

Dishing Out Success

Strategic Funding Source serves up capital to growing businesses

By Bryan Ochalla

Ask Jim D'Alesandro why he decided to go from owning restaurants to funding them and he'll tell you, "I didn't like the arithmetic."

D'Alesandro, who owned six restaurants during the course of about 20 years, adds, "The upside never seemed as great as I expected it to be." Gradually, he realized that the restaurant business was oversaturated, and he left the business in 2001.

Although D'Alesandro was willing to say *arrivederci* to owning restaurants, he wasn't willing to walk away from the industry completely. "I wanted to provide services to restaurant owners because I knew they could use the help," he says.

For his first post-restaurateur foray, he got involved with a local discount dining club. Like so many endeavors, "it was a great concept but there wasn't enough money behind it," he says.

An impromptu meeting with a leader in the cash-advance industry suggested a solution to that problem, but D'Alesandro and his business partner at

the time turned the offer down. Still, the meeting prompted the pair to make some improvements, which boosted sales dramatically. That success changed his stance on the cash-advance industry.

"I saw that the offer could have been a great opportunity for our business and could be a great opportunity for other businesses like ours, too," he says.

Not long after, D'Alesandro made another career move—this time to Countrywide Business Alliance. There, he gained valuable experience as a sales representative, and later as a member of the senior management team, that prepared him for his current position as president of Strategic Funding Source Inc. (SFS), a New York City-based provider of short-term capital (usually between \$10,000 and \$300,000) to small- and medium-sized merchants.

"I started out selling cash to people like myself," he says, "and when you sell to people like yourself, you have a major advantage. You understand how the people on the other side of the table feel, you understand their challenges and their struggles. Basically, you can relate to them, and anytime you can do that—especially as a salesperson—you get much better results."

Diverse Team

D'Alesandro isn't the only person at the three-year-old company able to walk in the shoes of the company's clients. Some, like Nick Estep (vice president of South East),

come from the hospitality industry, while others, like Bill O'Donnell, vice president of SFS broker direct, come from the mortgage brokerage business. Their abilities and backgrounds complement those of cohorts COO David Sederholt, CFO Ron Aghassi, Vice President of North East Josh Mitchell, Project Manager Dennis Hittle, and Senior Vice President Evan Marmott—each of whom has extensive experience in the cash-advance industry.

Another team member, Andrew Reiser, was an investment banker before backing Strategic Funding Source and becoming its chairman/CEO in early 2006. He is responsible for, among other things, coming up with the company's carefully constructed name.

"Actually, I kind of stole the idea from a board member who used to manage a fund out of Bermuda called Strategic Asset Management," he says. "I liked the idea of having 'strategic' as part of our name because the goal of our company was to provide strategic capital to people—capital that would help them grow their business and not just help them pay the bills."

Attentive Service

A high-touch is approach just one of the qualities that Reiser and D'Alesandro think sets their company apart.

"Most companies in this industry take submissions, analyze them, and then fund the ones they like and decline the ones they don't like," D'Alesandro says. "We're more involved than that. We truly believe that before we give money to a merchant, the merchant has to understand how it is going to impact their business. We want them to understand whether or not they can afford what we're offering them before we move forward."

"It's not just about giving money to merchants and hoping we get it back," Reiser agrees. "It's about helping them use the money we give them in a way that drives new customers through the door and helps them pay back the cash advance."

Unlike other cash-advance companies, SFS doesn't strictly adhere to a formula when deciding which merchants can be funded. Instead, the company's 30-plus employees try to get to know their potential clients on an individual basis.

"That way, we don't give money to desperate merchants," D'Alesandro says. "We give money to merchants who we know will be able to use it to grow their business."

"The best-case scenario for us," adds Reiser, "is when a merchant we give money to gets to the point that they don't need us anymore." **TT**

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 Strategic Funding Source
Financing the Future of Emerging Businesses

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