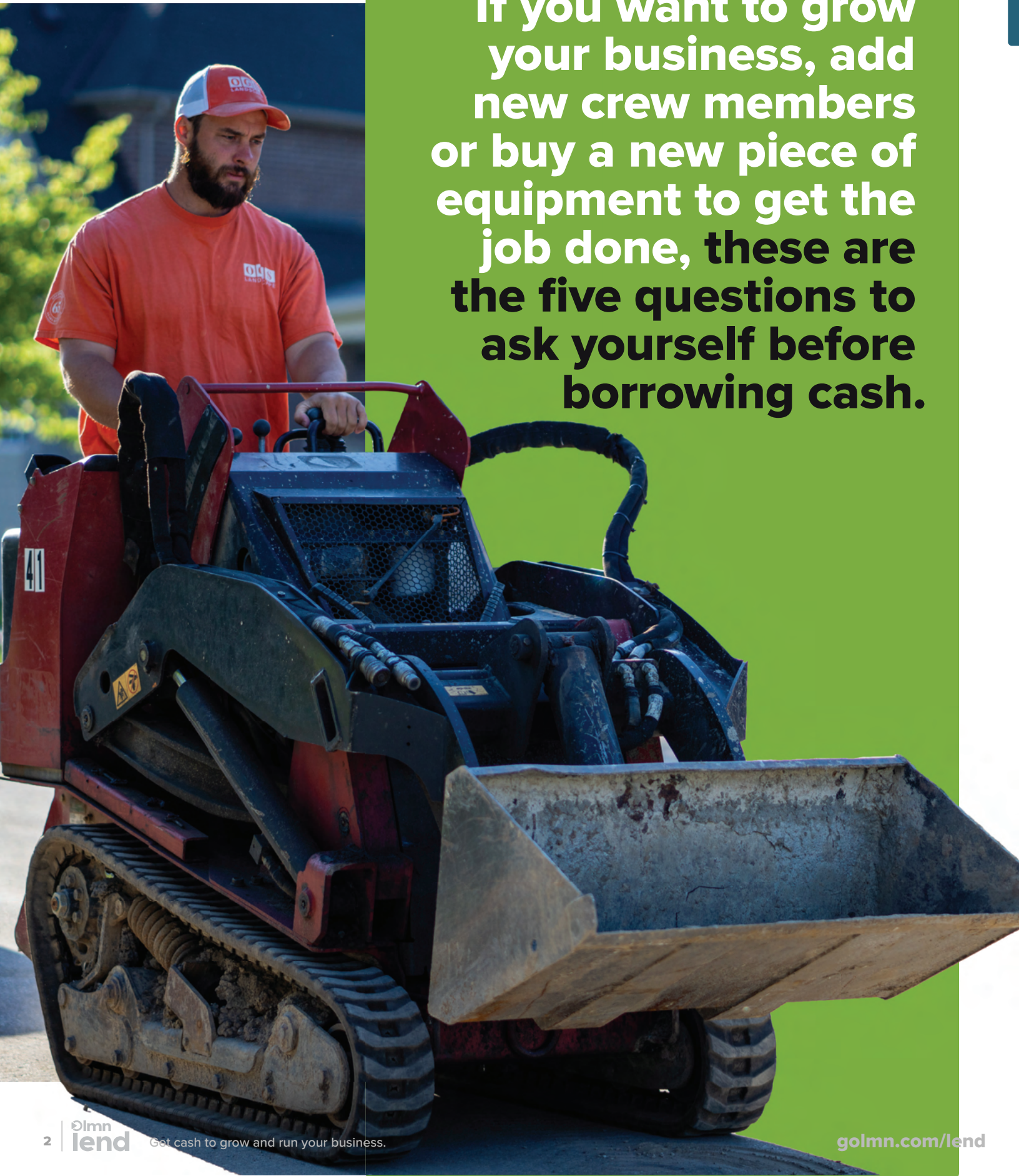


# 5 Questions

Before Applying for Cash Financing  
for your Landscape Business



**If you want to grow your business, add new crew members or buy a new piece of equipment to get the job done, these are the five questions to ask yourself before borrowing cash.**







# Introduction

Let's face it, if you're in the skilled trades and own your own company, there is a ton of opportunity.

More people want a beautiful property but don't want to or have the time to do it themselves. Whether it's a new backyard or general property maintenance, there is no shortage of work. Yes, there are some challenges to overcome when finding skilled labor, but not having the work in the first place is a much more significant challenge. Customer growth is continuing to trend upward for most green industry business owners.

That's just one reason to continue investing in your landscape business. The opportunity is evident at the moment, and there doesn't seem to be any change coming soon. Skilled trades business owners will be rewarded in the coming years ahead, especially if you as a business owner invest in your company wisely.

Throughout this ebook, we dive deeper into some of the questions you need to ask yourself before taking the leap and investing back into your business with cash financing.



# 1

## Why does my business need financing?

- How will I use this loan in my business?
- How much cash do you 'need' (vs. 'want')
- How does this loan help grow your business now, in 12 months, in 3 years, in 5 years+

These are the fundamental questions to ask yourself and a co-owner if you share the business with a partner.

In many cases, it's challenging for an entrepreneur or a privately founded company to acquire a traditional business loan from a bank. It could be because you've only been a few years in business, lack the equity, or the bank can't qualify you with the current and only criteria they have in place. And this seems true across the board, not just in the skilled trades but in all smaller businesses that generate under 1 million a year in revenue. Once you've grown upwards of 5 million a year in revenue, it's usually straightforward to acquire cash to grow, especially if your books are in order.

**However, it becomes a challenge for smaller-sized companies with no equity or a lengthy operational history.**

In any case, what needs to be extremely clear is why you want additional cash to grow your business and how you will make that growth a reality. By answering those three questions above, you should have a much better idea of what and why and how.



# 2

## What are my options and what are the Pros and Cons with each option?

Like most looking for cash to grow their business, you'll likely come up with a few solutions once you start digging.

You might be able to acquire money through an acquaintance, a close friend, a private lender, a traditional bank, or maybe even a family member. These options have pros and cons, and we've taken the time to identify and categorize a few for your convenience. The most important thing as it relates to this question is that you should take the best route for you and your lender. **A mutually beneficial situation with as little friction is often the best choice.**

Option/Source	Pros	Cons
Family / Friends	<ul style="list-style-type: none"> <li>Favorable terms based on long-term relationships</li> <li>No impact on credit rating</li> </ul>	<ul style="list-style-type: none"> <li>Stress on personal relationships</li> <li>Good standing doesn't build credit rating</li> </ul>
Personal Credit Cards	<ul style="list-style-type: none"> <li>Private &amp; personally managed</li> <li>"No need to worry about your "lender" being at your wedding"</li> <li>Flexible access to funds up to your credit cards limit</li> </ul>	<ul style="list-style-type: none"> <li>Often high fees — mainly when used for long-term loans</li> <li>Missed payments can increase your interest rates during the loan term</li> </ul>
Home / Asset Equity	<ul style="list-style-type: none"> <li>Lower fixed interest rates</li> <li>Funds can be used for any purpose</li> </ul>	<ul style="list-style-type: none"> <li>Puts home at risk as collateral the loan</li> <li>Funding comes in a lump sum</li> <li>Reduces the equity you have built into your home</li> </ul>
Personal Savings / Retirement Funds	<ul style="list-style-type: none"> <li>Fast access to cash already on hand</li> <li>No interest payments or annual fees</li> </ul>	<ul style="list-style-type: none"> <li>Potential high fees for withdrawing funds early</li> <li>Depleting personal funds</li> </ul>
Fast-Cash	<ul style="list-style-type: none"> <li>Immediate access to funds when approved</li> </ul>	<ul style="list-style-type: none"> <li>High cost even for short term loans</li> </ul>



# 3

## Is my financial house in order?

This question is essential; you likely know it without digging too deep, especially as a business owner.

However, sometimes you might not know the answer because it's not as straightforward as cash in and cash out. The overhead growth cycle is funny — you may generate good recurring revenue, but there could be significant cash flow gaps between your company's growth and revenue and the projects that your company has to fund before ever getting paid by the client. That's just one example of many, and your house of financials will need to be in order to minimize your or your company's risk. Below are a few more questions to help you dig a little deeper before approaching a lender for the next steps.

### ➤ Do I have enough cash to run the business? (Cashflow)

- > How much can I afford to pay per month?

### ➤ If asking for cash for growth (ex. Equipment purchasing, adding a crew, expanding your services within your business) don't forget to account for running your business"

- > Ex. \$150 000 forecasted growth should have 10% (\$15 000) additional cash to operate your new, larger, business.
- > "You wouldn't buy a skid-steer without also accounting for the fuel to run it and the maintenance to keep it going."

### ➤ Understand the financials of your business. Know your margins on your projects and company

- > Understanding the returns you will get on your loan... does it make financial sense to take cash for your business.
- > If you put a dollar into your business, what does it produce to your bottom line?

### ➤ Determine your annual revenue goals

- > Reflect on your budget and turn the dials
- > What's the timeline look like for paying the loan back based on your current and forecasted cashflow





# 4

## Is my business or personal credit ready for a loan?

Just like we mentioned in the previous question, minimizing your business or personal risk is critical when considering a loan.

Sometimes, your credit history could be the deciding factor despite having your financials in order. Maybe when you were younger, you defaulted on a car payment, missed some shipping brokerage fees, didn't pay your cell phone bill on time, didn't pay your credit card, etc. These little things could hurt you or your company's credit, and often, it happens without you knowing. Here are some questions that may help you dig a little deeper.

### ➤ What does my credit history look like?

- > Is your personal credit history spotless? What about your company's credit history? Getting a loan and paying interest rates are heavily influenced by your credit scores and history. Usually the better your credit history, the better your interest rate.
- > If you're looking for the lowest rate, consider spending more time improving your credit history. Paying your bills on time and in full is one of the best ways to boost your score.

### ➤ Can you provide collateral or a personal guarantee?

- > Sometimes additional collateral or a personal guarantee can significantly change the outcome of your application and approval process.





# 5

## Is my lender trustworthy?

Perhaps one of the most important questions to be asking yourself. In an ocean of options when it comes to loaned money, you want to ensure that the source is a good and safe one.

You will need to steer clear of easy money — if it sounds too good to be true, it likely is. There are a few key questions to help you identify shade vs. sun, and when it comes to borrowing money, you'll want to set yourself up for success from the beginning. Sifting through the lengthy list of lenders is never easy, and some of them may not even understand what your business does, especially if the lender isn't industry-specific to some degree. Here are some key questions to ask yourself and help you navigate that process.

### ➤ Is your lender trustworthy?

- > How do you know they are trustworthy?
- > Do they understand your business?
- > Have you been given a consultant that is helping you or are they selling you?
- > Does it seem too easy?
- > Are they outlining the details of the loaned money right from the outset, or do you feel like they are hiding more details in the terms and conditions?

### ➤ What's in the fine print?

- > Are penalties assessed for early repayment?
- > Are there grace periods, payment schedules, and late fees?
- > When happens when variable interest rates change?
- > What happens if you default on the loan?
- > Is there a clear process?

### ➤ Does the lender report your payment activity?

- > How is it being calculated and tracked?
- > Have they helped you build a payback plan, or is it falling solely on your shoulders?





# Conclusion

There are many questions that you need to be asking yourself before getting cash for your business. The wisest entrepreneurs have a way of growing their business without using their own money, and that's still true to this day.

What's critical when it comes to loaned money is speaking with someone that genuinely understands your business, what you do, how you do it, and why you want to borrow cash. At LMN Lend, we take a consultative approach to your specific business needs while genuinely understanding the green industry and all of the headaches that come with running a landscape business. If you would like to speak with one of our representatives to learn more about our lending solutions, visit [golmn.com/lend](https://golmn.com/lend), and we would be happy to carry on the conversation and any more questions you have beyond this ebook.







## About LMN (Landscape Management Software)

Founded in 2009, LMN has helped customers create over \$51 billion worth of estimates, capture 78 million individual clock-ins, and has managed more than 245,000 employees daily through the software. Visit <https://golmn.com/lend/>