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 ceocfointerviews.com  
 Issue: January 20, 2014



## Customized Funding Solutions for Small and Medium Sized Businesses



**Jim Salters - CEO**

The Business Backer provides customized funding solutions for small and medium sized businesses and companies serving these businesses. The Business Backer was founded in 2007 by a group of small business owners who saw a gap in the small business financing industry and knew there was a more ethical, more transparent way of helping these businesses secure the funding they needed to succeed. By looking beyond credit scores and complex mathematical models and taking the time to understand a business's situation, goals, and potential beneath the surface, The Business Backer could provide a much larger approval window and rates at half the cost. This revolutionary approach to underwriting, combined with a team of expert advisors, has allowed The Business Backer to secure more \$140 million in funding for thousands of small businesses across the United States.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Salters, what attracted you to The Business Backer and how has it changed under your leadership?**

**Mr. Salters:** Two things attracted me to the company. I had a life-long passion for small business and worked exclusively for small businesses during my career before joining The Business Backer. Secondly, when I looked at the financing

industry for small businesses, I saw an enormous need for more professionalism, ethics, and better service to actually help these customers. The Business Backer is taking a revolutionary approach to helping small businesses. I saw a huge opportunity in an area that I was passionate about so it was a no-brainer for me to join The Business Backer.

**CEOCFO: We know you provide loans to small businesses. Would you explain to us how The Business Backer works?**

**Mr. Salters:** Fundamentally, we believe in what we call True Relationship Financing. We have a "back-to-the-future" mentality where we believe that to best serve small businesses, we cannot rely on data alone, especially surface data to underwrite and ultimately determine the cost and the terms of the financing. Through True Relationship Financing, we partner with business advisors and others who have close relationships with small businesses and we recreate the community lending relationship model that was pervasive decades ago. It is a stark contrast to the conventional view that the right way or the best way to evaluate a small business is with credit scores and other surface data. By taking this relationship-based approach, we can produce much lower cost financing and more accessible financing than even our alternative competitors, but we are also producing a completely different customer experience that is personal and based on relationship not data technology and automation.

**CEOCFO: What is the key to getting that relationship right?**

**Mr. Salters:** The key is what we call trust but verify. If we have a relationship of mutual trust where customers can trust that we are going to do everything we can to provide them with the best cost and the best provider, then they can be open with us. We can then trust the explanations or situations they are coming to us with. We have so much more relevant information into those underlying decisions and are able to turn it into lower rates and higher approval rates. We are ultimately better serving small business owners.

**CEOCFO: How do you foster that relationship of trust?**

**Mr. Salters:** We have been in business since 2007, so we are not a startup or a new fly-by-night company. We have successfully financed approaching 5000 small businesses in all fifty states and have built long-term relationships with many of these clients. We have also been fortunate to receive a number of awards including the Inc. 500/5000 list of America's Fastest Growing Companies, one of the Best Places to Work in Cincinnati, winner of Ernst & Young (EY) Entrepreneur of the Year, and most recently and probably most importantly a winner of the Better Business Bureau Torch Award for Marketplace Ethics in the medium sized companies category. We pride ourselves on being a legitimate and ethical company and have outside recognition of employing these values. We actually do what we say we do. We have financial advisors not salespeople. When a potential customer calls in to speak to someone about helping them find

financing, they are asked a bunch of questions, not given a sales pitch. They see right from the beginning that we want to understand their credit situation and their business situation and then help them find the best solution and the best provider.

**CEOCFO: *How do you find the dollars?***

**Mr. Salters:** Based on the initial interview with the small business owner, we are able to tap into our proprietary database of lenders including banks, credit unions, alternative lenders, equipment finance companies, receivables factoring companies. We have a team constantly determining which products and services we should be offering to our customers based on either new innovations or reliability and credibility. When the financial advisors determine both the credit situation and the business situation, we then find out what is most important to the customer. Sometimes it is speed, sometimes it is a monthly payment, sometimes it is the amount of money. Depending on what they are trying to accomplish, our proprietary model allows us to instantly determine which options are available and which ones are best for their given situation. We can make a recommendation and show the customer the options available to them.

**CEOCFO: *Are there particular types of businesses that you find are more likely to fall into your category or is it across the board?***

**Mr. Salters:** Our lending products can pretty much serve every industry, but most will not work with startups. Our entire business model is predicated upon partnerships. When we think about the ideal customer, we think of the ideal partner, and that is anyone serving small businesses. For partners with a close advisory relationship with a client, we can offer them a complete solution to help the business owner finance both the advisory relationship as well as all the products on the shelf.

**“What sets us apart philosophically is we consider the customer’s well-being as important as our own, and we make our decisions that way. This is what has allowed us to grow the way we have.” – Jim Salters**

**CEOCFO: *There is almost a limitless potential?***

**Mr. Salters:** Our promise to our customers is if there is a product out there they can qualify for and meets their need, we are going to help them find it. It is really about trusting us. We worked for seven years to build a reputation and prove that we can be trusted. Folks can save themselves a lot of time and a lot of money by working with us to find the best deal and the best solution for their need. Oftentimes we find small business owners getting in a rush, and they are short on time so they just take the first loan or financing somebody offers them, but there much less expensive options available. They do not know of the better ways to purchase that financing in terms of the kind of fee they pay or even how the financing works. Unfortunately, it is way too complicated for a small business owner to find out on their own, understand the available options and how to make the best decisions. That is why our advisors are in such high demand.

**CEOCFO: *What are have you learned personally from your football background that has been helpful in the business world?***

**Mr. Salters:** First and foremost is teamwork. At The Business Backer, we consider our customers part of the team. That sense of team is something that very much comes out of my football background where coaches, trainers, the people carrying around the water bottles and the fans and media are all a part of what makes that whole football thing work. One of the things that irks me the most in business in general is somehow we have gotten to the point where most businesses do not think of their customers, and certainly financial service companies do not think of their customers, as being a part of their team. We are lending people money and whether they are healthy and whether they can use that money productively and pay it back is not charity; it is very much what has to happen for the lending to work. Their mindset is somehow the customer is a source of revenue and profit. The customer is not part of the conclusion. What sets us apart philosophically is we consider the customer’s well-being as important as our own, and we make our decisions that way. This is what has allowed us to grow the way we have.

**CEOCFO: *What is ahead for the business?***

**Mr. Salters:** What we have learned is that we have something very unique to offer to partners. Our goal over the next three years is to grow our business by five times. We anticipate this will be 100% through growth in our partnerships, with referral partnerships or partnerships where we are creating custom finance solutions to help our partners. Those partners are becoming the backbone of our company and we have found there is a big unmet need where we are in a position to serve those partners and small business customers.

**CEOCFO: *Why pay attention to The Business Backer?***

**Mr. Salters:** We are taking a completely different approach to small businesses. It is our philosophy. It is our beliefs and our values but most importantly, now it is our capabilities. We just raised an outside round of capital to fund our growth

plan. We are in the midst of scaling our business by five times over the next three years and we are doing it with a completely different approach. I think people could learn from and ultimately be inspired by the approach we are taking with our lending and our relationships with our customers. We are changing conventional wisdom for serving small business owners and evaluating the risk of lending to them. We are recapturing the story and the relationship. Big data has many benefits, and we are best in class in the use of that, but the data alone does not tell the story. That is what we stand for and is a huge reason for our explosive growth today.

**CEOCFO: *Would you tell us more about how you are partnering and reaching your partners?***

**Mr. Salters:** So many businesses out there, including banks, credit unions and anybody selling to small businesses, are suffering the same way small businesses are suffering due to a lack of access and capital. When a small business cannot access capital they have serious constraints on their ability to either get through a rough period or to take advantage of growth opportunities. Somebody who is selling services to a small business is suffering from that same lack of access to credit. Since we have developed a best-in-class underwriting capability, we have a much better sense of what the risk is to a small business than conventional approaches. We are taking that to facilitating the purchase of goods and services that can help a small business improve, much in the way GE Credit provided better financing and access to financing for consumers who were looking to buy, whether it was a big dental bill or auto repair bill or possibly a flat screen TV. No one has done this in the small business world. We are making it easier and more accessible for small businesses to buy our partners' products and services. When those products and services help the small business reduce expenses and increase sales, we are helping small businesses. They can buy the things they want or need to survive and thrive in a much easier way.

**BIO:** Jim Salters is anything but your typical CEO. Through mission-driven leadership and innovative strategies, he has repeatedly generated 10x growth and profitability leading early stage companies.

After mortgaging everything his family owned to pursue his vision for The Business Backer, the Company has become an industry leader in connecting small businesses with the capital and expertise they need to survive and thrive. Jim's passion and belief in the mission he created for The Business Backer has only continued to grow as the company has eclipsed \$140 million in funding to over 5,000 small businesses across the country.

His leadership is recognized both locally and nationally, with awards such as The Business Courier's Top 40 under 40 and a winner of the Ernst & Young Entrepreneur of the Year Award. Jim graduated with honors from Princeton University and where he was an all-conference linebacker for the Tiger football team. Jim continues to be a fanatic student of life and business. He resides in Cincinnati, Ohio with his wife Jody and their three young children: Molly, Lucy, and little Jimmy.



## **The Business Backer**

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