



NH Small Business Development Center's Guide to:

# PUTTING TOGETHER THE FINANCIAL PUZZLE

# Putting Together the Financial Puzzle

New Hampshire's entrepreneurs are tenacious, and at the NH SBDC, we consider ourselves fortunate to be able to work with them on a daily basis. Part of that tenacity is working on the sometimes complicated puzzle that small business owners must piece together to fully fund the vision they can see, but can't quite obtain without the proper resources.

In the Granite State we have entrepreneurial resources available through the federal government, the State of New Hampshire, colleges and universities, and nonprofit organizations. The state has an array of resource partners and funding sources available to small business owners, many of which are featured in this Finance Guide, as individual potential "pieces of the puzzle."

Our incredibly talented and experienced SBDC staff, at 14 advising locations around the State, is here to help you determine how the pieces fit together for your specific business, because a one-size-fits-all approach, particularly since the Great Recession, just doesn't work. Further, we have the connections and relationships to not only advise, but connect you with partners who can provide the right pieces.

I encourage you to read this collection of short articles, including stories about our clients who have successfully assembled parts of their puzzle, and then consider checking out our website ([www.nhsbdc.org](http://www.nhsbdc.org)) with its vast array of business finance online courses and resources. When you are ready to talk about your own business' puzzle, please reach out to us! We are easy to find, happy to help, and if we know of a resource that could better serve you, we are well connected throughout New Hampshire and can get you to the right place.

Thanks for taking some time to review this Guide, and best wishes for your business!

Rich Grogan  
State Director  
NH SBDC



## The Provident Bank:

### Commercial Lending Innovation from the Outside-In

The Provident Bank prides itself on finding innovative solutions based upon a business client's *actual* need, versus perceived need. Technology companies call this model "innovating from the outside in."

For example, take a Harvard Business School (HBS) graduate looking for financing to purchase an existing business. HBS, through its MBA program, offers coursework designed to educate students on how to execute this successfully after graduation. This type of Merger & Acquisition financing is typically available to much larger companies at bigger banks. However, it isn't readily available for the smaller-sized companies these entrepreneurs are interested in purchasing. Working from the "outside in", The Provident Bank designed a loan structure to match their needs and requirements, resulting in many successfully financed business purchases. The success of this distinctive commercial-lending focus has led to numerous referrals from Harvard Business School cohorts and professors alike.



Supported by:



# Angel Investors

Angels are “accredited investors” (they meet certain criteria for personal wealth and/or income), and invest their own money. Angel investors want to know all aspects of the business in question before they put their money at risk. Typically, angels bring knowledge and expertise, and have a lot of prior business experience, so they’re not just writing a check.

In a recent Live Free and Start Capital Access vlog, Matt Pierson, founding partner, 10X Venture Partners, said, “...if you’re going to talk about raising money [from angel investors], you need to understand what you can do, what you can’t do, and who you’re going to bring on your team to augment it.”

Pierson also suggests that it’s vital for the entrepreneur to understand the size and

scope of their market, how they will monetize their product or service, and emphasizes, “Your team is really critical.”

Entrepreneurs can expect angels to want to have input on who the CEO and CFO are, to take an equity stake in their companies, and often to sit on the company’s board. Most investments are to small start-up firms with fewer than 20 employees.

In New Hampshire, most of the funding by individual angels and small angel groups ranges from \$25,000 to \$500,000, although groups of angels are providing investments of \$1 to \$2 Million.

So, before you approach angel investors, you should have:

- Raised funds from other sources
- Invested your own funds
- Developed your business model

- Built your team or understand what skills are needed on the team
- Created your pitch deck (slides and presentation), including:
  - Business description
  - A clear understanding of the target market and marketing plan
  - Financial projections
  - The dollar amount you need.

*Liz Gray is the director of entrepreneurship for the state of NH and runs Live Free and Start in Concord, a state initiative. For more great advice from other NH angel investors check out the full video blog series at [livefreeandstart.com](http://livefreeandstart.com).*

## SBDC Locations

|   |   |
|---|---|
| <b>State Director’s Office</b>  | <b>Nashua Region</b><br>Nashua Community College<br>603-397-8100                          |
| UNH’s Peter T. Paul<br>College of Business and Economics,<br>Durham<br>603-862-2200 | <b>North Country</b><br>Business Services North<br>603-342-3174                           |
| <b>Business Advising Offices</b>  | <b>Seacoast Region</b><br>1 Washington Street,<br>Dover<br>603-842-8341                   |
| <b>Belknap County</b><br>BEDCO<br>603-397-8404                                      | <b>Program Offices</b>  |
| <b>Grafton County</b><br>GRDC<br>603-254-6809                                       | <b>Business Sustainability Program</b><br>UNH Manchester<br>603-641-4370                  |
| <b>Keene Region</b><br>Keene State College<br>603-358-2602                          | <b>Education &amp; External Relations</b><br>Manchester Community College<br>603-206-8201 |
| <b>Manchester Region</b><br>UNH Manchester<br>603-641-4370                          |   |



# The Small Business Administration

The U.S. Small Business Administration (SBA) provides several pieces of the funding puzzle. While the SBA is not a direct lender (other than the disaster loan program), it supports a variety of lending partners.

- Multi-purpose traditional commercial loans: SBA 7(a) loans provided by commercial lenders, with a guarantee to the bank from the SBA. The maximum 7(a) loan is \$5 million; and the average in New Hampshire is generally around \$150,000.
- Real estate and long-term equipment: SBA 504 loans financed with three components: A Certified Development Company (CDC) loan, which can be \$25,000 to \$5,000,000; a loan from a private sector lender, which is where SBA participates; and investment by the applicant business.
- SBA's Microloan Program: provides loans up to \$50,000 to help small businesses start up and expand; the average microloan is about \$13,000. Two designated nonprofit community-based organizations in NH, Northern Community Investment Corporation (NCIC) and Accion East, can access SBA funds to provide loans to micro-borrowers.

*Interested businesses can start with their lenders or contact SBA directly. For more information, visit [www.sba.gov/nh](http://www.sba.gov/nh).*



## Tilton Veterinary Clinic: A Dream Come True



Sara Laroux dreamed of running her own veterinary clinic one day. In 2014 Dr. Sara Laroux's dream became a reality when she took over the Tilton Veterinary Hospital.

Laroux worked hard to make this happen, with NH SBDC business advisor Sally Holder by her side. Financing such an endeavor "took some creativity," Laroux says, "and a lot of partners."

The previous owner agreed to hold a five-year note on the physical property (the building and grounds) for Sara, while she financed the business purchase with an SBA guaranteed loan through Meredith Village Savings Bank. That loan accounted for about 20 percent of the purchase price. The Belnap Economic Development Council financed 17 percent of the purchase price through a five-year loan. Finally, Sara contributed 5 percent from her own funds.

Meredith Village Savings Bank also extended a line of credit to Sara amounting to about 3 percent of the purchase price, which she used for working capital.

"I just give a lot of credit to Gracie Cilley at Meredith Village Savings Bank, the loan officer who put me in touch with both Ken Wilson at Belnap Economic Development Council and Sally Holder," Laroux said. "Both of them now come in as clients, with their dogs Holly and Lady."

When Sara took over, she added one employee, a full-time veterinary technician, and retained two of the clinic's 30-year employees. Today she's gaining an average of one new client every day, and says that if her current rate of growth continues, she'll need to remodel or add on space to accommodate another technician.

"I plan to spend my first five years in business making the business what I want it to be, then five years of 'coasting'," Laroux says. "Then I hope to take 5 years to work toward selling the practice .... that's all depending on how things go, and if things continue going as well as they are now."

The best consequences? The prior owner got to step away from the business the day before Sara took over and now she gets to serve him when he brings his dog in for visits.



## Intrinsyk: Success Via Exporting



From left: Rich Grogan, NH SBDC; Tina Kasim, Office of International Commerce; Tom Gannon, Intrinsyk; Congresswoman Ann Kuster; and Paul Fuller, Intrinsyk.

Intrinsyk's Tom Gannon and Paul Fuller have worked closely with NH SBDC Nashua Regional Director Hollis McGuire to find customers for their innovative medical devices. Research suggested the best markets could be overseas.

Intrinsyk in Salem designs, develops, manufactures, and distributes medical devices to the worldwide diabetes, blood sampling, and clinical care markets. The company is three years old, but more than half of that time was devoted solely to product development.

When they were ready to start selling, Paul and Tom applied for and received matching funds for exporting assistance—twice—from the NH Office of International Commerce of the NH Division of Economic Development. They used the funds to develop marketing materials and to attend two international trade shows, Arab Health in Dubai and the MEDICA trade fair in Germany.

The New Hampshire Export Expansion Fund (EEF) encourages companies to explore opportunities in new global markets, paying for services provided by the U.S. Commercial Service that aid in their market search. In addition to assisting small companies in manufacturing, the EEF also assists large companies and educational institutions.

Sales for the first six months of 2016 are 60 percent above sales for all of 2015, and Gannon and Fuller attribute 80 percent of their sales to the trade shows. With help from Tina Kasim at the Office of International Commerce and Taylor Little at the U.S. Department of Commerce, Intrinsyk now has customers in Saudi Arabia, the United Arab Emirates (UAE), Canada, South Africa, and Italy.

*Tina Kasim is the program manager for the Office of International Commerce. For more information email [tina.kasim@dred.nh.gov](mailto:tina.kasim@dred.nh.gov).*

# Regional Economic Development Center

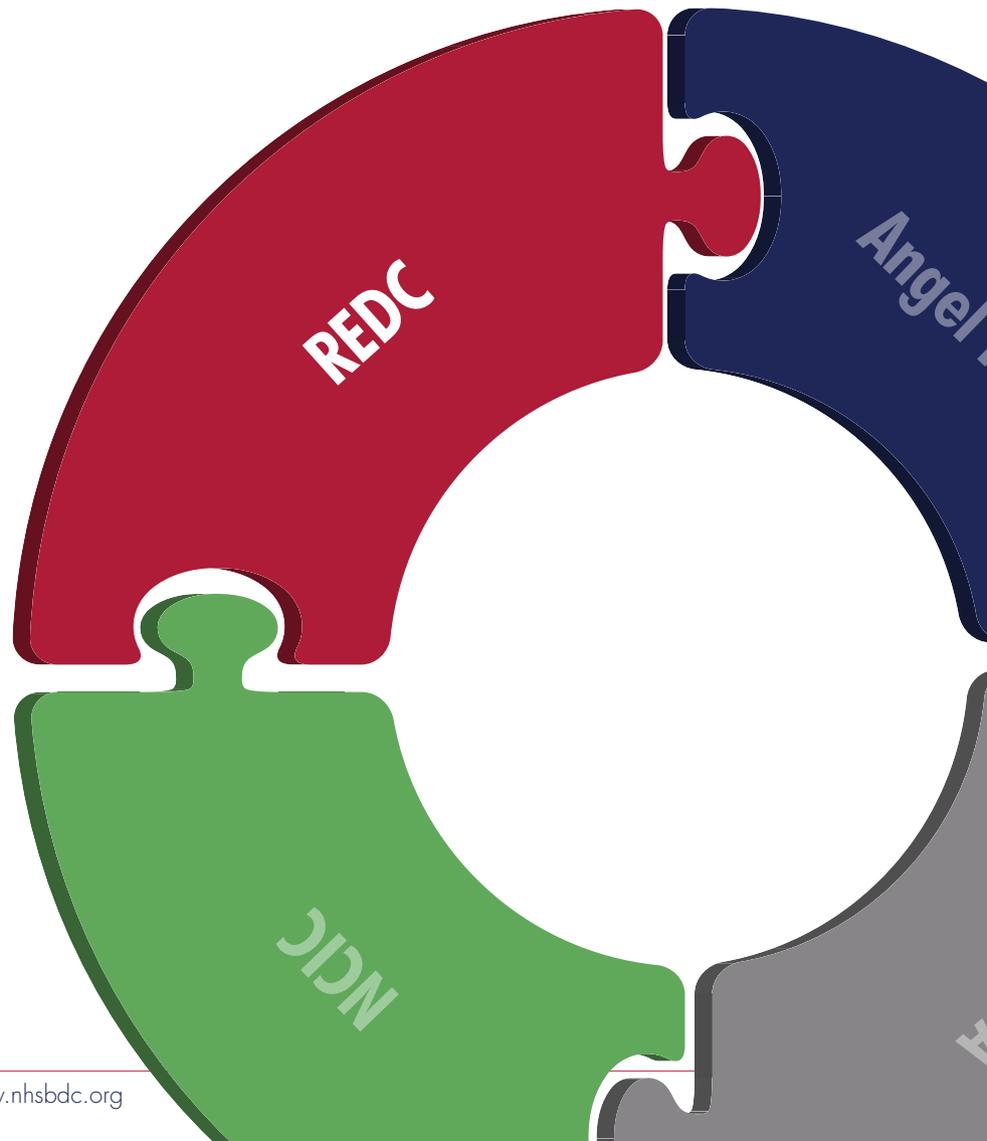
The Regional Economic Development Center (REDC) is a private, non-profit organization that offers technical assistance, financing through various funding sources, and business development training for Rockingham County and five communities of Hillsborough County.

The REDC offers financial support to start-ups and growing or challenged businesses, by offering various types of lending services including:

- REDC Revolving Loan Fund (to help complete projects leading to job creation)
- Micro-Loan Fund (\$5,000 - \$50,000 for working capital to grow the business or to purchase equipment and inventory)
- Brownfields Revolving Loan Fund (to provide loans and sub-grants to support clean-up activities and re-development planning for sites contaminated with hazardous substances)
- Derry Revolving Loan Fund (to encourage the development and expansion of small businesses located within the community)
- Intermediary Relending Program

The Regional Economic Business Development and Training Center in Raymond is home to the REDC and provides a one-stop shop for entrepreneurs, existing businesses, lenders, and community leaders seeking assistance to help them stimulate economic activities.

*To learn more about REDC and their services, please visit [www.redc.com](http://www.redc.com).*



# Northern Community Investment Corporation

Northern Community Investment Corporation (NCIC) serves businesses in Carroll, Coos and Grafton Counties in NH and the Northeast Kingdom of VT. NCIC provides business loans for real estate and equipment purchases and for working capital, ranging from \$5,000 to \$250,000.

An SBA 504 provider, NCIC provides loans up to \$5 million for real estate and equipment. In addition, NCIC is an SBA partner in the Microloan Program, providing loans of up to \$50,000 for small businesses to start and expand.

NCIC also has a cost sharing program to assist small businesses in contracting with business-related consulting resources and coaching solutions.

*"NCIC was able to help provide a lending solution that enabled us to move forward. We added 25 new full time jobs. The result is by far our busiest summer in history," Scott Rice, Woodstock Station*

For more information, please contact Dave Keenan, 802-748-5101 x2022, [dkeenan@ncic.org](mailto:dkeenan@ncic.org), [www.ncic.org](http://www.ncic.org)

*Jon Freeman is the president of Northern Community Investment Corporation in Lancaster.*



Popzup owners Julie and Marty Lapham started their microwave popcorn company with their own funds and then purchased manufacturing equipment via a crowdfunding campaign on Kickstarter. Popzup is a reusable microwave air-popped popper, engineered such that it pops chemical-free popcorn—no oils, no flavorings, no questionable paper products. The work to launch the Kickstarter campaign was “exhausting”, Julie says, involving dozens of friends and family, fulfilling the rewards that were offered to those who contributed. “But it was just such a great way to start building our image. It makes you think about who you are and what is your brand. You hone your message, then you test it and see how people react,” she said. “Kickstarter was a great testing ground. If your campaign doesn’t succeed there, there’s probably a good reason for it. Your product, the program, or your message needs to be perfected.”

“I just feel so lucky that I was able to find the SBDC and that they had somebody to work with me, like having a personal advisor,” Julie said. “I’m very thankful for what they’ve done and for this opportunity.”

## 7th Settlement Brewery: Brewing Up Success



7th Settlement Brewery started in 2014, and like most new companies, it was short cash. They needed \$500,000 for equipment, a restaurant fit-up and working capital. Tireless work on their own and with Warren Daniel,

the NH SBDC Seacoast Regional Manager, led to putting together a financing puzzle from multiple sources.

To start, Dave Boynton and Josh Henry found friends and family to invest, and created a Mug Club—which currently has 300 members—for pre-sales and as part of a successful crowdfunding effort.

On the commercial lending front, they obtained an SBA guaranteed loan from Kennebunk Savings Bank in Dover, two municipal loans from the Town of Dover for job creation activities and equipment funding from the Strafford Economic Development Corporation, also in Dover.

“We worked with Warren to line up our financing and on our business plan,” Boynton explains. “We got an initial loan, then a second round of financing to expand our brewery’s capacity. We actually have a mosaic of financing...”

The brewery immediately started racking up awards. It won the Seacoast Chowder Festival for its chowder submission in the first year. In 2015, its 1623 Almighty Brown Ale was awarded a gold medal by the Great American Beer Festival, and the brewery won NH Magazine’s Best New Restaurant. The Greater Dover Chamber of Commerce named 7th Settlement Brewery the 2016 Small Business of the Year.

The business operates a brewery, food truck and restaurant, is ready to expand, and, again, is looking for funding. They need more space for brewing equipment, and cash for expansion. That includes a growing catering business, the Juice Burger food truck and the growing demand from restaurants in neighboring areas for 7th Settlement beer.

They are committed to pursuing their options, and they are already starting on their next puzzle, knowing that it will take more than one solution to create a strong package of expansion financing.

## Business Competitions in NH

| Competition/Website   | Sponsored by   | Description   | Prizes   |
|---|--|---|--|
| <b>Adventure Challenge</b><br><a href="http://www.facebook.com/events/550415725095277/">www.facebook.com/events/550415725095277/</a>  | Littleton Area Chamber of Commerce                   | Building entrepreneurship in the Littleton area   | Cash prizes for 1st, 2nd, and 3rd place  |
| <b>Dartmouth Ventures</b><br><a href="http://www.dartmouthventures.org">www.dartmouthventures.org</a>   | Dartmouth College                                    | Annual conference on entrepreneurship that includes a competition to fund start-ups in the Dartmouth community.   | \$70,000 in prizes   |
| <b>Flatley Challenge</b><br><a href="http://www.gateway-hills.com/flatley-challenge">www.gateway-hills.com/flatley-challenge</a>  | Nashua Technology Park @ Gateway Hills               | Stimulate the development and growth of early-stage companies   | Free incubator space plus \$10,000 in fit-up, connectivity, related costs  |
| <b>Holloway Prize Innovation-to-Market Competition</b><br><a href="http://www.paulcollege.unh.edu/holloway">www.paulcollege.unh.edu/holloway</a>  | University of New Hampshire                          | Business competition open to all USNH undergraduate and graduate students interested in starting or expanding a business  | First place \$10,000;<br>Second place \$5,000;<br>Third place \$2,000;<br>Runners-up \$1,000   |
| <b>NH Startup Challenge</b><br><a href="http://www.manchesteryoungprofessionalsnetwork.org/programs/nh-startup-challenge">www.manchesteryoungprofessionalsnetwork.org/programs/nh-startup-challenge</a> | Manchester Young Professional Network/<br>Alpha Loft | Connect entrepreneurs and social innovators with seed capital and key services to help them on their path toward the creation of value, sustainable growth, and profitability | \$55,000 cash and in-kind services   |
| <b>NH Innovation Research Center</b><br><a href="http://www.nhirc.unh.edu/rfp.html">www.nhirc.unh.edu/rfp.html</a>  | UNHInnovation  | Provides partnerships between NH companies and academic institutions.   | up to \$75,000 grant   |
| <b>Social Venture Innovation Challenge</b><br><a href="http://www.unh.edu/socialbusiness">www.unh.edu/socialbusiness</a>  | University of New Hampshire                          | Honors sustainable, business-orientated solutions to some of society's most pressing social and environmental challenges.   | Student Track:<br>1st Prize \$5,000;<br>2nd Prize \$3,000;<br>3rd Prize \$1,500<br>Community Track:<br>1st Prize \$10,000;<br>2nd Prize \$5,000;<br>3rd Prize \$2,500                        |
| <b>TechOut</b><br><a href="http://www.nhhtc.org/nhhtc-events/techout-3">www.nhhtc.org/nhhtc-events/techout-3</a>  | NH High Technology Council                           | Identifies talented, hungry tech entrepreneurs and funds them through investment capital awards   | First place \$50,000;<br>Second place \$30,000;<br>Third place \$20,000  |
| <b>Tory C. Marandos Entrepreneurial Challenge</b><br><a href="http://www.cwbanh.com/tory-c-marandos-entrepreneurial-challenge">www.cwbanh.com/tory-c-marandos-entrepreneurial-challenge</a>             | Center for Women's Business Advancement              | Help new businesses and potential start-ups with less than three years in business excel.   | First place \$11,000 cash & in-kind services;<br>Second place \$2,000;<br>Third place \$500  |
| <b>Ultimate Challenge</b><br><a href="http://www.livefreeandstart.com/connect/ultimate-nh-connection">www.livefreeandstart.com/connect/ultimate-nh-connection</a>                                       | Live Free and Start                                  | Give startup companies access to a vast network of well connected and knowledgeable experts   | An hour long meeting with the governor, members of the Live Free and Start Advisory Council, and tech and industry leaders hand selected to discuss how they can help accelerate your growth |

# A Leader in Innovation



## *Our Leadership Team*

Chuck Withee - President  
and Chief Lending Officer;  
Anne Lapointe - EVP, Chief  
Administrative Officer;  
Dave Mansfield - CEO;  
Carol Houle - CFO

# A Partner in Business

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