

Contents

Preface	xv
Acknowledgments	xxi
About the Authors	xxiii
PART I	
The Financing Process	1
CHAPTER 1	
Introduction	3
CHAPTER 2	
Planning and Alignment (Begin with the End in Mind)	7
An Overview of the Planning Process	8
Strategic Planning	10
Updated Forecast	27
Business Valuation	27
CHAPTER 3	
Acquisitions, Recapitalizations, and Exits	37
Acquisitions	37
Selling the Company, Creating Shareholder Liquidity	41
CHAPTER 4	
Capital Structure and Financing Strategy	45
Assimilating the Drivers	49
Developing Liability Limits	63
CHAPTER 5	
Sources of Capital and What to Expect	69
Bootstrapping Sources and Techniques	72
	ix

Individual Investors (Private Placements Not from Angels or Institutions)	82
Angel Investors	83
Commercial Banks	95
Asset-Based Lenders	100
Commercial Finance Companies	115
Leasing Companies	116
Private Equity	119
Venture Capital Funds	122
Mezzanine Funds	152
Buyout Funds	157
Hedge Funds	164
Strategic or Industry Investors—Corporate Venture Capital	166
Merchant Banks	168
Community Development Initiatives and Government Agencies	169
Micro-cap Public Entities	193
Royalty Financing	196
CHAPTER 6	
Equity and Debt Financings: Documentation and Regulatory Sources of Capital and What to Expect	203
Basic Definition of Debt and Equity	203
Debt Instruments	206
Loan Documentation	212
Equity Instruments	260
Equity Investment Documentation	264
Compliance with Securities Laws	292
CHAPTER 7	
Expert Support—The Players and Their Roles	301
Counsel	301
Board of Directors	303
Investment Bankers	306
Accountants	312
Consultants/Advisers	315
Summary	317
CHAPTER 8	
Closing the Deal	319
Process Check-In	319
Final Perspective	326

<i>Contents</i>	xi
PART TWO	
Case Studies	329
CASE STUDY 1	
Asset-Based Lender, Receivables Financing	332
CASE STUDY 2	
Asset-Based Lender, High-Risk Loan	336
CASE STUDY 3	
Asset-Based Lender, Assignment for Benefit of Creditors	339
CASE STUDY 4	
Asset-Based Lender, Acquisition	344
CASE STUDY 5	
Asset-Based Lender, Turnaround Funding	348
CASE STUDY 6	
Asset-Based Lender, Growth Financing	352
CASE STUDY 7	
Commercial Finance, Trade Financing	356
CASE STUDY 8	
Angel Investor, Initial Funding and Sale of Company	359
CASE STUDY 9	
Venture Capital, Early Stage Growth Equity	362
CASE STUDY 10	
Royalty Financing	365
CASE STUDY 11	
Venture Capital, Growth Equity	367
CASE STUDY 12	
Community Development Finance, Growth Funding	370
CASE STUDY 13	
Debt with Revenue Sharing	375

xii	CONTENTS
CASE STUDY 14	
Mezzanine Investment	377
CASE STUDY 15	
Private Equity, Acquisition through Exit	378
CASE STUDY 16	
Private Equity, Management Buyout/Partner Exit	380
CASE STUDY 17	
Private Equity, Restructuring	382
CASE STUDY 18	
Private Equity, Acquisition with Management Participation	385
CASE STUDY 19	
Private Equity, Public to Private Transaction	388
CASE STUDY 20	
Private Equity, Buy-and-Build Strategy	393
PART THREE	
Financing Source Directory	397
Suggested Use of the Directory Section	399
APPENDIX A	
Corporate Finance Primer	523
APPENDIX B	
Financial Statements	551
APPENDIX C	
Discount Rates	563
APPENDIX D	
How Fast Can Your Company Afford to Grow?	567
APPENDIX E	
Notes about Start-Ups	583

<i>Contents</i>	xiii
APPENDIX F	
Accounting Principles—GAAP and IFRS	587
Glossary	591
Notes	623
Index	633

<http://www.pbookshop.com>

<http://www.pbookshop.com>