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**Best practices for companies moving to the next level**  
**Friday, October 5, 2008**

### 7 Synergies of Business Success

1. Grow from the inside out.
2. Develop a brand promise and live it daily.
3. Put people first.
4. Hire leaders and managers.
5. Lead to create wealth.
6. Values validate valuation.
7. Monitor, monitor, monitor...what ever you measure will improve.

Intangible...the quality of the company is directly proportional to the quality of the CEO.

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SmartGrowth provides business coaching for CEOs and executives; facilitation of strategy; and management development training to

### Should entrepreneurs be worried about the 'credit crisis?'

Despite media reports to the contrary, Colorado business financial expert Roy Martinez says that entrepreneurial companies can tap into "a lot of financing" right now. The managing director of Cimarron Equity Partners, Martinez notes that many lenders and equity groups are not meeting their annual goals and therefore welcome small and mid-sized companies to apply.

For example, only 75 per cent of the funds guaranteed by the U.S. Small Business Administration (SBA) last year at this time have been approved this year. While the SBA does not lend the money directly, Martinez suggests that business owners who need \$2 million or less in financing approach an SBA-approved lender.

In addition, Martinez says that profitable companies should approach "non-bank" lenders such as asset based lenders, mezzanine financiers and private equity firms. "Asset based lenders have been underutilized in particular during the past year," he said.

Mezzanine financiers take second positions to senior financiers such as banks in return for interest only payments and the opportunity to own part of a company (usually not controlling interest). Martinez also said that private equity firms will work with small and mid-sized companies as lenders or equity partners and "do not necessarily take a controlling interest anymore."

Regardless of the state of the economy, Martinez says that financiers are looking for:

1. A quality management team - "Financiers invest in executive teams with track records," he said. "As much as 65 per cent of their decision could be based upon the management team."
2. Proper financial information including current and accurate financial statements and tax returns with no strong evidence of tax avoidance
3. Strong cash flow, "not necessarily profit" - Martinez cited a growing firm that invests in new equipment. Those expenses can be added back for strong discretionary earnings.
4. Properly established business credit separate from the personal credit of the owners

At this time, "independent business owners should be talking to their financiers and working on their relationship," Martinez said.

entrepreneurial companies.  
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"Funds may be available now or if not, they will be eventually."

When is "eventually"? According to Martinez, "The credit crisis is short term because lenders can only afford not to lend for a short period of time. This same situation occurs every 10 years, and we always work out of it."

At this time, business owners should be cognizant of non-bank financiers and third party partners who can help them find financing, he continued.

Regardless of the times, Martinez says he always recommends:

1. Do a regular reality check on your financing by shopping your package with other lenders to ensure that you are getting the most favorable deal.
2. Remember, frequently, a new lender will look at your package more favorably than your existing lender because they want your business.
3. "If a bank says no, they are just saying 'no today on this package,' and another organization might just be looking for that package so keep shopping," according to Martinez.

*Roy Martinez is managing director of Cimarron Equity Partners LLC Fund, which raises capital for businesses as they grow or change ownership and as people exit. He can be reached at [rmartinez@cimequ.com](mailto:rmartinez@cimequ.com)*

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