Isaacs Advisory

Financing Advisory Services

When your bank says "NO" — there are likely many other financing solutions.

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About:

Our client was experiencing rapid growth post-COVID. Their revenues increased by almost 200%, they are on track to double this current year and are forecasted to grow again between 50%-100% in 2024.

The business has a very strong management team and board of advisors and is in a regulated industry with high entry barriers which limits competition.

The business owner has extensive experience in the sector and had a successful exit from a previous start-up.

The business had experienced some start-up losses due to COVID as it was started in 2019 and had to effectively be put on pause for an extended time until COVID began to recede.

The need:

The bank had provided the business with a $350,000 Canadian Small Business Loan (which the Federal Government provides the bank with an 85% guarantee) to fund the leasehold improvements and a $25,000 line of credit, fully secured by a first charge on the business assets and a personal guarantee.

The entrepreneur had invested almost $1M into the business and was looking for financing to support the rapid growth trajectory.

The client had asked their bank about increasing the $25,000 line of credit but they declined. Our client was also very busy growing the business and therefore did not have time to research and source other financing solutions.

The solution:

We were engaged in sourcing a financing solution to help the business manage its growth.

We approached the client's existing bank for support, providing a full financial model and deck, but they declined.

We therefore went to market and over the past 12 months have successfully raised over $2M in financing comprised as follows:

- BDC Term Loan of $250,000.
- Non-notification Accounts Receivable working capital solution of $500,000.
- A subordinated Venture Loan of $1,400,000.

We also assisted the client in sourcing a top-level fractional CFO to provide strategic guidance and support to the management team.

And of note, on closing the $1.4M solution, the bank elected to close the $25,000 Line of Credit, citing too much risk.

Having our team do all the "legwork" enabled our client to focus on running the business, not sourcing financing. And as we are primarily a Success Fee based model, the business was only paying for actual results.

The End Result:

We sourced almost $2M in financing at a time when the business' primary bank was looking to cancel a fully secured $25,000 line of credit.

Unfortunately, this experience only adds to the perception that many of the traditional Canadian banks are really in the fee-generation business, not the lending business.

The moral of the story: when your bank says "NO," there could be many other financing solutions to help your business scale to the next level.

At Isaacs Advisory, we are experts in advising on, structuring & sourcing debt financing solutions of between $250,000-$2,500,000 for either start-up, early-stage, growth or in-distress businesses.

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