



Entrepreneurial Center

Presented by

WELLS
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CAPITAL COMPASS

Preparing Your Business for Capital



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EXECUTIVE SUMMARY

Purpose

Capital Compass is a capital readiness toolkit designed to help entrepreneurs efficiently prepare for **Community Development Financial Institution (CDFI)** loan applications. It orients entrepreneurs toward the lender requirements that most influence approval and speed, while creating a structured, supportive process that reduces preventable delays and discouragement.

For leadership and partners, Capital Compass is intended to:

- Improve the *quality* and readiness of borrower pipelines;
- Reduce "application friction" (missing documents, unclear narratives, weak financials);
- Standardize coaching and technical assistance (TA) around a consistent, lender-aligned framework;
- Enable scalable delivery through this toolkit with an embedded diagnostic tool.

Why entrepreneurs struggle with CDFI capital?

CDFIs are mission-driven lenders that often serve entrepreneurs who are underserved by traditional financial institutions. While CDFIs can be more flexible than banks, entrepreneurs still face recurring barriers that slow down or prevent approvals:

- **Documentation gaps:** Many applicants lack organized, lender-ready materials (bank statements, financial summaries, tax documents, proof of legitimacy, etc.), or cannot quickly produce them in a consistent format.
- **Cash flow and repayment clarity:** Entrepreneurs may understand "need" but struggle to translate need into a credible *use-of-funds* plan and *repayment story* grounded in cash flow timing (not just profitability).

- **Credit and thin-file challenges:** Applicants frequently have limited or imperfect credit history, unclear credit narratives, or no structured plan to address remediable issues.
- **Compliance and permitting complexity:** Regulated sectors (e.g., food, childcare, contractors, energy upgrades) often underestimate licensing/permitting timelines and the impact of delays on capital deployment.
- **Traction evidence is underdeveloped:** Entrepreneurs may have demand, but not in a form that is easy to document and validate (contracts, invoices, POS exports, pipeline visibility).
- **Limited capacity and support systems:** Entrepreneurs may lack bookkeeping support, operational capacity, or advisory resources that lenders rely on as indicators of execution readiness.
- **Process fatigue:** Many applicants disengage after one rejection, unclear guidance, or long turnaround times, especially when they do not understand what to improve for reapplication.

Capital Compass Toolkit directly addresses these barriers by

turning readiness into a structured sequence of practical outputs ("application artifacts") and providing a pathway that aligns to how lenders actually evaluate risk and repayment.

Who Capital Compass supports: Business owners and stages

Capital Compass is designed for entrepreneurs who are considering, preparing for, or actively pursuing CDFI financing, especially those who benefit from coaching, documentation support, and structured readiness guidance.

Business Stages:

- **Startup:** Pre-revenue or early proof; building fundamentals.
- **Early:** 6-24 months of revenue; stabilizing and documenting operations.
- **Scaling:** Growing customers/team; expanding capacity, inventory, or locations.
- **Stabilizing:** Recovering from volatility; smoothing cash flow and restructuring operations.

Business Owners (most likely CDFI applicants):

- **First-Time Micro Founder** (startup/early)
- **Community Food Operator** (early/scaling)
- **Main-Street Retail Riser** (early/scaling)
- **Trades & Contractors Upgrader** (early/scaling)
- **Childcare Provider** (startup/early/scaling)
- **Rural Maker/Processor** (early/scaling)
- **Minority/Women-Owned Scale Seeker** (early/scaling/stabilizing)
- **Immigrant Entrepreneur** (startup/early/scaling)

Each persona pathway prioritizes the readiness gaps most likely to cause underwriting delays (e.g., cash flow timing, compliance proof, job-costing, inventory cycles, subsidy reimbursement timing).

What's different about this approach?

Capital Compass is differentiated by four design features:

1. Underwriting-aligned structure (not generic "business planning"): The toolkit is organized around six

lender-relevant pillars that mirror how capital readiness is assessed in practice:

- Financial Readiness
- Credit Readiness
- Business Model Readiness
- Compliance Readiness
- Traction Readiness
- Team & Support System Readiness

2. Diagnostic-driven

personalization: Entrepreneurs complete a weighted readiness diagnostic that provides:

- Overall readiness band
- Pillar-level strengths and gaps
- Recommended learning pathway and prioritization

This reduces time spent on low-impact activities and increases relevance across diverse borrower profiles.

3. Output-based learning

("application artifacts"): Every section produces tangible deliverables used in real applications, such as:

- Use-of-funds budget and narrative
- 12-month cash flow forecast
- Credit snapshot and 30-90 day plan
- Compliance timeline and legitimacy checklist
- Traction evidence pack
- Data room / loan-ready packet index
- Lender Q&A drafts and a two-minute business story script

This shifts toolkit from "education" to application preparation.

4. Designed for scale through coaching and partners: Capital Compass supports consistent delivery across internal teams, ESOs, and CDFIs through standardized prompts, templates, and facilitator guidance. This reduces variation in coaching quality and lowers the burden on individual staff.

How it will be used?

Capital Compass is designed for multiple delivery contexts:

- **Self-guided (entrepreneur-led):** Entrepreneurs complete modules independently and produce outputs for later lender intake.
- **Facilitated (coach-led or cohort-based):** Programs use Capital Compass as the backbone for workshops or advising sessions, with structured discussion prompts, checkpoints, and peer accountability.
- **Partner-delivered (CDFIs and ESOs):** CDFIs and ecosystem partners can embed Capital Compass into intake or pre-application readiness programming to improve applicant preparedness and

reduce internal processing burden.

Expected outcomes

Capital Compass is designed to create measurable outcomes for three stakeholder groups:

For entrepreneurs:

- Increased clarity on whether CDFI capital is the right fit now (or what to do first).
- Stronger readiness across financials, documentation, and narrative.
- Increased confidence and reduced process drop-off.
- A completed loan-ready packet that improves speed and credibility.

For CDFIs:

- More "application-ready" borrowers entering intake.
- Reduced back-and-forth requests for missing documentation.
- Improved consistency in borrower narratives and use-of-funds justification.
- Better alignment between loan products and borrower needs (fit), reducing misapplications.

For the Center:

- A scalable, standardized readiness model with

- consistent entrepreneur outputs.
- Stronger partner alignment and adoption potential (ESOs, CDFIs, coaches).
- A measurable learner journey (diagnostic baseline --> outputs produced --> readiness improvement).
- A reusable toolkit that strengthens Center's positioning in the capital access ecosystem.

WELCOME TO CAPITAL COMPASS



A capital readiness toolkit for entrepreneurs pursuing CDFI funding

Capital Compass helps you prepare a loan-ready package for Community Development Financial Institutions (CDFIs). This toolkit is designed to reduce the most common reasons entrepreneurs are delayed or declined by helping you build the financials, documentation, and narrative lenders expect.

By the end, you will have:

- A clear **CDFI-fit decision** (apply now vs. prepare first)
- A **12-month cash flow forecast**
- A **use-of-funds budget** and loan request narrative
- A **credit readiness plan**
- A **compliance and documentation checklist**
- A **traction evidence pack** (proof of demand)
- A **data room / loan-ready packet** structure
- A **lender conversation script**
- A **30-60-90 day action plan**

Important note: Capital Compass Toolkit is educational and does not provide legal, tax, or financial advice. You are responsible for protecting sensitive information and for deciding what to share with any lender.



HOW TO USE THIS TOOLKIT?

Recommended pace

Complete the diagnostic first, then work through the sections in order. If you are working with a coach or program, complete one module at a time and review your outputs with someone who can provide feedback.

What to do with your outputs?

Every exercise produces an "application artifact." Save each artifact in your Capital Compass folder. In Section 9, you will assemble everything into a loan-ready packet.

If you feel stuck

Do not guess. Capture what you know, then list what you need to find out. Many entrepreneurs are delayed because they wait for perfection instead of producing a "version 1" draft a lender or coach can react to.

How to protect your information

Do not enter Social Security Numbers or full account numbers anywhere. Mask sensitive details (e.g., last 4 digits only). Store files in a secure location and share only what is requested.

ROADMAP OF THE TOOLKIT



Before you start, gather what you can

- YOUR CHECKLIST:**
- Business name and legal structure (LLC, sole prop, etc.)
 - Last 3-12 months bank statements (business and/or personal)
 - Most recent tax return(s) if available
 - Any bookkeeping reports you have (profit/loss, sales summaries)
 - Estimates/quotes for what you plan to purchase (equipment, buildout, inventory)
 - Lease, permits, or license status (if applicable)
 - Sales proof (invoices, contracts, POS exports, appointments, purchase orders)

Set Your Intention

In one sentence: What does “success” look like for you if you secure funding in the next 6–12 months?

SECTION 01

FIT CHECK

IS CDFI CAPITAL RIGHT FOR YOU RIGHT NOW?

CDFI loans are designed to support entrepreneurs who are building or stabilizing a business and can demonstrate a credible repayment plan. Many CDFIs combine financing with technical assistance (coaching, training, and referral support). That support can be a major advantage, but it does not replace the need for clear documentation and realistic cash flow planning. This section will help you:

- Avoid misaligned applications
- Identify the fastest path to readiness if you are not ready today
- Prepare to take the readiness diagnostic

What you will produce:

- A one-page fit decision summary you can share with a coach or lender.

CDFI Fit Check

Assess and check each statement if/when they accurately describe the current status of your business.

- STATEMENT 1:** I can explain exactly how I will use the funds and why that use will increase revenue or stability.
- STATEMENT 2:** I am seeking funding I do not intend to repay (I want a grant, not a loan).
- STATEMENT 3:** I have some form of sales or a realistic plan to generate revenue within the next 90 days.
- STATEMENT 4:** I cannot estimate monthly expenses or provide any documentation yet.
- STATEMENT 5:** I need a loan primarily to cover ongoing losses with no plan to change the model.
- STATEMENT 6:** I can provide proof that my business is legitimate (registration, licenses if required).
- STATEMENT 7:** I am comfortable providing bank statements and tax documents if requested.
- STATEMENT 8:** I want funding immediately, but I have not clarified what I am buying or when.
- STATEMENT 9:** I have a plan to repay through business cash flow, not hope.
- STATEMENT 10:** I need help with documentation, forecasting, and lender readiness and I am willing to work through it.

Strong Fit

If you checked statements 1, 3, 6, 7, 9, a CDFI loan is a **strong fit for your business, right now.**

Prepare First

If you checked statements 8, 10, 4 a CDFI loan is a **possible fit, but you need to prepare first.**

Not Fit

If you checked statements 2, 5, a CDFI loan is **likely not a fit right now.**

Exercise 1: CDFI Fit Decision Tool

Answer the questions below in your notes or on this document.

WHAT DO YOU NEED FUNDS FOR? (CHOOSE ONE PRIMARY)

- Working capital (cash flow support)
- Equipment/vehicle/tools
- Inventory
- Buildout/tenant improvements
- Marketing/sales growth costs
- Hiring/training
- Refinance existing business debt
- Other: _____

HOW SOON DO YOU NEED FUNDS IN HAND?

- 0-30 days
- 31-60 days
- 61-90 days
- 90+ days

HOW WILL THE FUNDS IMPROVE YOUR ABILITY TO REPAY?

Complete this sentence:

"If I receive funding, I will use it to _____

_____ ,

which will increase or stabilize cash flow by _____

because _____

_____ ."

Exercise 1: CDFI Fit Decision Tool (Continued)

WHAT PROOF CAN YOU PROVIDE TODAY? (CHECK ALL THAT APPLY)

- Bank statements
- Tax returns (if available)
- Bookkeeping or sales reports
- Invoices/contracts/purchase orders
- Licenses/permits/registration
- Quotes/estimates for purchases
- None yet

FIT DECISION: BASED ON YOUR ANSWERS, CHOOSE ONE:

- Apply now (I can document need and repayment)
- Prepare 30-60 days (I need to strengthen documentation and cash flow clarity)
- Pause (I am not positioned for repayable capital yet)

SECTION 02

**CHOOSE YOUR
PATHWAY**

ENTREPRENEUR PERSONA + BUSINESS STAGE ROUTING

Capital Compass is designed to meet you where you are. Use this section to select:

- Your **business stage**
- The **entrepreneur persona** that best matches your situation

Then you will prioritize the exercises most likely to improve your funding outcome.

What you will produce:

- A "Top 3 Priorities" statement that guides your pathway.

Entrepreneur Personas

FIRST-TIME MICRO-FOUNDER

YOU ARE LIKELY HERE IF: You are pre-revenue or early revenue, building basics, and need \$5K-\$25K.

COMMON FRICTION POINTS: Limited documentation, thin credit, unclear use of funds.

YOU ARE LIKELY HERE IF: Use-of-Funds Map, 12-Month Cash Flow, Credit Snapshot, Business Legitimacy Checklist.

COMMUNITY FOOD OPERATOR

YOU ARE LIKELY HERE IF: You run a food truck, cafe, catering, or packaged food brand.

COMMON FRICTION POINTS: Permits, margin clarity, seasonality, buildout timelines.

YOU ARE LIKELY HERE IF: Unit Economics Check, Compliance Timeline, Traction Evidence Pack, Cash Flow Forecast

MAIN-STREET RETAIL RISER

YOU ARE LIKELY HERE IF: You have a storefront or product-based retail operation.

COMMON FRICTION POINTS: Inventory planning, seasonality, cash conversion cycle.

YOU ARE LIKELY HERE IF: Cash Flow Forecast, Traction Evidence Pack, Use-of-Funds Map, Data Room Builder.

TRADES & CONTRACTORS UPGRADER

YOU ARE LIKELY HERE IF: You are a contractor or trades operator scaling jobs and equipment.

COMMON FRICTION POINTS: Project-based cash flow, jobs-costing, payment timing.

YOU ARE LIKELY HERE IF: Pipeline & Sales Story, Cash Flow Forecast, Risk Plan, Use-of-Funds Map.

Entrepreneur Personas (Continued)

CHILDCARE PROVIDER

- YOU ARE LIKELY HERE IF:** You operate home- or center-based childcare.
- COMMON FRICTION POINTS:** Licensing timelines, staffing ratios, subsidy reimbursement timing.
- YOU ARE LIKELY HERE IF:** Compliance Timeline, Cash Flow Forecast, Team Capacity Check, Lender Q&A Builder.

RURAL MAKER/PROCESSOR

- YOU ARE LIKELY HERE IF:** You manufacture or process goods with uneven order cycles.
- COMMON FRICTION POINTS:** Logistics costs, lumpy revenue, supplier terms.
- YOU ARE LIKELY HERE IF:** Risk Plan, Traction Evidence Pack, Cash Flow Forecast, Data Room Builder.

MINORITY/WOMEN-OWNED SCALE SEEKER

- YOU ARE LIKELY HERE IF:** You are growing but face collateral/credit barriers in traditional lending.
- COMMON FRICTION POINTS:** Documentation sophistication, lender narrative clarity, repayment story.
- YOU ARE LIKELY HERE IF:** Use-of-Funds Narrative, Traction Evidence Pack, Lender Story Script, Data Room Builder.

IMMIGRANT ENTREPRENEUR

- YOU ARE LIKELY HERE IF:** You have strong experience but limited U.S. credit history or documentation norms.
- COMMON FRICTION POINTS:** Thin credit file, documentation formats, licensing clarity.
- YOU ARE LIKELY HERE IF:** Credit Snapshot, Business Legitimacy Checklist, Lender Story Script, Data Room Builder.

Exercise 2: Persona Snapshot + Priority Gaps

This exercise helps you focus on the 2-3 readiness gaps that most influence underwriting and speed. Complete the statements below.

MY BUSINESS STAGE IS:

- Startup (pre-revenue or less than 6 months revenue)
- Early (6-24 months revenue)
- Scaling (growing team/customers; expanding)
- Stabilizing (recovering, restructuring, or smoothing cash flow)

MY ENTREPRENEUR PERSONA IS:

My persona is: _____

MY TOP 3 READINESS PRIORITIES ARE:

Priority 1: _____

Priority 2: _____

Priority 3: _____

MY DEFINITION OF "READY TO APPLY" IS:

"I can provide _____,

_____ ,

and, _____,

and I can explain repayment through _____

_____ .

SECTION 03

FINANCIAL READINESS

FINANCIAL READINESS

Financial readiness is the strongest predictor of whether your application moves quickly. CDFIs often show flexibility, but they still need evidence that:

- You can explain the loan purpose clearly
- You can forecast cash flow realistically
- You can afford repayment without destabilizing the business

You will complete three core exercises in this section.

What you will produce:

- A lender-ready loan request narrative and a line-item budget.
- A month-by-month view of expected cash in, cash out, and ending cash balance.
- A simple repayment capacity statement you can discuss with a lender.

Exercise 3: Use of Funds + Business Impact Map

Fill in the table below using your notes or the downloadable template.

LOAN REQUEST SUMMARY

Amount requested: \$ _____

Term desired (estimate): _____ months / years

Primary use of funds: _____

Why now: _____

LINE-ITEM BUDGET

Must total your request. For each item, include: Item, Vendor/Source, Cost, Timing, Why it matters.

Example format: Equipment: Commercial mixer | Quote from Vendor X | \$4,500 | Month 1 | Increases production capacity

BUSINESS IMPACT STATEMENT

Write 5-7 sentences using the following structure:

1. What you do and who you serve
2. What you are buying/funding
3. Why it solves a specific constraint
4. How it affects revenue/costs/cash flow
5. How repayment will happen (what cash flow pays the loan)

BUILD YOUR 12-MONTH CASH FLOW FORECAST IN 7 STEPS

- STEP 1:** List your expected monthly sales (conservative estimate)
- STEP 2:** List variable costs tied to sales (inventory, materials, subcontractors)
- STEP 3:** List fixed monthly costs (rent, insurance, subscriptions, utilities)
- STEP 4:** Add payroll and owner pay (be realistic)
- STEP 5:** Add loan payment estimate (if known)
- STEP 6:** Calculate ending cash each month and identify "low cash" months
- STEP 7:** Write assumptions (what must be true for this forecast to hold)

Exercise 4: 12-Month Cash Flow Forecast (Simple, Lender-Friendly)

Complete the following inputs:

MY AVERAGE MONTHLY SALES (LAST 3 MONTHS, IF APPLICABLE):

\$ _____

MY CONSERVATIVE MONTHLY SALES ESTIMATE (NEXT 3 MONTHS):

\$ _____

MY TOP 5 MONTHLY EXPENSES ARE:

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

MY "LOWEST CASH MONTH RISK" IS LIKELY:

because _____

Exercise 5: Debt Affordability Quick Check

Estimate your safe monthly payment.

NET CASH AVAILABLE

My conservative monthly **net cash available** (after essential expenses, before new loan): \$ _____

MONTHLY CUSHION

I want to maintain a monthly cushion of: \$ _____

SAFE LOAN PAYMENT

My estimated **safe loan payment** is: \$ _____
(Net cash available minus cushion)

Now complete:

"I can afford monthly payment of approximately \$ _____
because _____

"The biggest risk to repayment is _____
_____.

I will mitigate it by _____
_____.

SECTION 04

CREDIT READINESS

CREDIT READINESS

Credit readiness influences pricing, approval speed, and conditions. Many CDFIs evaluate credit more flexibly than mainstream lenders, but they still need to understand:

- What is on your report
- What is explainable vs. fixable
- What your next 30-90 days of credit actions will be

What you will produce:

- A one-page snapshot of your credit status and action items.

Exercise 6: Credit Snapshot Worksheet

I REVIEWED (CHECK ALL):

- Personal credit report
- Business credit report (if applicable)
- I have not reviewed yet

TOP 3 ISSUES I FOUND (IF ANY):

ITEMS TO DISPUTE OR CORRECT (IF APPLICABLE):

| | |
|-------|--------------|
| <hr/> | target date: |
| <hr/> | target date: |
| <hr/> | target date: |

MY CURRENT CREDIT-BUILDING FOCUS:

- On-time payments
- Reducing utilization
- Resolving collections
- Establishing business credit profile
- Other: _____

CREDIT-BUILDING LADDER (30-90 DAYS)

30 Days:

- Pull reports; list errors; dispute where appropriate.
- Set autopay for minimum payments.
- Reduce utilization where possible.

60 Days:

- Pay down targeted balances.
- Formalize business banking separation (if needed).
- Add trade lines/vendor accounts if appropriate.

90 Days:

- Re-check reports; document improvement.
- Prepare explanation letter for any remaining derogatory items.
- Confirm lender-ready documentation set.

Exercise 7: Credit Building Ladder: Your Plan

List your top 5 risks and a specific mitigation action for each:

**MY 30-DAY
ACTIONS:**

**MY 60-DAY
ACTIONS:**

**MY 90-DAY
ACTIONS:**

**MY BIGGEST CREDIT
OBSTACLE IS:**

**MY PLAN TO
ADDRESS IT IS:**

SECTION 05

**BUSINESS MODEL
READINESS**

BUSINESS MODEL READINESS

CDFIs need to understand how your business makes money and why your plan is realistic. This section focuses on:

- Margin clarity (what you earn after costs)
- Risk awareness and mitigation (how you stay stable)

What you will produce:

- A clear margin story and one pricing or cost action.
- A lender-respected risk plan (not generic optimism).

Key terms (quick clarity)

| | |
|------------------------|---|
| REVENUE: | Total sales before expenses. |
| COGS: | Direct costs to produce what you sell. |
| GROSS MARGIN: | Revenue minus COGS. |
| FIXED COSTS: | Costs that do not change much with sales (rent, insurance). |
| VARIABLE COSTS: | Costs that rise with sales (materials, transaction fees). |
| BREAK-EVEN: | Sales level where profit is zero. |
| UNIT ECONOMICS: | Revenue and cost for one unit of sale (one job, one product). |

Exercise 8: Unit Economics / Margin Reality Check

Choose your "unit" (one job, one service package, one product).

| | | |
|---|----------|----------------------------|
| UNIT NAME: | _____ | |
| UNIT PRICE (WHAT CUSTOMER PAYS): | \$ _____ | |
| DIRECT COSTS (COGS): | \$ _____ | |
| GROSS MARGIN PER UNIT: | \$ _____ | (price minus direct costs) |

Now answer:

If I sell 10 units/month, gross margin would be: \$ _____

My top 2 direct cost drivers are: _____

and _____

One action I will take to improve margin is: _____

Exercise 9: Risk & Mitigation Plan

List your top 5 risks and a specific mitigation action for each:

RISK 1:

MITIGATION:

RISK 2:

MITIGATION:

RISK 3:

MITIGATION:

RISK 4:

MITIGATION:

RISK 5:

MITIGATION:

Exercise 9: Risk & Mitigation Plan (Continued)

Now complete:

"My repayment stability depends on _____

_____.

If that is disrupted, I will _____

_____.

NOTES:

SECTION 06

**COMPLIANCE
READINESS**

COMPLIANCE READINESS

Compliance readiness reduces delays. Even mission-driven lenders must confirm basic legitimacy and regulatory alignment. This section helps you prove:

- Your business is properly registered.
- Required licenses/permits are in progress or complete.
- Your timeline is realistic (especially for regulated industries).

What you will produce:

- A checklist that prevents avoidable underwriting delays.
- A timeline showing what must happen before funds can be deployed effectively.

Exercise 10: Business Legitimacy Checklist

Assess and prevent avoidable underwriting delays.

BUSINESS LEGITIMACY CHECKLIST:

- Legal business name confirmed
- Business structure confirmed (LLC, sole prop, etc.)
- EIN obtained (if applicable)
- Business bank account established
- State/local registration completed
- Required licenses identified
- Required permits identified
- Insurance coverage identified (general liability, workers comp if applicable)
- Lease status documented (if applicable)
- Good standing status confirmed (if applicable)

BUILD YOUR COMPLIANCE TIMELINE

- STEP 1:** List every permit/license requirement
- STEP 2:** Identify the issuing agency and expected processing time
- STEP 3:** Document dependencies (what must happen before what)
- STEP 4:** Add buffers (delays are common)
- STEP 5:** Note what you can do while waiting (parallel tasks)

Exercise 11: Compliance Timeline Builder

Build a timeline showing what must happen before funds can be deployed effectively.

**COMPLIANCE
REQUIREMENT:**

AGENCY/CONTACT:

**ESTIMATED
TIMELINE:**

DEPENDENCY:

MY ACTION DATE:

**EVIDENCE I CAN
SHOW THE LENDER:**

NOTES:

SECTION 07

TRACTION READINESS

TRACTION READINESS

Traction is proof your business can generate the cash flow needed to repay. Traction can look different depending on your business model; the key is that it is **documentable**. Examples of traction evidence:

- Paid invoices / receipts
- Contracts / purchase orders
- POS reports (weekly/monthly)
- Recurring customers / subscriptions
- Booked calendar / appointments
- Waitlists / deposits
- Partnerships with documented demand

What you will produce:

- A list of proof documents you will include in your loan-ready packet.
- A simple, lender-friendly explanation of how customers arrive and how sales convert.

Exercise 12: Traction Evidence Pack Builder

List at least 8 pieces of evidence you can provide (or will create) and where they live.

EVIDENCE 1:

EVIDENCE 2:

EVIDENCE 3:

EVIDENCE 4:

EVIDENCE 5:

EVIDENCE 6:

EVIDENCE 7:

EVIDENCE 8:

Now complete:

"My strongest proof of demand is _____

because _____
_____.

Exercise 13: Pipeline & Sales Story Builder (B2B or B2C)

Explain how customers arrive and how sales convert in a simple, lender-friendly way.

CHOOSE YOUR VERSION:

B2C (direct-to-customer)

Define: average sale, repeat rate, top acquisition channels, seasonality, and sales cycle length.

B2B (business-to-business)

Define: pipeline stages, average contract size, conversion rate, payment terms, and delivery timeline.

MY TYPICAL CUSTOMER IS:

CUSTOMERS FIND ME THROUGH:

MY AVERAGE SALE/ CONTRACT IS:

\$

MY SALES CYCLE IS TYPICALLY:

 days/weeks

CUSTOMERS PAY VIA:

 (immediate / net-15 / net-30 / milestone)

THE TOP REASON CUSTOMERS BUY IS:

THE TOP REASON SALES STALL IS:

and my fix is:

SECTION 08

**TEAM & SUPPORT
SYSTEM READINESS**

TEAM & SUPPORT SYSTEM READINESS

CDFIs evaluate whether you have the capacity to execute the plan you describe. Capacity includes:

- Who does finance, operations, and sales
- What breaks first during growth
- Whether you have support (mentors, bookkeepers, technical assistance)

What you will produce:

- A map of who supports you and what you need next.
- A clear view of your operating constraints and your plan to address them.

The capacity areas lenders pay attention to:

- Sales & customer acquisition
- Operations & delivery
- Finance & bookkeeping
- Compliance & documentation
- People management (if applicable)

Exercise 14: Support Network Map + TA Plan

List at least one person or resource for each category.

**FINANCE/
BOOKKEEPING
SUPPORT:**

**OPERATIONS
SUPPORT:**

**SALES/MARKETING
SUPPORT:**

**LEGAL/
COMPLIANCE
SUPPORT:**

**MENTOR/COACH/
COMMUNITY
SUPPORT:**

Now complete:

The support I need most right now is: _____
_____.

I will seek it by (specific step): _____
_____ by (date): _____.

Exercise 15: Operations Capacity Check

Identify your operating constraints and your plan to address them.



If sales increase by 20%, the first thing that will break is:



The cause is (time, systems, staffing, vendors, cash timing):



My mitigation plan is:



The one operational improvement I will prioritize is:

SECTION 09

**BUILD YOUR LOAN-
READY PACKET**

BUILD YOUR LOAN- READY PACKET

A loan-ready packet reduces back-and-forth and speeds underwriting. Your goal is to make it easy for a lender to answer three questions:

1. Is the business legitimate?
2. Can it repay?
3. Does the request make sense and reduce risk?

What you will produce:

- A standardized folder structure + index.

BUILD YOUR DATA ROOM IN 20 MINUTES

- STEP 1:** Create a folder called "Capital Compass – Loan Packet"
- STEP 2:** Create subfolders: 01 Business Identity, 02 Financials, 03 Use of Funds, 04 Traction, 05 Credit, 06 Legal/Compliance
- STEP 3:** Add your latest files (even if imperfect—label v1)
- STEP 4:** Create a one-page index listing what's included
- STEP 5:** Review for missing items and add to your action plan

Standard Loan Packet Contents Checklist

- Business registration documents
- EIN confirmation (if applicable)
- Licenses/permits (or proof in progress)
- Last 3–12 months bank statements
- Recent tax returns (if available)
- Bookkeeping reports (if available)
- Use-of-funds budget + quotes/estimates
- Traction evidence (invoices, POS, contracts, pipeline)
- Credit snapshot + explanation letter (if needed)
- Insurance documentation (if applicable)

TIP:



Data Room Index - write your file list.

When creating your data room index, list what you have in each folder. Name files clearly (example: "2026-01 Bank Statement - Business Checking.pdf").

SECTION 10

**LENDER
CONVERSATION PREP**

LENDER CONVERSATION PREP

CDFI lender conversations are typically structured around use of funds, repayment, documentation, and impact. Your goal is to answer clearly and consistently without over-explaining or under-documenting.

What you will produce:

- Draft answers to the most common underwriting questions.
- A short script you can use in intake calls and applications.

Exercise 16: Underwriting Q&A Builder

Draft your answers (5-8 sentences) for each question. List proof you can provide for each answer.

1

Tell us about your business and who you serve.

2

How will you use the funds specifically?

3

Why is this the right time for funding?

4

What are your current monthly sales and expenses?

Exercise 16: Underwriting Q&A Builder - Continued

5

What is your repayment plan (what cash flow pays the loan)?

6

What risks could disrupt repayment, and how will you mitigate them?

7

What documentation can you provide today?

8

What support or technical assistance would help you succeed?

Exercise 17: Two-Minute Business Story Script

Use this structure to write 2-3 minutes of spoken content:

WHAT WE DO:

"We are a _____

business serving _____

THE PROBLEM:

"Our customers struggle with _____."

_____."

THE PROOF:

"We have traction shown by _____

_____."

THE PLAN:

"With funding, we will _____

_____."

REPAYMENT:

"We will repay through (cash flow source) _____

and our forecast shows _____."

CLOSE:

"The outcome will be _____

for the business and _____
_____ for the community."

SECTION 11

**30-60-90 DAY ACTION
PLAN**

30-60-90 DAY ACTION PLAN

Your action plan turns your diagnostic results into measurable progress. The goal is not perfection. The goal is to become "lendable" faster by addressing the highest-impact gaps first.

30-60-90 DAY PLAN (RECOMMENDED STRUCTURE)

30 Days:

- Finalize use-of-funds budget and quotes.
- Produce a version 1 cash flow forecast.
- Build data room structure.
- Identify and begin addressing credit/documentation issues.

60 Days:

- Improve financial accuracy and consistency.
- Add traction evidence (contracts, invoices, POS reports).
- Complete compliance items in progress.
- Refine lender narrative and Q&A.

90 Days:

- Produce "loan-ready packet v2."
- Run a mock lender intake conversation.
- Apply to a CDFI (or schedule intake meetings).

Your 30-60-90 Day Action Plan

Based on your diagnostic and your priorities, list your actions.

**NEXT 30 DAYS
(TOP 3 ACTIONS):**

1. _____

(owner: _____ | due: _____)

2. _____

(owner: _____ | due: _____)

3. _____

(owner: _____ | due: _____)

**NEXT 60 DAYS
(TOP 3 ACTIONS):**

1. _____

2. _____

3. _____

Your 30-60-90 Day Action Plan

**NEXT 90 DAYS
(TOP 3 ACTIONS):**

1.

2.

3.

If I am declined:

I will request feedback on _____,

improve _____,

and re-approach by (date) _____.