaining \$20.9 Million in Community Revitalization Deductions.

# Acquiring Capital

**Building Businesses That Build Communities**



- Bank Loans
- CCV Loan Fund Requirements:
  - Loans range in size from \$25,000 to \$250,000.
  - Eligible uses for loans include: equipment purchases; working capital; inventory; leasehold improvements; expansion; inventory; and contract financing. Loans are intended to finance a company's future growth and may not be used to finance past expenditures.
  - We customize our loans to fit the needs of each company. Loan terms range from one to 15 years and interest rates vary from prime to prime +5%. We will consider interest-only periods of up to one year for some loans.
  - Eligibility Requirements
    - Applicants must meet all of the criteria to be considered for a loan.
    - Majority minority-owned (greater than 50%) and located in the state of Illinois ( Applies only to Illinois Minority Loan Fund)
    - Have fewer than 100 employees
    - Have revenues of at least \$250,000
    - Be a CCV client that has undergone a Business Model Assessment
    - Meet CCV's general underwriting criteria\*

**Building Businesses That Build Communities**



- Personal Money
- Family
- Friends
- Debt
- Venture Capital (Rarely Fund start-up of early stage companies because of risk)
- Start-up and Early Stage companies start off with bank debt or a private placement of securities from owners and owners network (Friends and Family)
- Microlending
- Strategic Alliances
- Internal Earnings

# Acquiring Capital – Venture Capital

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- Venture Capital Requires a systematic approach
- Business Plan
- Executive Summary (Critical)
- Powerpoint Presentation
- Due Diligence (Company Information)
- Projections
- When meeting w/investors you will only have about 15 minutes – prepare well
- Make sure that the investor is interested in your industry
- Exit Strategy

# Venture Capital Key negotiating Points

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- Company's Stage of Development
- Comparable Companies
- Don't issue common stock for investors
- VC's ROI:
  - Seed – 60%
  - Early – 50%
  - Late – 33%

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- Questions?
- For more information please visit us at [www.chiventures.org](http://www.chiventures.org).
- Call us at (773) 822-0320
- (312) 755-8889

Thank You!

**Building Businesses That Build Communities**



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