

INSIDER'S GUIDE TO BUSINESS FUNDING

*8 Things To Look For Before
You Pick An Alternative
Financing Solution*

WELCOME TO THE WORLD OF ALTERNATIVE FINANCING.

This is your guide to help you navigate through the confusing landscape of lenders, funders, and brokers so that if and when you need funding for your small business, you'll have everything you need to know.

Here's what we'll cover:

- » Who small business owners have traditionally gone to for funding and why bank and non-bank options like credit cards, home equity lines of credit, and SBA loans aren't meeting their needs
- » How Alternative Finance Companies emerged to meet the funding needs of small businesses
- » Eight things to look for before you pick an Alternative Finance Company
- » How Alternative Finance Companies evaluate applications differently than Traditional Lenders to get small businesses the immediate funding that they need
- » How small businesses are using their funding



ANY QUESTIONS?

Swift Capital Business Funding Experts are available [Monday - Friday, 8AM - 8PM ET](#) at [1-888-923-0007](tel:1-888-923-0007) or you can visit our website at Swiftcapital.com

WHEN OPPORTUNITY KNOCKS...

When a small business looks for short-term working capital, they typically want a fast, simple, and affordable option.

Meet Doug Wiens, owner of Orange Coast Winery in Newport Beach, California. Doug lives and breathes wine. He's been in the wine business since the 1990's. In 2001, he became the head winemaker and a founding partner in Wiens Family Cellars in Temecula with 13 of his family members.

But Doug and his wife Debbie had a dream of opening their own place where they could do things their own way. In 2011, they opened Orange Coast Winery, an urban micro-winery where they see their vintages through every step of the wine making process from crushing the grapes to blending, aging, and then serving in their Newport Beach tasting room.

After three years in business, Orange Coast Winery was doing well. They had built a strong membership base and felt confident in the wine they were making and found their niche in a crowded marketplace - a tasting room that served wine from "dirt to glass".

Doug and Debbie realized that to take their business to the next level, they would need to invest money in upgrading their tasting room and kitchen to focus on getting customers in the door, and to purchase materials for producing and bottling more wine. They had big plans. The only thing missing was the cash needed to get things off the ground..

WHEN YOU NEED MONEY, WHERE DO YOU GO?

It takes an average of 33 hours to prepare an application for a bank loan.ⁱ

When the Wienses looked into a bank loan, their hearts sank. The bank wanted collateral, and they simply didn't have it. Their proven track record as business owners wasn't enough. Their above-average credit scores weren't enough. Even if they could pull together all the necessary paperwork the bank required, they felt they were still facing rejection. Frustrated but determined, they started looking into additional options.

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TRADITIONAL

BUSINESS FUNDING

Traditional financing options are not meeting the needs of small businesses.

At first, it looked like Doug and Debbie had a lot of options, but after a closer look, their limitations became clear. Traditional small business funding options were not going to solve their immediate need for short-term funding.

BUSINESS CREDIT CARDS

- ✔ Offer fast credit but low borrowing limits
- ✘ Credit card Cash advances are only viable if cash access is permitted and the credit limit is available

BANK TERM LOANS

- ✔ Offer low rates and longer terms
- ✘ Requires extensive paperwork and can take weeks to receive funds
- ✘ Have low approval rates
- ✘ Require collateral

SBA LOANS

- ✔ Funds available under the Federal government's loan-backing program
- ✘ The application process is as time-consuming as applying for a conventional bank loan

HOME EQUITY LINE OF CREDIT (HELOC)

- ✔ Typically offer access to a larger amount of funds
- ✘ Are hesitant to use real estate as collateral
- ✘ If banks will use real estate as collateral, borrowing is limited to equity

TRADITIONAL BUSINESS FUNDING DIDN'T GIVE THE WIENSES ACCESS TO FUNDING THAT WOULD MOVE THEIR BUSINESS FORWARD. THEY NEEDED A DIFFERENT, MORE CONVENIENT OPTION.

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ALTERNATIVE FINANCING

IN THE NEW ECONOMY

Doug and Debbie heard about a different way to get short-term funding: Alternative Financing. They were curious but had a lot of questions. Starting with, “What in the world is Alternative Financing?”

What is Alternative Financing

In response to the need for small business financing, technology and data-driven Alternative Finance Companies started appearing in the mid 2000s and took off after the 2008 financial crisis. While bank loans help about 60% of small businesses to manage day-to-day operations and to pursue new growth opportunities, they are not always available to all borrowers.ⁱ

The perfect match for small businesses

Alternative Finance Companies cater to small businesses that are unable or unwilling to apply for or obtain term loans from a bank. While some small businesses face credit issues, others may be deterred by either the average 30+ hours it takes to prepare an application, or how long they'll have to wait to receive a decision from a bank.ⁱⁱ

Innovators in a growing industry

Over the last several years, Alternative Finance Companies have proven themselves to be an important funding source for small businesses. While the traditional banking sector's outstanding portfolio balance declines roughly 3% annually, Alternative Finance Companies are seeing their portfolios double.ⁱⁱⁱ

Streamlining the process

By requiring less documentation than a bank, most Alternative Finance Companies reduce the time it takes to apply for and receive funds from a few months to a few days.

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WHAT TO LOOK FOR AND WHAT TO AVOID

Although Alternative Financing sounded like a good option, Doug and Debbie started to see that not all Alternative Finance companies offer the same level of service and trustworthiness. How would they know which option to choose?

Below is a guide of the eight things to consider when looking at Alternative Lenders:



1 **Competitive Pricing**

Credible Finance Companies will not lend businesses more money than they can afford and will use a risk-based approach to ensure businesses have access to funds at a fair price.

3 **Simple Application Process**

You can apply for financing online or speak with an expert directly to determine the best funding options for your business.

5 **Reputation**

Look for consistent positive customer reviews, a high rating from the Better Business Bureau, and industry awards and recognition.

2 **Real People Providing Ongoing Customer Service**

If something is not clear and you have questions, look for financing companies that have experts dedicated to getting you the answers you need.

4 **Access to Customer Support**

After funding, it should be easy to connect with your financing company to access your account information and get answers to your questions by contacting customer service, or accessing an online portal and/or mobile app.

6 **Easily Accessible Company & Contact Information**

Look for a company with an easy-to-find phone number and a visible About Us section on their website with profiles of employees, company news, and frequently asked questions.



7 **Commission-Driven Brokers**

Brokers often work on commission, which means they are motivated to sell small business owners the most expensive financing possible.

8 **Triple-Digit Interest Rates**

Some finance companies charge up to triple-digit interest rates to business owners who have not done thorough research and have an immediate need for funding.

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HOW CAN ALTERNATIVE FINANCE COMPANIES GET FUNDS TO SMALL BUSINESSES SO QUICKLY?

Once Doug and Debbie connected with an Alternative Finance Company who clearly explained the funding process and offer terms, getting the cash for their business was simple and quick. The application was processed in one day and funding was deposited directly into their business checking account so they could get started with their plans right away.

Alternative Finance Companies have streamlined the funding process to better meet small businesses' immediate needs:

Simplifying the application process

An Alternative Finance Company typically requires less documentation and can often start processing an application with a business owner's full name, business name, income information, Social Security number, and tax ID number.

Technology enables immediate approvals

Often times an Alternative Finance Company will use technology to automate part (if not all) of the application process so an applicant can get an immediate decision, making the process much faster than a traditional bank.

Looking at overall business health vs. personal credit

Some select Alternative Finance Companies assess a small business' creditworthiness holistically, looking at online reviews and/or other factors. While banks may look only at a small business owner's personal and business credit, Alternative Finance Companies also look at cash flow and the overall health of a business.

By requiring fewer documents and using technology, Alternative Financing Companies streamline the funding process.



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HOW ARE SMALL BUSINESSES USING THEIR FUNDING?

Small businesses are increasingly turning to working capital solutions to manage their operations and to grow their business.

After successfully securing funding from an Alternative Finance Company, the Wienses bought supplies to make more wine, made their tasting room more welcoming for their guests, and expanded their kitchen so they could offer more food.

Soon, Doug and Debbie realized that they had other needs and returned for additional funding which was put towards marketing and advertising to attract more customers and hiring an additional employee to lighten their workload.

As you can see, Orange Coast Winery used the money to expand their business, but many small business owners use Alternative Financing to manage the natural ups and downs of their day-to-day operations, such as:

- » Anticipation of seasonal slowdowns
- » Buying supplies for new contracts or accounts
- » Replacing or upgrading equipment
- » Paying taxes
- » Hiring a business consultant

OPPORTUNITY UNLOCKED

Fast, simple working capital gives a small business owner a short-term financing option that meets the needs of their business.

What's next for Orange Coast Winery? They've launched a series of radio ads in their area and are already seeing new customers in their tasting room. Soon they'll be growing their own grapes and opening a second location.

With access to working capital from an Alternative Finance Company, Doug and Debbie were able to unlock opportunities to grow their business that otherwise might have been lost. Now that they have a financing partner that they can rely on to understand their business and give them a fair price, they are getting back to what they do best: producing amazing wine and pouring it for Southern California communities. It's hard not to cheers to that!

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LET'S WRAP UP WHAT

WE'VE COVERED:

1 Alternative Financing is a legitimate way to secure working capital, but small businesses need to find the right partner

2 The simple application process and quick access to funds makes Alternative Financing appealing to busy small business owners

3 A few Alternative Financing Companies have risen to the top and offer excellent customer support and access while some broker-driven Financing Companies try to sell small business owners the most expensive financing possible

4 More and more, small business owners are using this type of funding for managing their cash flow and taking on new opportunities

- i. National Federation of Independent Businesses, "Small Business, Credit Access, and a Lingering Recession", (January 2012)
- ii. Federal Reserve Bank of New York. "Small Business Credit Survey." Spring 2014
- iii. Harvard Business Review, "The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game", July 2014

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SWIFT CAPITAL: A leader in Alternative Financing

At Swift Capital, we pride ourselves on empowering small businesses by removing many of the hurdles associated with the traditional bank loan application process while offering the same long-term relationship that small businesses can expect from a bank.

Our leadership is the best in the business.

Part of what separates Swift Capital from other Alternative Financing Companies is our executive team's experience in both the traditional small business finance sector and innovative online financing. Our executives gained experience in small business financing at large, industry-leading companies including Bank of America, American Express, and Amazon.com.

We assess the bigger picture.

Swift Capital has a staff of underwriters trained to assess a small business' creditworthiness based on a number of metrics. Swift Capital looks beyond a credit score to help businesses that would otherwise not be able to obtain financing

About Swift Capital

Launched in 2011, Swift Capital is a leading provider of working capital solutions to small businesses. Our mission is to unleash the potential of every small business by providing them with fair and convenient access to working capital. We harness data and technology alongside personalized human expertise to see the true potential in every business. Swift Capital has provided over \$500 million in funding to over 10,000 businesses nationwide. In 2015, we were named #64 in the Inc. 5000 list of fastest-growing private companies in the U.S.

We're great technologists but we value relationships.

Our technology platform speeds the online application, qualification and funding processes, but we also apply a banker's appreciation to the importance of serving as a partner for our customers. We offer special discounts, priority processing, and dedicated assistance for repeat business, because we value an ongoing relationship with the businesses we fund.

We've chosen not to work with brokers.

Swift Capital does not rely on brokers and instead works directly with small business owners to provide much more competitive rates.

Swift Capital provides fast, simple and affordable business funding options.

*To learn more, call
1-888-923-0007
or visit us at:
swiftcapital.com/lending-guide*