

FUNDING OPTIONS AND EXPERT ADVICE FROM THE SBDC REGIONAL DIRECTOR

Navigating Debt, Equity, and Non-Traditional Funding Pathways

Publication Date: December 31, 2024



David Noack serves as the regional director of the [Small Business Development Center](#) (SBDC) in Eastern Idaho. Over his 24-year tenure, he has supported more than 3,000 businesses across nine counties in Idaho. The SBDC, a federally funded program in partnership with the [Small Business Administration](#) (SBA), is dedicated to empowering small businesses to thrive by providing free resources and support to entrepreneurs. While the SBDC does not directly offer funding, it plays a crucial role in preparing business owners for funding opportunities and connecting them with the appropriate networks and resources.

These insights are taken from episode three of *Entrepreneur Voices* where David joined as a guest to share how to navigate the funding landscape and build a successful business. The full episode can be listened to on [Spotify](#) or [YouTube](#).

The intended audience for this paper includes aspiring entrepreneurs, small business owners, and individuals seeking actionable insights on funding strategies and business growth.

It describes the key funding options available to entrepreneurs, including debt, equity, and non-traditional pathways, as well as expert advice from David.

David's Entrepreneurial Background

While completing his college education, David worked in construction, framing houses, and later graduated with a degree in landscape design and nursery management. Following his graduation, he worked in minimum-wage positions before deciding to pursue entrepreneurship. He established a pest control business and simultaneously earned his pilot's license, which led to the purchase of a small aircraft manufacturing company. Under his ownership, the company achieved top industry ratings. Additionally, he founded a construction company, managing all three businesses concurrently during this period of his career.

David's experience managing three businesses often involved working closely with investors. However, he was initially unaware that one of these potential investors had a history of engaging in hostile takeovers. This partnership brought all three of his businesses to the edge of bankruptcy. Determined to find a solution, David dedicated himself to learning how to restructure his businesses effectively, discovering the value of shifting from people-dependent to system-driven operations. His efforts resulted in saving all three businesses from failure. This pivotal experience led David to pursue a consulting role, where he helped other struggling businesses implement strategies for recovery and long-term success. Years later, he decided to return to the western United States and applied for his current role with the SBDC.

Key Takeaways and Tips for Entrepreneurs

✓ There are Two Types of Funding: Debt and Equity

- Debt is when someone lends you the money and you must pay it back. You retain complete ownership of the business.

– Equity is when someone gives you the money in return for a percentage of the company.

✓ **Research the Funder Before Asking for Money**

Your first visit to the bank, or whatever funder you are looking into, should be for gathering information, not asking for money. Funders will interview you, so you should also interview the funders. Ask questions like, “Why does this funder lend money?” and “What do they not lend money to?”.

✓ **Start with the Business Model**

David recommends developing a comprehensive business model before writing your business plan. A business model will provide a visual for your business, making it easier to explain to funders what you are trying to accomplish and how it will be successful. Business plans should be second.

✓ **Customers Buy from the Heart**

Sell benefits over features.

✓ **Banks Often Only Look at the Executive Summary**

Banks usually only have time to look at the executive summary of a business plan when people come to them for funding. If they are hooked on the executive summary, they will likely work backwards through the plan starting with the financials and team members and ending with the marketing.

✓ **Be Willing to Learn**

You may be an expert in your skill or service, but you still need to know how to run a business to make a living off your skill or service. And be teachable. There may even be better ways to do your job.

✓ **Look into Non-Traditional Funding**

"If you don't know your options, then you don't have any."

Angel Investors

Capital investors

Strategic partners

Foundations

Fools, friends, and family

Referrals

Credit cards

Refinancing

Restructuring

Downside-to-upgrade

Selling assets

Borrowing against cash value of life insurance policies

Home equity lines

Partner funding

Accounts receivable

Factoring

Crowdfunding

Co-signers

Peer-to-peer

Grants

Microloans

✓ **Approach the Funder with Confidence**

Knowing your options and having a solid business model will ensure your confidence. The funder will realize you know what you are doing, and they will want to invest in you.

✓ **Having a Mentor is Powerful**

You have to start talking to people, so that you can learn about all the opportunities out there. Don't limit yourself by not reaching out to others. Having a mentor will also prove worthwhile when the markets shift because they have likely been there before.

✓ **The Basic Principles of Business Stay the Same**

However, depending on where you live, the resources could be very different.

For more valuable insights, compelling anecdotes, and practical details, be sure to tune in to the full podcast episode!

Listen on Spotify [here](#). View on YouTube [here](#).

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