

Are you applying for finance and unsure where to start and what your options are?

Unlike standard residential home loans, business loans can be a lot more complicated so its important you are equipped with an understanding of how they function to ensure you find the right lender, with the best deal for your business.

You have two general options in order to gain finance for your business. The first option is to approach banks or lenders yourself. Here we advise you to do your research and approach more than one lender to ensure you are getting the best deal for you and your business.

The second option that we recommend is to engage with a broker who specialises in lending and have access to numerous lenders, and different loan products. They will seek out the right loan for you to suit your needs and assist you throughout the journey.

Our referral partner, Optometry Finance Australia, specialise in loans specifically within the optometry industry and have assisted numerous ProVision members achieve commercial finance solutions that allow have allowed them to benefit from tax advantageous finance solutions that are tailored to their business needs.

Regardless of whether you choose to source your own finance or go through a broker there is some work that needs to be completed to ensure your application is successful.

What to consider before applying for a business loan

As a general rule, you should consider the following before applying for finance:

- Decisions to make: This includes decisions such as setting the loan amount, loan type, period, and security property. You'll also need to decide if you require the finance upfront, or on an ongoing basis. This will help you apply with a lender that can meet your specific loan needs.
- Planning and preparation: Know and understand your key financial figures even if you don't prepare them yourself. This may include figures such as your current income, net profit, expenses and projected income. When it comes to business loans, lenders prefer confident applicants that have planned and prepared their proposals accordingly.
- Lender's view of risk: There are many risk factors that can influence a lender's view on risk. This may include factors such as business history, business and management risk, credit history, planning and finance skills, and market knowledge.
- Business loans on offer: Shop around and find out what products are on offer. Research the fees and interest rates on different business loans before applying. It may be a good idea to speak with a business advisor or your accountant before applying for a business loan, or alternatively a broker will be able to assist you through this part of the journey.

What do I need to include in the proposal?

A well-presented business loan proposal will help you gain approval for business finance. Lenders prefer a business proposal that is well researched and well presented.

Through a loan proposal, you're essentially demonstrating that you can afford the loan by outlining your projected cash flow and income streams.

Facts and figures in your business plan can help lenders identify the overall risk of a loan application.

There are other benefits to preparing a business loan proposal as well. During the process you're likely to learn more about the optometric industry, current market conditions and your business specifically when preparing one. This can help you identify any potential risks and be aware of any competitors or external forces.

Preparing a strong business loan proposal

A business proposal helps provide direction, keep track of your goals and is required to secure finance. You can start working on it after you've researched your business and the market.

Generally, lenders will want a business loan proposal to include:

- **Title page:** This page must have your name, your title, the name and address of your business, and your ABN. If you're a company, include your ACN.
- **Executive summary:** This is a concise overview of the entire business proposal. You can prepare this once you've completed your business loan proposal. Describe yourself, your business and how the loan will be used to meet company goals.
- **Business details:** This includes your company structure, location and premises, staff details, products and services, and operations plan. This can help the lenders understand your business and how you'll be using the loan.
- **Market details:** Details regarding the optometry industry and market including your specific services for patients and any competition fall under this. You can include your marketing plan to show lenders your market strategy.
- **Financial details:** Lenders want to see how you'll finance your business. They also want your cost and financial projections. You can include your debtor and creditor information here as well.
- **Supporting documents:** This includes BAS statements, exit strategy and other supporting documents such as a cash flow forecast. You can include any document here that can support your claims and stated information. Any references from patients or employers can be beneficial to add here.

After prepared your business loan proposal you're ready to apply for a business loan. However, applying for the right loan with the right lender is key.

Tips when preparing a business loan proposal

- **Set clear goals:** With a clear set of goals, it can be easier for you to determine the specifics of your business loan. This can then include this in your business proposal.
- **Research:** Researching your business, market as well as the economy can help you prepare a strong business proposal. The facts and figures you've researched can help you qualify for a good deal on a business loan.
- **Language and structure:** The language you use in your business proposal must be simple and easy to understand. Lenders may not understand your industry jargon so limit this. Avoid a complex structure to avoid confusing the lenders.
- **Seek advice if you're uncertain:** Mortgage brokers such as Optometry Finance Australia, who specialise in business loans, can help you prepare an acceptable business proposal. You can also seek the advice of other experts and professionals.
- **Plan your presentation:** Even if you have a strong business loan proposal, you'll still have to present it properly. Prepare and plan your presentation so you can impress the lenders and get approved for a business loan.