

# Make Your Business Financially Resilient and Prepared for Growth

WRMSDC Construction Group Summer Series #2  
September 2, 2020





# Safety Orientation



## Earthquake

Know the safest places to duck, cover, and hold, such as under sturdy desks and tables



## Fire

Know your exits, escape routes, and evacuation plan. If safe to do so, use your compliant fire extinguisher. Exit the house, and call 911



## Active Shooter

Get out, hide out, take out, and call 911



## Medical Emergency

Know who can perform first aid and CPR. Call 911 if you're alone or share your location with the call leader to send help. If you have an AED, ensure you and others in your household know where it's located and how to use it.



## Ergonomics

- ✓ Practice **30/30** (every 30 minutes, move & stretch for 30 seconds)
- ✓ Ensure proper ergonomics
- ✓ Use and update RSI Guard



## Emergency Planning

- ✓ Create/update a personal emergency preparedness plan



## COVID-19

- ✓ Maintain at least 6' distance where possible
- ✓ Wear your mask
- ✓ Wash hands frequently
- ✓ Visit COVID-19 employee site for latest updates and tips



# Welcome

**Cecil Plummer**

President

Western Regional Minority Supplier Development Council



# Leveraging Capital for Growth



**Paul Pendergast**

CEO, Pendergast Consulting Group  
Founder of BuildOUT California



**BuildOUT**  
CALIFORNIA



# Leveraging Capital for Growth

## Guide for Leveraging Capital for Your Business

### Why you may need capital:

- Purchase materials
- Pay staff
- Invest in facilities
- Invest in Capital Expenditures
- Purchase Equipment
- Grow your Infrastructure



# Leveraging Capital for Growth

## Guide for Leveraging Capital for Your Business

### Common questions to ask yourself:

- How much money do you need to borrow?
- What's the interest rate?
- How do you plan to spend the funds?
- Does your planned 'investment' have an ROI?



# Leveraging Capital for Growth

## Guide for Leveraging Capital for Your Business

Leveraging debt can be useful when you have:

- A clear/well thought-out plan
- A realistic understanding of the full financial picture
- A commitment to following through
- A team of dedicated experts to support you



# Leveraging Capital for Growth

## Information to Gather PRIOR to Starting the Accessing Capital Process

### Financial Information

- Personal Financial Statement/Application
- Pay stubs for the previous 30-day period
- Prior two year's tax returns (with W-2s)
- Last two months account statements (checking/savings/stocks/ bonds)
- Prequalification letter (for long term financing)
- Self employed borrowers with Corporations, partnerships, LLCs LLPS
  - Business tax returns for the previous two years
  - Current balance sheet and P& L Statement
  - Copy of valid photo identification



# Leveraging Capital for Growth

## Information to have “At the Ready”

### Disclosure and Authorization

- Authorization to obtain credit information
- Consumer construction loan notice
- Notices and Disclosures for In-house Real Estate Related Loans

### Construction Information

- Estimate of construction costs (with supporting bid information)
- Materials description information
- Blueprints/plans (multiple sets)
- Project Director/CM resume (if you are the one managing the project)
- Copy of Contractors license and business license



# Leveraging Capital for Growth

## Information “At Your Fingertips”

### Construction Information (Continued)

- List of sub-contractors and suppliers
- Construction timeline/project schedule
- Zoning classification, architectural and CCR Requirements
- Proof of insurances
- Materials description information
- Depending on the project
  - Environmental reports
  - Utility service reports
  - Appraisal information



# Leveraging Capital for Growth

## Essentials in Accessing Capital for Contractors

### During the Construction Loan Process

- Disbursement request forms
- Invoices
- Lien waivers
- Financial Institution construction inspections
- Building Inspections
  - Plans and Specs
  - Footings/Foundation
  - Rough in framing/MEP
  - Conditional and Final Docs



# Leveraging Capital for Growth

## Essentials in Accessing Capital for Contractors

### Invoicing Processes and Procedures

- 'Doing the work' vs ability to 'Bill for the Work'
- Ability to navigate the payment process
  - High Performing Administrative Staff
  - Document Control and Project/Construction Management Staff
  - Timely Submission of required documentation
- Understanding the invoicing/Pay Application Process
  - As a Prime vs. As a Subcontractor
- Understanding the Payment Timeline
  - Prime to Owner Payment Cycle
  - Subcontractor to Prime to Owner Payment Cycle
  - Difference between Public vs. Private



# Leveraging Capital for Growth

## Essentials in Accessing Capital for Contractors

### Invoicing Processes and Procedures

- Knowing the rules
  - How to effectively 'raise your hand' when payments are behind
  - Understanding the 'rules of engagement'
    - How to not offend your prime contractor
    - How to not offend the project owner
- Change Orders
  - Understanding the risk and revised timeline for payment
  - Understanding the different payment process/payment terms
  - Understanding the importance of documentation



# Thinking Strategically about Your Banking Relationship



**Frank Robinson**

Diverse Markets Executive and Community-Based Programs Manager  
MUFG Union Bank





# Building a Relationship with Your Banker

## Magic Johnson Effect

- **Relationship**

- Do you know the branch manager at your local banking office?
- Better yet, does he/she know you?
- Do they know your business?
- Has he/she visited your business?
- When was the last time you had a meeting to discuss your business and plans for the future?
- Do they know your goals?
- Are you self-employed or an entrepreneur?





# Building a Relationship with Your Banker

## Establish a Meeting

### Things to do

- Give him/her your 30 second elevator pitch
- Tell him/her about yourself and the reason you started the business
- Give him/her your business card
- Give him/her any company collateral
- Connect with them on LinkedIn
- If your business is connected on social media, make sure they like your page (Facebook, LinkedIn, Instagram, and Twitter)
- Let him/her view your strategic plan of your company
- Invite the banker to your business location
- Ask if there are any banking services or products that would benefit me or my company?



# Building a Relationship with Your Banker

## In the Meeting

### Business banker or business partner

- Does your banker attend community and business events?
- Can you invite me to those events for networking opportunities?
- Is the bank a member of the \_\_\_\_\_ chamber of commerce?
- Can the bank invite me to these events?
- Inform them you are a certified DBE
- Ask who is the person on charge of your supplier diversity division?
- Can you assist in setting up a meeting for me?
- Is your supplier diversity manager willing to invite me to events? Seat at their table.
- Does the bank offer free small business workshops or an online resource center?
- Does the bank offer educational scholarships on entrepreneurship?
- Can you recommend technical assistance providers?



# Building a Relationship with Your Banker

## Access to Capital

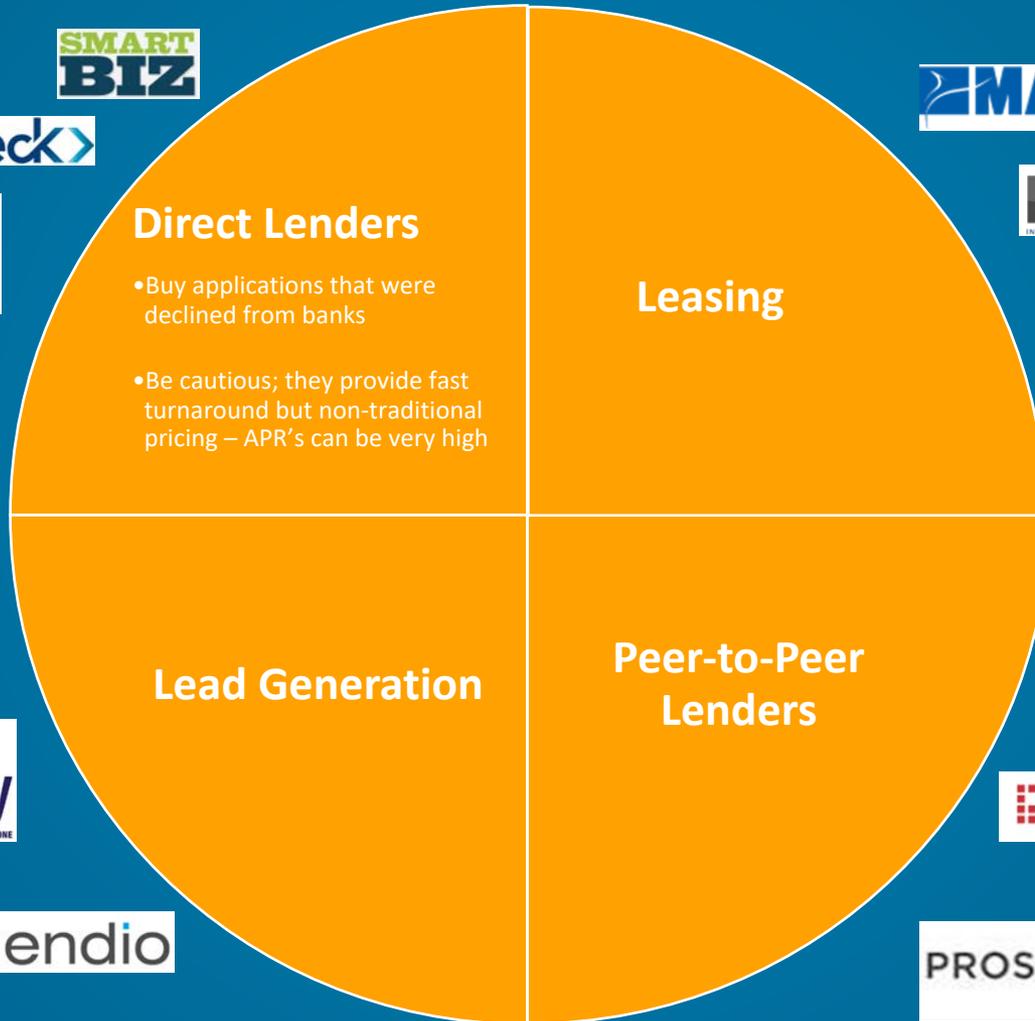
- **Bank Lending**
  - Conventional lending products (lines of credit and loans – secured and unsecured)
  - For a line of credit, know the 10% rule
  - Offer relationship pricing for credit needs (more products you have with them the better the rate)
  - Bankers are D.U.M.B. (Don't Understand My Business)
- **SBA Financing Programs- 504, 7a and other programs**
  - Lower down payment requirement for commercial real estate
  - 90% LTV refinancing available
  - Business acquisition financing with 75% LTV
- **Community Development Financial Institutions**
  - Microloans to startups
  - SBA Community Advantage Programs
  - State Loan Programs





# Building a Relationship with Your Banker

## Alternative Lenders



### Direct Lenders

- Buy applications that were declined from banks
- Be cautious; they provide fast turnaround but non-traditional pricing – APR's can be very high

### Leasing

### Lead Generation

### Peer-to-Peer Lenders



# Building a Relationship with Your Banker

## Add Before You Ask

### Bring Value

- Write a recommendation on LinkedIn about them
- “Like” the bank’s social media posts
- Write positive comments (especially to their boss’ LinkedIn account)
- Treat the branch staff great (greet and compliment)
- Keep your financials up-to-date
- Offer to go with them to teach a workshop on small business
- Support them at a seminar if they are a panelist
- If they are looking for a client for an ad campaign, volunteer to be that client

### *Words of Advice*

1. *Most people bank with a banker, not a bank*
2. *A person that owns their business owns their own life*

# Q&A



# Almost there...

Take a minute to complete the post-event survey





# WRMDC Construction Group Summer Series

- √ 8/13, Capacity Building – Swinerton, Herrero Builders
- √ 9/2, Financial Resilience – PG&E
- ☐ 9/10, Successful Marketing – Turner, S+B James
- ☐ 9/17, Working with Primes – Comcast



# Thank You!

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