



Rocky Mountain Capital

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Benefits of Acquisition Finance Consulting

Bank financing, using the Small Business Administration loan guarantee program, is the preferred route for business purchases in the \$500,000 to \$10 million price range. That's true for many good reasons: ten year term, no calls or balloons, no prepayment penalties, historically low interest rates—and no sharing of profit and control with equity investors or mezzanine lenders.

Of special interest: with the SBA guarantee and the right lender, it's possible to finance uncollateralized "goodwill," even at the high end of this price range. But, satisfying both banking and government guarantee requirements introduces some complications.

How does it benefit a business buyer to work with an experienced financing consultant such as Rocky Mountain Capital—rather than just going directly to a bank? Here's a summary.

What RMC Can Save You, in a business acquisition.

Time. Probably your most valuable and constrained resource.

Uncertainty and Risk. If there is risk your financing or guarantee won't be approved, you need to be told about it up front and exactly. If you only learn of major obstacles weeks down the road, you've lost time, money—and perhaps the transaction itself.

Opportunity Cost. When you weigh the cost of consulting, also ask yourself: what does it cost in lost profit for every month that goes by NOT owning the business? Getting straight to the finish rewards you for hiring a consultant who knows the route.

How We Deliver These Savings.

1. **Proven strategy.** *Getting a project through Loan Committee is like storming a walled city. You have to get clear over the wall on the first try. If you get stuck halfway up, they start pouring boiling oil on your head, and pushing off your ladders.*

RMC helps you structure pricing, buy-sell provisions, seller financing, management/ownership arrangements and the other myriad details of the presentation, to meet both bank & SBA requirements before the proposal is presented to a bank.

Because your proposal is right the first time they see it, surfacing the issues and *answering the questions before they are asked*, it keeps momentum right through to closing. Incomplete or incorrect presentations get trapped in a loop of questions leading to more questions, as negative considerations mount—and in a conservative lending climate, that can be fatal.

2. **Going straight to the top.** With our long-time bank relationships, we go direct to chief credit officers and loan committees—rather than commercial loan officers. Experienced and hard-working as they may be, loan officers can miscalculate what the decision-makers will actually approve. You find this out when they do—after weeks of costly effort.

3. **Expertise and specialization.** RMC’s founder and lead consultant has 15 years in SBA lending, the last five of those specializing in business acquisition. He knows the SBA rules, the bank credit criteria, and the most active, aggressive lenders for this specific field—business purchase financing. He speaks and writes the language of bank credit analysts and loan committees.

4. **Motivation.** With RMC, you have an expert banker working for you, rather than for the bank. Our financing expertise levels the playing field. Buying a business may be the most significant financial transaction of a lifetime, something you do only once. It makes sense to team with a company that works this field every day.

5. **Efficiency.** Using a finance consultant already familiar with the lenders, who confers with qualified banks while developing the proposal, is more effective than a “cold” approach to bankers who may not have the skill set to represent your particular project, or a credit policy that can approve it. You can spend months petitioning loan officers with differing criteria and motivations, at several banks—without ever hitting the right path to a closing.

6. **One-stop shopping.** We regularly address half a dozen bank credit committees. A bank loan officer is limited to one.

Our website offers further detailed information on RMC’s services—as well as access to our newsletter and other publications, application forms and checklists, bank and SBA credit & eligibility guidelines, and recent articles pertinent to the field.