Financing Your Food Business

AFPC Conference- Ryan Wiswesser
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Introduction - Ryan Wiswesser, CPA

- Bachelors, University of Michigan
- Masters, University of Michigan Ross School of Business
- Senior Accountant, Ernst & Young LLP
- Vice President, State Street Global Advisors
- Owner and CEO, Alaska Artisanal
- Owner and CEO, Chugach Chocolates
- Co-Chair, Governing Board, Alaska Food Policy Council
Financing Your Food Business Session Goals

- Top down review of financing categories and sources
- Financial class agnostic
- Adjust to level of group interest
- What else?
  - Financing types or sources of interest?
  - Initial topics or questions?
Financing Your Food Business Session Outline

A. 3 General Financial Sources

A. 3 General Financial Class Types

A. Tips for Getting Financed

A. Listing of specific financing sources

A. Questions/Thoughts/Discussion
A. Three General Types of Financing Entities (aka who’s gonna give you money!)

1. *Family and Friends*

2. *Public* (e.g., crowdfunding, publicly listed security)

3. *Professional Lenders and Bankers*

Ok, there’s really 4:

4. *You* (savings, credit cards, etc)
B. Three General Financing Types  
(aka what types of money do you want!)

1. *Debt Financing* someone gives you money, you pay them back later

1. *Equity Financing* someone gives you money, you give someone part of your business (in the form of an equity security or ownership interest)

1. *Other Financing*
   a. Debt and equity blends- convertible debt (aka convertible bonds, mezzanine financing)
   b. Product pre-sale crowdfunding (e.g., Kickstarter, Indiegogo)
B1. Debt Financing

Types of Debt Financing
- Line of credit
- General purpose term loans
- Securitized loans
- Bonds

Who’ll give ya the $ (examples)
- Banks
- Family and friends
- Online lending programs - e.g., kabbage.com
- Payment and point of sale processors - e.g., Square point of sale system
- Online debt crowdfunding - e.g., kiva
- Investors
B2. Equity Financing

*Types of Equity Financing*

- Public
  - Crowdfunded
  - Publicly traded
- Private Placements
B2. Equity Financing - continued

*Who'll give ya the $ (examples)*

- Individual investors
  - Via crowdfunding platforms (publicly advertised)
    - Accredited Investors
    - Non-accredited Investors
  - Private placements (not publicly advertised)

- Angel
- Venture capital
- Private equity firms
A Note on Equity Crowdfunding

For publicly advertised equity investments (e.g., equity crowdfunding), the JOBS Act of 2012 now permits limited investments by non-accredited investors, but there are limits to the amount raised and various rules around equity investments by non-accredited investors.
B3. Other Financing

Types:
- Product crowdfunding
- Debt and equity blends

Typical funders:
- Professional investors
- Product crowdfunding sites
C. Tips

- Match funding with business strategy/goals
- Choose your “funding recipe” based on your strategy
  - Banker Cookies
    - 2 cups financial statements
    - 1 cups financial forecasts
    - ¼ cup presentation
  - Angel Funding Cake
    - 2 cups presentation
    - 2 cups financial statements
    - 2 cups strategy, outlook, business plan
  - Square Capital Chocolate Squares
    - 10 cups of using their POS system
    - ¼ tsp filling out their form
- Due your own due diligence (and watch out for “too good to be true” opportunities)
D. Listing of Specific Sources

- See separate handout
E. Questions

- Questions, Thoughts, Comments, Discussion?