

The Handbook of Financing Growth

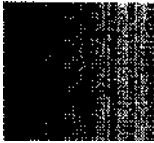
Strategies and Capital Structure

KENNETH H. MARKS
LARRY E. ROBBINS
GONZALO FERNANDEZ
JOHN P. FUNKHOUSER



WILEY

John Wiley & Sons, Inc.



CONTENTS

Foreword	xi
Proface	xlii
Acknowledgments	xix
About the Authors	xxi
The Financing Process	
CHAPT	
Introduction	
CHAPTER 2	
Business Performance and Strategy	
The Business Plan and Strategic Initiatives	
Shareholder Goals and Objectives	
Current Financial Position	
Forecasted Performance	10
Scenarios	10
Strategy	11
Updated Forecast	14
CHAPTERS	
Valuation	15
Why Value?	15
Approaches to Valuation	16
CHAPTR4	
Capital Structure	22
Assimilating the Drivers	26
Developing Liability Limits	40

CHAPT5**Sources of Capital and What to Expect**

- Bootstrapping Sources and Techniques
- Individual Investors (Private Placements Not from Angels or Institutions)
- Angel Investors
- Commercial Banks
- Asset-Based Lenders
- Commercial Finance Companies
- Leasing Companies
- Private Equity
- Venture Capital Funds
- Mezzanine Funds
- Buyout Funds
- Strategic or Industry Investors—Corporate Venture Capital
- Merchant Banks
- Community Development Initiatives and Government Agencies
- Micro-Cap Public Entities
- Royalty Financing

CHAPT6**Equity and Debt Financings: Documentation and Regulatory****Compliance with Securities Laws**

- Basic Definition of Debt and Equity
- Debt Instruments
- Loan Documentation
- Equity Instruments
- Equity Investment Documentation
- Compliance with Securities Laws

CHAPTER 7**Expert Support—The Players and Their Roles**

- Counsel
- Board of Directors
- Investment Bankers
- Accountants
- Consultants/Advisers
- Summary

CHAPT8**Closing the Deal**

- Process Check-in
- Final Perspective

PART TWO

Case Studies	287
Case Study 1: High-Risk Asset-Based Loan/Refinancing	289
Case Study 2: Asset-Based Lender, Assignment for Benefit of Creditors	292
Case Study 3: Angel Investors	297
Case Study 4: Royalty Financing	300
Case Study 5: Commercial Finance—Trade Financing	302
Case Study 6: Mezzanine Investment	304
Case Study 7: Private Equity—Acquisition to Exit	305
Case Study 8: Private Equity—Restructuring	307
Case Study 9: Private Equity—Acquisition with Management Participation	309
Case Study 10: Private Equity—Public-to-Private Acquisition	312
Case Study 11: Merchant Bank Implements Buy-and-Build Strategy	316
Case Study 12: Strategic Investment	319
Case Study 13: Community Development Financing	322
Case Study 14: Debt with Revenue Sharing	326
Financing Source Directory	329
Suggested Use of the Directory Section	331
Appendixes	
A Corporate Finance Primer	377
B Financial Statements	404
C Discount Rates	415
D How Fast Can Your Company Afford to Grow?	417
E Notes about Start-Ups	433
Glossary	437
Notes	467
Index	475