




13 PITFALLS

You **MUST** Avoid in Restaurant Financing
(And How)


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Whether your restaurant is a new local hotspot or a neighborhood stable, putting the gears in motion to grow isn't easy. When it comes to funding your restaurant's growth, there's no room for error. Picking the wrong financing product or lender can take your restaurant one step forward, and two steps back.

If you're not careful, there are plenty of pitfalls your restaurant can fall into along the road to finding financing. Fortunately, they're easy to avoid with a road map that plots out the right course.

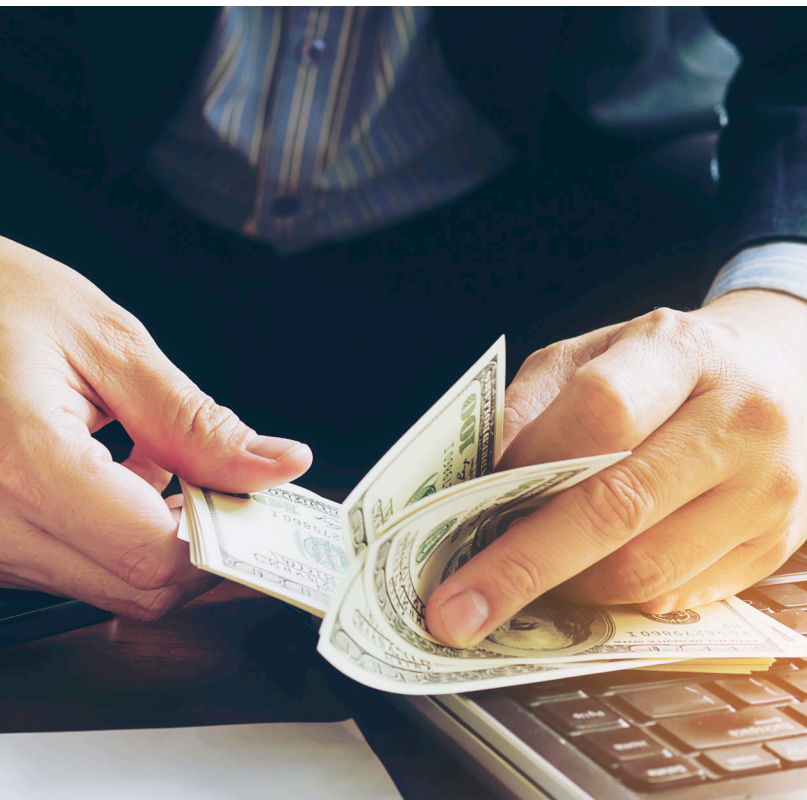
To help, the Business Financing Advisors at National put together a list of the 13 most common pitfalls restaurant owners fall into during the funding process, and how you can avoid them.

01

Over-Borrowing

Ambition alone can lead most restaurant owners to believe that getting the highest amount of funding possible is always the best move.

While ambition is the right mentality to have as an entrepreneur, you may want to consider funding amounts a bit more precisely. Over-borrowing can cause serious issues, leaving you paying back loans (which ultimately weren't helpful) for years, and preventing your restaurant from growing the right way. Consider the amount that you really need to meet your current goals, and avoid wasting your time and money paying back enormous loans for years.





02

Taking Out Wrong Types of Loans

There are an endless number of restaurant financing products available for establishments of all sizes, and for restaurants of all backgrounds. Selecting the right business loan can take thorough research and expertise on your part.

Many restaurant owners respond to this by grabbing the easiest and most accessible financing option available right away. In the long run, though, they'll wind up paying for this hasty decision dearly (literally).

No two restaurants are the same— each has its own unique value and growth goals. Before moving forward, explore all of the options out there with your own restaurant's goals in mind. Consulting with a Business Financing Advisor can help you narrow down your choices to the programs that make the most sense in your situation.



03

Not Knowing Your Credit Score

Before applying for restaurant financing, it's important to have a solid understanding of both your **personal** and **business credit** scores.

Your credit profile is the first and most important part of the application that lenders will review when the time comes— at least for banks and other traditional lenders. The stronger your credit profile, the better quality offers you'll receive from these lenders.

Not knowing your credit score before beginning the process can end up hurting your chances of finding financing in the long run. A hard credit inquiry, which is how most traditional lenders evaluate your creditworthiness, can negatively impact your credit score. If your credit score is on the lower end, and you can afford to wait before obtaining financing, then it may be worthwhile to improve your credit score before applying.

But if you don't have an ideal credit score, then you're not alone, and there are plenty of options available. Instead of qualifying based on personal or business credit, you can obtain funding based on annual sales.

Before launching your business into the process and applying for financing, you can get a free credit audit from a Business Financing Advisor at National. Our team can help you review your latest credit report so that all of your ducks are in a row once you do begin the process.





04

Applying Too Late

Opportunities to expand your restaurant don't come around too often. When they do, it's extremely important to grasp them as soon as possible, before they disappear. On the other hand, it's equally important to tackle sudden challenges that might disrupt your business by taking immediate action to reduce the risk of slowdowns, or even closure.

Remember that obtaining capital to grow your restaurant will take at least a few days. Banks and other lenders require extensive paperwork, taking upwards of weeks or months to process your documents before you can access funds. To get bank financing, you'd have to apply for it far ahead of your next opportunity's deadline.

However, there are plenty of great alternative financing options out there that can help you secure funds in as little as 24 hours, with minimal work in the process.

05

Taking On All the Paperwork Yourself



Do you know exactly what paperwork you need for restaurant financing, and how to prepare the documents in a way that gets you the best funding available?

Without years of experience in business financing, the paperwork and document processing required can become an endlessly frustrating task that consumes time, money and energy better spent on expansion.

Most lenders will leave you alone to take on this daunting pile of paperwork alone. Fortunately, National's Business Financing Advisors have all the skills, tools, expertise and cutting-edge technology needed to take the burden of paperwork processing off your shoulders.

They prepare all the necessary documents for business owners in-house, and use cutting-edge technology to cut the funding time down to hours, instead of weeks.

06

Not Locking In Rates While They're Low

Interest rates on business loans and lines of credit are changing all the time. In our constantly fluctuating economy, we're always on the precipice of higher rates (and consequently, missed opportunities).

For this reason, timing can be an extremely important factor when applying for financing. If a lender offers you great rates, then capitalize on them right away— they might not be available further down the line once something changes in your business, or in the market.

A Business Financing Advisor can help you ensure that you never overpay, and receive the lowest-cost-of-capital options available in the marketplace.





07

Not Having a Solid Business Plan

Along with having a firm understanding of your credit score, putting a solid business plan together is the first step towards successful restaurant financing. Many traditional lenders require a thorough business plan as part of qualifying for a business loan. But even if you're taking the strategic route of alternative financing to save valuable time, having a detailed idea of where your business is moving is crucial.

Take the time to examine your restaurant's current state— including outgoing and incoming cash & sales— and where you're hoping to steer your restaurant with financing.

Identify all of the areas in which you'd like to improve your restaurant. Depending on your unique situation, this might include:

- Expanding your current location
- Opening a second location
- Hiring new employees
- Implementing a new marketing strategy
- And more

Once you've identified where you'd like to go, put together a list of all of the resources— tangible and intangible— that you need to get there. Lenders are more likely to offer capital to passionate restaurant owners that are confident in their potential, with clear & specific execution strategies.



08

Relying Too Much On Funding

Capital can help you lay the foundation for sustained growth, but it can't be the driving force behind your restaurant's expansion. Many of the most successful (and lasting) growth journeys begin in-house with innovative, game-changing ideas that allow you to double down on your restaurant's strongest qualities.

Before you apply for restaurant financing, you should always ask yourself if there are any other ways to achieve the same goals.

Developing growth strategies that help your business lower costs, increase sales, streamline operations, and reduce risk are always the most effective ways to ensure that your business is in a continuous state of growth, year after year, regardless of whether or not you're currently on the hook for repaying a loan.

Business growth is always a journey best traveled with others that have years of business success under their belts—including the team of Business Financing Advisors at National. As a company dedicated not just to business financing, but restaurant growth, we provide not only capital, but every business development tool, educational resource and advisory service you need to grow your business faster, easier, and smarter.



09

Comparing Your Financing Options to Others



Every restaurant is unique, with their own unique goals for growth and development. The financing option that helps one company succeed might not work for your company (even if it's a similar one).

It's a huge mistake to compare your financing endeavors to others, but also to believe that the program they received was truly the best solution for their goals and financials. If they had a Business Financing Advisor on their side, then it's entirely possible they could've accomplished their goals faster, easier, and more effectively.

It's a much better strategy to instead focus on comparing what various lenders can bring to the table. Helping restaurant owners like you compare lenders, offers, rates, and terms is one of National's many specialties.

A Business Financing Advisor at National can help you to compare the options available to your business within our network of 75+ lenders, and identify which works best given your current situation.

10

Putting Off Permits, Approvals, & Other Red Tape

For many restaurants, pushing success the extra mile involves literal expansion, into either a neighboring storefront or a new location altogether. All too often, this process can require an extensive series of approvals. If you don't have the correct permits or approvals ready to go, then your growth goals must be pushed back.

That's why one of the biggest pitfalls to avoid in restaurant financing is waiting too long to apply for and receive these approvals. Local zoning offices aren't exactly known for punctuality, so applying early is crucial.

With all of your ducks in a row early on, you can hit the ground running right away once you're approved and the funds have been deposited in your account.





11

Being Unrealistic About the Costs

Optimism can go a long way in taking your restaurant the extra mile. But when it comes to estimating restaurant growth costs, it's better to face the music.

Outlining the costs of everything involved in your restaurant's growth is an absolute must. Not everything will have a concrete or set-in-stone cost associated with it, but when possible, it's essential to know what expenses you'll be up against.

Rather than estimating costs with a conservative mindset, calculate what you need with a more realistic mentality. When the wheels are in motion, it's better to have more cash on hand, than not enough.



12

Investing in a Less-Than-Ideal (Or Simply, the Wrong) Location

In the restaurant world, location is everything. Marketing and advertising can help your restaurant build brand awareness and get more patrons, but more than likely won't be a silver bullet when it comes to pushing the boundaries.

A strategic location that catches your target demographic in its tracks is.

Whether you select a bustling downtown area or a shopping center filled with soon-to-be-hungry customers, planting your restaurant in the right location can help you catch your customers at precisely the right time.

A Business Financing Advisor can steer you along your quest for the right location with crucial advice.



13

Waiting Forever For Equipment Financing Approvals to Roll Around

Sometimes, shiny new equipment can push your restaurant go the extra mile by helping you serve up a greater variety of delicious, high-quality food and drinks. But while equipment financing programs make the most sense for equipment funding, not all are quite as timely as you'd like.

National's new eQuickment Financing Product is designed to offer opportunity-ready business owners with approvals in under an hour, and funding in less than 48 hours.

Based on your business's performance (rather than credit score), this new product allows you to qualify for larger (potentially double) funding amounts.

This game-changing product allows you to finance 100% of the equipment costs, including deposits & taxes, which most programs require business owners to pay upfront. It also allows business owners to select the vendor of their choice.

When you're purchasing equipment under \$75K, you only need to submit a digital application, without any accompanying paperwork.



Need Help Ensuring a Safe, Successful Financing Journey Ahead of You?

These are just a few of the most common pitfalls that restaurant owners can fall into during the financing process.

For help navigating around them, and ensuring your path to business growth remains free of risk, slowdowns, delays, and missed opportunities, contact National's team of Expert Advisors today, or apply online by filling out the simple 1-minute application. A Business Financing Advisor will contact you in minutes to guide you on your way towards safer business growth!

[Apply Now](#)

