



# Raising Capital for Your Business

Raising capital either by borrowing using debt or by selling additional equity in your business can be a difficult task. However, you can do it if it's the right situation, and it can be a great way to grow your business under the right circumstances. Here are some of the issues you should address.

## WHAT YOU SHOULD KNOW BEFORE YOU START

### **Know Why You Want to Raise Capital**

What is your driving need, and what is the risk profile of your business before, and after, you raise the capital you need? Have you laid out different budget scenarios that give a range for the amount you may need? Have you done everything possible to generate the capital internally before going to the markets?

### **Know Your Business**

You should have a clear understanding of the daily metrics that drive your business beyond reported financial numbers. Operating factors, such as production, costs, and marketing effectiveness drive these numbers and create value for your business. The financial report reflects the operating decisions that you made months prior. Lenders and other potential investors need you to demonstrate and explain the trends and developments in your operating metrics as they happened, so they can better understand your financial report.

### **Know What Type of Capital is Appropriate**

Investment comes in many shapes, sizes, and structures beyond the simple "debt" or "equity" categories. Today's markets can provide an array of capital structures between these two compass points, such as mezzanine debt, unitranche debt, trade finance, and structured contracts. These other capital options may fill a distinct need perfectly, or be combined with senior debt or equity to provide a capital structure that allows the business and the shareholders to reach their objectives. You and your financial advisor should reach understanding of these structures to have a clear understanding of the business needs to find the right partnership.

### **Know How the Capital Will Change Your Business**

Further, you should understand and demonstrate the effect that new capital will have on your daily operating metrics - how quickly will they respond, improve, and flow into the financial statements, justifying the investment. You should understand, communicate, and validate how the capital will change the business after a transaction, long before it shows up in the financial statements.

### **Know Your Competition**

When it comes to attracting capital, you are in the most competitive market you have ever entered. It is not just the players in your industry who are your competition here, but the companies in EVERY industry. Your company need is one of thousands of opportunities that arise daily for institutional capital to consider. You must present a compelling story for your capital need to rise to the top of the pile. Like any good sales process, you should be prepared for plenty of rejection and remain undeterred, knowing that the market feedback from those situations might be some of the most valuable drivers of your future development.



# HERITAGE CAPITAL GROUP

SELL | BUY | CAPITAL | CONSULT



## Heritage Capital's Goal

A capital raise can be a transformative event for a business, allowing owners and executives to aggressively deploy new resources into more markets. While the resulting increase in size, scope, and shareholder value is expected and easy to quantify, transactions can also change the nature of a company, forcing new and unexpected challenges on people, systems, management, and governance. Heritage's principals are former operating executives and have lived through these transformations firsthand. We'll not only develop and manage the transaction, but we can also prepare your people and your systems for "life after the deal." Just like personal relationships, good capital partnerships require self-awareness and maturity. You want to ensure that the raised capital satisfies your business' needs while also seeking that rare partnership where both parties, you and the investor, win.

Heritage Capital Group is a highly respected and trusted investment banking and advisory firm with local and global reach. For more than 45 years, we have provided transactional and advisory expertise across key industries to our clients.

We work to ensure that your many years of hard work and vision come to fruition. Our team of experts can help guide you through a wide range of scenarios including:

- Selling a company
- Buying a company
- Mergers
- Divestiture of corporate assets or divisions
- Raising debt or equity
- Exit planning
- Value enhancement
- Process improvement
- Restructuring or reorganizing

With our extensive industry and deal experience, we can work with you to help build and maximize your transaction value. You will benefit from the global resources Heritage provides through our leadership position in Oaklins, an international organization focused on the middle market with offices worldwide. With these resources, Heritage is able to leverage global contacts, industry expertise, and transaction experience to achieve exceptional results for you. We offer complete discretion and skilled and methodical negotiations to give you the competitive edge that is essential in today's highly competitive business environment.



## HERITAGE CAPITAL GROUP

JACKSONVILLE OFFICE  
+1 904 354 9600

SAVANNAH OFFICE  
+1 912 200 9597

[HeritageCapitalGroup.com](http://HeritageCapitalGroup.com)

Heritage Capital Group is a merger and acquisition advisory firm with offices in Jacksonville, Florida and Savannah, Georgia. Heritage is a member of FINRA/SIPC and Oaklins, the world's most experienced midmarket M&A advisor, with 850 professionals globally and dedicated industry teams in 45 countries worldwide.