



Restaurant Succeeds Using Foresight and Funding that Supports Future Growth

Situation

The economy has not always been kind to small business, often forcing owners to find innovative ways to maintain margins and stay in business. Dave Ulmer, a developer of food and beverage concepts, represents a typical Middle America small business entrepreneur who must keep an eye on finances while focusing on evolving marketplaces. Dave was forced to deal with economic challenges resulting from the events of 9/11 as well as the rapid change in customers' dining-out and entertainment preferences. With grocery stores offering "ready to eat" meals and post 9/11 concerns, Dave's restaurant's target customer moved into a nesting mode, opting to eat at home with friends or choosing a different dining experience than his restaurant offered.

Unlike so many small business owners that either shut their doors or simply attempted to wait out the post-9/11 economic storm, Dave didn't let consumer confidence indexes or dwindling interest in the sit-down dining environment paralyze him. As an owner of multiple restaurant concepts located in the suburbs of Atlanta, including Diamond Dave's Steakhouse & Piano Bar and Runaround Sue's Dinner & Dance, Dave saw an opportunity to create a competitive edge by reinventing the traditional dining-out experience. However, financing his plans would be a challenge. Fortunately, he discovered a "friend" of small businesses that could not only help his cash flow in uncertain economic times, but enable him to renovate, innovate and even expand his business – a Merchant Cash Advance..

The Financial Crisis... Less Than Appealing Options

Based on his vast experience in the restaurant industry, Dave was all too familiar with the hurdles associated with securing working capital through traditional financial institutions like banks. According to the 2005 Small Business Record of the 109th Congress, "The barriers that entrepreneurs face in securing financing are largely due to the very nature of small business. Small businesses lack substantial financial resources, are more sensitive to local economic conditions and often operate under very thin margins." The result – the financing approval rate for these businesses is often dismal.

Dave found other options were limited and unappealing:

- Using a personal credit card, he would have to be disciplined to ensure that the money was paid back within a short period of time. Otherwise the accumulated financing charges could make what should have been a profitable project very unprofitable. And, his personal credit rating could be affected.
- Securing a home equity loan was possible, but he would have to put his house at risk.
- Getting a loan from family and friends meant that Dave would have to be prepared for the possible consequences of moving these personal relationships into a business relationship.

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Funding Supports Future Growth

Because Dave lacked familiarity with the company and its unique alternative funding product, he placed his first call with some reservations. He soon became confident that AdvanceMe's Merchant Cash Advance product could be a financial solution during tough, unpredictable periods. Even more importantly, it could also provide a financial strategy for ultimately growing the business without leveraging his home or personal assets. He especially liked that fact that Merchant Cash Advances are integrated directly into the customer's credit card processing. Collections are made through automatic deductions by the credit card processor of a percentage of the business' daily credit card sales. For Dave and other merchants, that means collection amounts align perfectly with the daily sales of their businesses. AdvanceMe would only collect when Dave got paid.

Since signing up with AdvanceMe in 2000, Dave's business has received more than 20 Merchant Cash Advances. Although the funding can be used for any business purpose, Dave has focused on expenditures critical to maintaining the experience the business' customers have come to expect – adding fresh signage, upgrading equipment, installing new air conditioning.

The Outcome

Before discovering AdvanceMe, Dave's expansion plans for his business had been halted and he was even considering closing the doors. Since working with AdvanceMe, Dave has not only kept his businesses from going under, but he also opened a third concept – The Rack - to meet the public's desire for a casual, interactive environment. He believes his story could be inspirational for small businesses that are attempting to rebound from a variety of issues, including post-Katrina economic hardship. According to Dave, "AdvanceMe may be just what every small business needs. AdvanceMe keeps my business open and growing....period."

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