

# What to Know About Financing Your Expansion

by Rick Wehner, Brewery Finance

Your brewery is open, you are making great beer, and you can't seem to satiate the thirsty patrons that just can't get enough of your beer. That's a great problem to have! But it is still a problem, no? IF you decide that it is time to expand, you'll be happy to know that getting money should be a much easier job now. With a good pay history on existing debt, a few years of operational history, and decent personal credit, you are in a much stronger position than you were when you were starting. That being said, there are still things you can do to increase your chances of getting a good and quick approval.

- Keep accurate financial records and review them regularly. This will help you quickly identify trends that you can take advantage of or steer clear of.
- Maintain a good relationship with your lending partners. If you run into a bind and you think you may have to make a payment a few days late, reach out to your lender first and give them a "heads up". This will pay dividends down the road. Remember, credit is the measure of "ability and willingness" to repay debt. Character counts.
- You may now be able to take advantage of finance options that are far less invasive and much quicker. "Application Only" financing may now be available to you for amounts of up to 75-300k.

As with before, banks will be the cheapest source of money for you, but you'll still have to fit into their narrow credit window. Turnaround may be a little quicker than before if you have an existing relationship with the bank, but be sure to plan ahead and give them ample time with your request.

Equipment lease/finance companies are going to be quick to turn your requests around and will be offering a cost of funds that matches the risk. Once you hit 2 years in business, you won't be considered a startup and assuming you are making your debt payments on time as well as keeping your personal credit clean, you should qualify for some much more competitive terms now.

Like when you were planning your brewery, research your options. If getting the cheapest money is the most important issue to you, then be prepared to use your assets as collateral and give yourself the time it takes for traditional bank underwriting. If you need the equipment ordered right away, or your financials don't seem strong enough yet to be bankable, take advantage of the quick and easy leasing/equipment finance options but be prepared to pay a little bit more for the use of funds.



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*Rick Wehner founded Brewery Finance in 2005 and has since provided nearly 1500 startup and established brewers with vital equipment funding to help them launch, grow and flourish.*