



Experience, Leverage, Results

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ALTERNATIVE FINANCING SOURCES

As difficult as it is to keep things together in a down economy, this is also the time many entrepreneurs are scoping out their opportunities. Many successful enterprises and expansions actually get launched in downturns. Often their biggest challenge is funding.

Access to capital is as challenging as it ever has been. Commercial credit markets have ground to a virtual standstill. Yet, there is always money looking for good opportunities.

Fulcrum Partners has identified a number of sources willing to fund selective business opportunities. Frankly these funds are not a fit for every situation because the money is relatively expensive. However, they can be much more flexible than traditional sources. If the business case is strong enough and the funds fill more of a near-term bridge to a longer term plan, these types of funds often provide a way of making a deal happen that was considered "non-bankable".

Each situation is different, and many of the lenders specialize in certain situations. These lenders can provide secured loans for recapitalizations or acquisitions, as well as relatively flexible mezzanine debt for expansion programs.

If you think you have a situation that may be a candidate for non-traditional lending, contact Fulcrum Partners for more information. We would be pleased to share more information with you, or to schedule a confidential discussion to explore how well non-traditional funding would work for you.

Fulcrum Partners is a strategic business consulting and M&A advisory firm serving owners of privately held, lower middle market companies. Fulcrum Partners specializes in manufacturing, distribution and select services industry businesses. For more information on Fulcrum Partners LLC visit our web page at www.fulcrumpartners.biz.



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Non-Traditional Lending (Part 2)

A few weeks ago we introduced a broad portfolio of Non-Traditional Lending resources to our professional network. Since then we have had a number of meetings to discuss the details and explore specific situations. Given the protracted nature of the credit crisis the response has been enthusiastic. We have found that all categories of professionals serving small businesses have clients who are severely challenged by the current market conditions and are diligently seeking alternative solutions.

We thought it might be helpful for us to cite a few representative situations to stimulate your thinking about where these lending resources may serve your own clients.

The most common situation we are finding is where a business' bank is reducing lines of credit, calling term loans, or issuing a deadline for the business to find another source of credit. This may be triggered by a downturn in the business (out-of-covenant or approaching covenant), or unilaterally initiated by the bank to limit exposure in their portfolio.

Another common scenario is where a business had planned an acquisition, product line expansion or management/partner buyout and can't find financing. Banks are not wading into these waters no matter how strong the business case.

We are also finding instances where owners planned to transition their business, find the market timing bad, and would like to strengthen or diversify their businesses until they are ready to exit. They are having difficulty finding any outside resources to help them execute a strategic plan.

These scenarios, as well as a host of others, can be facilitated with non-traditional lending. The funds are more expensive than traditional sources, usually intended to provide a short-term, "bridge" solution, but are flexible enough to give owners a wide range of options. When a business has sound cash flow, some assets to leverage and a sound business plan there are a number of creative ways to use these funds to make things happen.

If you think you have a client that may have an interest in non-traditional lending, contact Fulcrum Partners for more information. We would be pleased to share more information with you, or to schedule a confidential discussion to explore how well non-traditional funding would work for your client.

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