

Financing for a Mobile Food & Beverage Start-Up

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The Need:

After extensive market research, our client identified a need in the marketplace for an innovative mobile food & beverage business. They had successfully completed an equity raise and were concurrently seeking a long-term financing solution to complement the same. They had purchased a number of food trucks and fitted them with coffee and food preparation equipment.

As part of their technology, they were developing an app to enable consumers to order their coffee in advance based on the truck location.

They were looking for a solution which enabled them to finance their equipment and app so they could use the cash from their equity raise to fund the initial operating losses while the business grew to breaking even and profitability.

The business was pre-revenue but had a strong management team and cash on-hand from the equity raise.

The Solution:

We were able to source a \$350,000 Canadian Small Business Financing Loan (CSBFL) which was used to cover the costs of the app development as well as a \$320,000 term loan from a traditional lender which was used to finance the coffee and food preparation equipment installed in the food trucks.

Of note, the CSBFL could be repaid over a 7-year term and included 25% unsecured limited personal guarantee and could be repaid in full at any time during its term without penalty.

The End Result:

This solution enabled our client to recoup the costs of the app and to preserve their equity to fund the operating losses which are not costs that banks typically finance. The client was also busy with starting the business, so having our team do all of the "legwork" enabled him to focus on the core business, not sourcing financing.

At Isaacs Advisory, we have extensive experience in advising, structuring, and sourcing a wide range of traditional and non-traditional financing solutions for small and medium sized businesses.

For more information on raising financing solutions for a start-up, early stage, growth, in-transition or business in distress, please contact Adrian Isaacs at (416) 835-4511 or aisaacs@isaacsadvisory.ca.