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The Managerial Process of Business Financing

This paper presents some modalities and financing forces for business, getting out in the first place the entrepreneur ingenuity for finding these sources of financing necessary for the business success. Also get some contributions and proposals regarding the criteria's of which the entrepreneur must be take care in choosing the financial sources, for preparing the finance pack and presenting the financing demands, which good documented, not only grows up the chances of one financing but also can lead to fix some relations on long time with financing source.

Keywords: *financial sources, entrepreneur, analyses*

1. Introduction

The entrepreneur skills and an attractive market aren't enough for the business success for making money is necessary money. If the entrepreneur skills and his look can maintain the business on the ships waterline, for her enlargement and her surviving on a long way is asked a financial solid base. For starting a business is being need of financial resources and a good management of them, so that the business should get his full potential. Enough entrepreneurs get into a business without enough money, going on "trying". But soon they will get into a financial collapse, because the providers wish the payment on the livery, the equipment costs are bigger than they would aspect or the sales are much smaller than they thought. Although, not even the best financial planes, won't prepare the entrepreneur to resolve all the financial problems, a detailed estimation of the financial needs before starting the business will reduce the risk of confronting with financial problems and the business bankruptcy since the beginning. For avoid this thing, the potential entrepreneur must take care of the financial aspects of the business before that this is beginner.

2. Analyses. Financial aspects in the entrepreneur attention for starting businesses,

The entrepreneurs must think over the following aspects: the necessary money for starting a business the sources and the way of obtaining this money and the possibility of benefit of supplementary resources in cases of emergency. If he does this thing, the entrepreneur will obtain the necessary funds and will use them with a bigger efficiency.

The estimation of financial asks it's made after what the entrepreneur had made up over the products then he will make or sale and over the business emplacement depending the capital types necessary for beginning the business: capital for preparing the business and for starting the business.

The necessary capital for beginning the business represents the investment which is made before the business starting. The capital needs varieties and depends of the nature of the activity, the business largamente and of the placement.

For checking the viability of the business idea it's necessary first the elaboration of a feasibility study. If the firm wants to introduce a new product, it will need the prototype elaboration.

A big part of the expenditure made for preparing the business is destined for build, renovate or rent the building. Many times the entrepreneur wants to modify the structure of the existing building for a better adaptation to his ideas and his personality.

The buying of the necessary equipments and some inventory objects is another area in which must be done investments. The entrepreneur needs bureaus, chairs, bureau equipments. Sometimes are necessary equipments and complex machine.

Another category of expenditure is determinate for achieving the stocks, before the beginning of the work. Not all the creditors give commercial credit to a new business, so the payment is made many times at the livery.

In the category of preparing the business enter also the preparing of the consultants: as lowers, bookkeepers, technical experts in building and machines evaluation.

Also for some businesses are necessary the special licenses obtaining, which must be bayed before the business is started.

The necessary capital necessary for starting the activity represents the investment which is made with a little time before the business starting, during the business and immediately after the business initial.

The new business can attract costumers even since the beginning, but the sales don't cover the big costs that should be done in this period. Many potentials costumers will treat the new business with suspicious and precaution.

Because of this the entrepreneur must think at the fact that, at the beginning of his existing, the firm will have a financial deficit.

The capital ascertains is necessary for ensure the firm a solid base of rise. Because of this the entrepreneur must identify the stock costs, of the force work, for utilities, of insurances etc.

The estimations of capital necessity for preparing the business are made by investing the costs of the potentials providers or of the firms which make services. The estimation of the beginning capital of the activity is a sort different, because the profits can compensate the costs. In conclusion the estimation is not only an easy investigation. The sales predict is hard to be made, because does not exist precedent evidences. As a rule, the entrepreneur will estimate the profits after the evaluation of the market potential and the prevision of the sales made by the competitors.

After the drafting of the sales amount it will be estimate the necessary costs. The best method is the estimation in the same way like the necessities of the capital needed for the business preparative. This approach constrain the entrepreneur to take some essential decisions regarding the business character: fixing the number of employs and the salaries the he will pay, the kind of assurance necessary etc. another method of estimation of the costs is to use the branch media.

The estimation is more correct, when the entrepreneur is making real expectations regarding the profits and the costs.

Not for little times, some entrepreneurs are so enthusiastic about their business idea, so overrates the profits and undervalue the costs; in generally is better to be done a conservative estimation of the profits and a light evaluation of the costs, in this way the entrepreneur is prepared for the worst scenario of the capital necessities.

Once made the projection of the necessary capital and the personal contribution of the entrepreneur, this can begin the borrow demarche.

The financial managers identify as a rule the main categories of the capital necessities: physical capital, work capital, additional capital.

The physical capital is necessary for the acquisition of the physical funds of the business. This funds are for the goods production and the services labor conscription, not for sales the buildings, the equipments, the machine aren't convert in numeral during the business time, so the money invested in this physical assets tend to be "frozen", because they aren't used for other aims.

The necessary quantity of money it isn't abstract only to the sums that are necessary for renting a shop, the equipments buying and the initial amount buying. Many others costs are that ask amounts considerable of money.

The work capital represents the temporary funds necessary for making the activities on a short time. It can be determinate like a difference between the current active and the passive.

The necessary of circulating capital is because the non-uniformity fluxes of house caused by the normal season fluctuation.

The unpredictable changing's of the demands; the credit sales and the seasonality are frequent causes of the varying of the numeral flux of any small firm.

The working capital is used as a rule for acquit the costs, for financing the credit sales, for the salary payments and for other unpredictable situations.

The creditors of the working capital hope that the boss to obtain a superior numeral for the borrow return to the end of the production cycle.

The additional capital is for the extension of the business or for modifying the main object of the activity.

The creditors of the additional capitals gives borrow, for the same reasons of the physical capital.

The entrepreneur must underline clear the three categories of the capital in the financial planning.

Finding the different sources for obtaining the funds and the implications for the business represents main conditions for wining in business.

Are two sources for obtaining funds: own financial and borrow.

The main advantage of the own capital is that this mustn't be returned.

The most usually sources of own financing are the followings: own savings, friends, relatives and partners.

The level of this borrows is very important. As a rule a business that gives a big profit can become bankrupt because of the big borrows which must be returned. The monthly payments are influenced by three factors: the amount of money borrowed, the term of the borrow returning and the borrow rate asked.

Of course the three factors are independents. For example if they borrow a smaller amount for a bigger period of time, can determine the same level of the payment.

For the fixed assets acquisition is necessary a big amount of money, which is frequently borrowed on a long term. The creditors of this category of funds hope that the assets achieved to get bigger the company efficiency and to obtain a house flux improved for ensure the borrow return in time.

Although the possibilities of obtaining borrow are very varied in complexity, availability and flexibility, not all the borrow sources are so good. Knowing all of their sources will give the entrepreneur the possibility to choose the most convenient solution.

The most important borrows sources are: the commercial banks, the commercial credit, the financial of equipment acquisition, firms of business supporting, the economical and borrows associations specialist in borrows for immobile properties, the insurance firms, governmental borrows, assistance international programs, donations.

3. Examples. The financing process of the business.

The financing process of the business is hard. It has three parts: choosing the financial source, preparing the financial pack, presentation of the financing demand.

Finding an ideal source of financing is hard to make. Although, the entrepreneur must discuss the financing opportunities, with some potential sources, in this way will understand better the financing area and can find a better capital source.

In the financial source choosing, the entrepreneur must take in matter the following criteria's:

The source of financing experience in giving borrows to the entrepreneurs. The financing source must be familiar with the problems with its confronting the entrepreneur. Only a small part of the entrepreneurs can afford to engage people with experience. Because of this in the relation with his own personal, the financial source must consume more time, to have more patience and thrust.

The financial source reputation. The success of the entrepreneur is based often on the capacity of the relations with the source of finance. Because of this the financing source must have an honesty reputation, correctness and the wish to work with the entrepreneur.

The assistance offered. In obtaining the financial is important that the financial source to give the necessary assistance. This is more important for the entrepreneurs that don't have experience in some areas of the business and need conciliation.

Other services. In some cases, the financial source offer free services or lower prices. Like the financial analyses, the elaboration of some financial projections etc.

The financing pack is also named the borrow pack. The asks of the borrow pack elaboration are vitiated depending of the borrow amount, some others elements are remaining the same. These are: the demanded fund and the lagging of this; assurances; criteria's of giving borrow; the papers necessary for obtaining borrow; the rate and the way of payment; the aim of borrow.

In terms of the financing necessities and the entrepreneur familiarity with the borrow source, this demands can vary.

The entrepreneur must be prepared for approaching these aspects with the financing source. For many times, the source of borrow want feasibility studies or business plans, like a part of the papers necessary for obtaining borrow.

4. Conclusions

The elaboration of an attractive pack of financing larges the chances of obtaining borrow. Although the business is lead by the entrepreneur and not by a plan, although is good made. So, the ones that gives borrow will evaluate not only the financing pack, but also the entrepreneur and his team.

The way in which is presented financing pack will influence the final decision of giving borrow.

The future of the business depend in a big way of the entrepreneur, the final decision of giving borrow will be based on the personal discussion that will have with the entrepreneur who gives borrow. The personality, the ability of the entrepreneur will be evaluated with attention. Also, will be take in matter the entrepreneur realism, his competence, the honesty of the borrow pack presentation.

The entrepreneur must be ready to meet the persons that can give him borrow and to have an idea about what this persons want to fined out. A clear presentation, well documented, not only grows the chance of having borrow, but also can take to establish some long term relations with financing sources.

The financing should be planning with much attention. It's not wise to appeal to the all capital sources since the business beginning and must leave a chill for emergency situations.

A good combination of the personal capital with the borrow one which can cover also the preparing expenditures and also the launch ones is better.

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