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# Franchise Financing: Know Your Options

There Are Several Solutions For You To  
Choose From Based On Your Specific Needs

Whitepaper Brought to You By Balboa Capital





**As a franchise business owner, you know that having a sufficient amount of working capital is vital to your franchise's success. It will be extremely beneficial should you experience a slow sales period or need to increase your inventory.**

Today, many franchise owners are having a difficult time finding solutions to address their cash flow needs. There are several conventional products available, such as small business loans and lines of credit, but getting approval from your bank can be quite difficult. More than half of all small business loan applications are being declined by traditional banks and credit unions.

When your franchise needs an influx of cash quickly, it is important to understand the variety of business financing options available, and how to make the best choice based on your long-term goals. This guide outlines three types of franchise financing options for you to consider: equipment leasing, working capital loans and flexible business loans.



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# Equipment Leasing

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Every franchise establishment requires an assortment of equipment, technology, software, furniture, fixtures and more. Purchasing these items can be very costly, particularly if you own multiple franchise units. And when you buy equipment outright, you are depleting your much-needed capital. One way to avoid this is by leasing your capital equipment.

This popular method of financing enables you to acquire everything that your franchise needs for an affordable monthly lease payment. This helps you save money for business expenses, employee payroll and more.



## Section 179 Tax Deduction

Equipment leasing also presents your franchise business with some great tax benefits under the Section 179 Tax Provision. This special tax incentive lets you deduct the purchase price of up to \$500,000 worth of qualifying capital equipment. Make sure you consult with your accountant to make sure the equipment you want is eligible for the Section 179 tax deduction.

## Avoid Outdated Equipment

Lastly, leasing can help you outfit your franchise with the latest advances in equipment, software and technology. Once your lease term is up, you can upgrade these items and give your franchise a competitive edge. This isn't the case when you buy equipment – you are stuck with it unless you can sell it.

Balboa Capital's franchise financing team can develop a customized equipment leasing program based on your individual needs and budget.

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# Working Capital Loan Products

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It is no surprise that finding the right solution to finance your franchise can be a challenge. Working capital solutions are excellent alternatives to traditional business loans. Working capital loans and flexible business loans from Balboa Capital provide a quick and hassle-free way to get the financing your franchise needs to grow. Each of these flexible financing options puts your convenience first in many ways, including:

- Simple Application Process – With minimal paperwork; applications are reviewed in hours rather than weeks
- Quick Funding – Cash is available in as little as five days
- Perfect credit is not a requirement

These working capital options address a number of financing needs and provide a quick source of cash for you to:

- Remodeling/Re-imaging
- Open a new franchise location
- Increase Inventory/add new product lines
- Fund payroll
- Marketing/advertising efforts



## Working Capital Loan

A working capital loan is an unsecured debt, which means it does not require the collateral of a bank loan. This type of financing option is a valuable source for long-term business funding, such as expansion projects, but can be used for any franchise business expense.

This type of term loan requires a fixed payment schedule. Typically, terms can range from 24 to 36 months. Payments are automatically deducted from your checking account on a monthly or quarterly basis, depending on your franchise business needs.

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# Working Capital Loan Products (cont.)

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## Flexible Business Loan

A flexible business loan is a financing option with a shorter payment schedule, typically ranging from 3 to 10 months. Flexible business loans are specifically designed for businesses that need funding for short-term needs, such as purchasing inventory or surviving cyclical downturns.

Qualification for a flexible business loan is based on your franchise's gross revenue and industry. Repayment involves small, fixed, weekday payments that are automatically deducted from your checking account, instead of paying one large amount each month. This repayment schedule prevents a shock to your bank accounts at the end of each month and promotes a steady cash flow.



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# Benefits of a Nice-Looking Franchise

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The physical brand of your franchise establishment can make or break you. Customers are more brand-savvy than ever before, and they want a memorable and unique experience in addition to great-tasting food and a quality product or service. This starts by having a well appointed franchise, both inside and out. A nice-looking storefront stands out, attracts attention and invites commuters and pedestrians to visit your store.

But that's just the start.

Your store also needs to look good once its doors are opened. Floors, tables, chairs, lights and fixtures need to be clean, free of damage and in excellent working order. These things, while often overlooked, are all extensions of your franchise's brand. The same goes for the equipment that your franchise uses. If it's outdated or frequently breaks down, your employees will have a difficult time performing their jobs, and this can cause your business to suffer.

## A Positive Return-On-Investment

Franchisees know how important it is to have clean, contemporary and inviting stores, but the cost involved with making this happen is almost always a concern. It can be very expensive to remodel and add new furniture and signage. However, a re-imaging program should be viewed as an investment in your business that can yield a positive return. The better your store looks, the more chance it has of creating a preference among your intended audience, and this translates into more sales and an improved bottom line.

Many franchisors make periodic refinements to their brands, and their franchisees implement them accordingly with a minimal capital investment. Franchise businesses that want to reposition their brands with completely new looks and marketing efforts present franchisees with more involved and costly re-imaging initiatives. This might include new colors, design, signage, logos, furniture and equipment.

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# Franchise Re-Imaging Financing Specialists

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You can have ample cash flow and excellent credit and still find it difficult to pay for your re-imaging/remodeling needs. Balboa Capital helps make re-imaging projects affordable with custom-designed franchise financing programs. We will present you with a plan that is based entirely around your needs and budget. Franchise re-imaging financing is one of the many areas that Balboa Capital specializes in, along with equipment leasing.

## **A Recognized Franchise Financing Leader**

We have a track record of success with franchises nationwide. Over the years, Balboa Capital has provided re-imaging financing solutions to some of the most well-known franchise brands in the country. When the time comes to implement a re-imaging project, Balboa Capital will be there to support you with easy, efficient funding from our team of franchise financing experts.

## **Franchise Industry Expertise**

Balboa Capital has provided dependable financing programs to countless franchises across the nation without the hassle or delays that you might experience with a traditional bank. Our franchise experts speak your language and understand your business, which helps them recommend the most appropriate financing solution for your individual needs. This knowledge and experience, coupled with our innovative financing tools, allows for maximum efficiency. Some of the many franchise industries we work with include:

- Quick Service Restaurant (QSR)
- Hotel and Hospitality
- Consumer Service
- Retail
- Automotive
- Health and Fitness
- Home Services
- Beauty Salon/Spa
- Pet Services
- Cleaning
- Education

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# Summary

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We hope you found this whitepaper to be informative. Be sure to use our online finance calculator to find out instantly how much cash your franchise might qualify for. We look forward to working with you.

## About Balboa Capital

Balboa Capital is a technology-driven financing company that provides business owners with fast, hassle-free solutions to fuel their growth and success. The company specializes in small business loans, equipment financing, commercial financing, equipment vendor financing, and franchise financing.

Balboa Capital developed an intuitive online platform that simplifies the entire financing process. Calculators provide instant estimates, applications can be completed and submitted in a matter of minutes, and sophisticated credit scoring technology provides instant decisions. Visit <http://www.balboacapital.com> to learn more.

