

Custom Deal

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Negotiating some flexibility into a financing deal can steady cash flow while you wait for a major new purchase to pay off.

In June, entrepreneur Megan Decker received a business offer that was just too good to pass up: the ability to purchase her much larger competitor. Financing, however, could be tricky for the company, a supplier of traffic control equipment for work-zone projects. Because her business was so seasonal, cash flow didn't follow the same steady patten that most finance payments much. Decker therefore hoped for some flexibility in the financing arrangements for the multimillion-dollar deal.

I need a lot of operating capital in the spring to get off the ground because, at that point, I'm getting employees back from being laid off for the winter months. I have pretty high startup costs with my labor and equipment purchases to perform these jobs in the summer," explains Decker, 28, president and founder of \$9.5 million Mega Rentals Inc. in Madison, Wisconsin.

While her spring startup costs are high, the bulk of her payments don't usually trickle in until late fall. Decker thought it was a lot to ask of a lender to structure loan payments around the cash-flow schedule. Much to her surprise, however, locally based First Business Bank agreed to tailor a loan payback schedule that closely matched her company's seasonal cash-flow cycle. "They addresses the fact that I have seasonality [in] my cash receipts by tailoring my revolving loan so that I'm paying the larger principal payments in November, which is when I will actually have the money," Decker explains.

"It's a tremendous advantage for me as far as my cash flow is concerns," she adds. "They took a long look at my business and understood what I was attempting to do with this acquisition, and why it made sense for my business to pursue the purchase of this other company."

Though Decker insists she would have found a way to fund the acquisition even without the flexible financing, she admits it would have required a stressful balancing act. "Instead of worrying about the things I need to do on a day-to-day basis to be successful," she says, "I would have been much more concerned with being able to work around an already established structure of financing that I didn't have as much input in."