

Tackling the financial institutions

Readers who do not know you will judge you by your writing. Pay some attention to what you say and how you say it. What follows is an example of a cover letter for a bank loan request. Note how much information is packed into a short letter, and that it focuses on what a banker would most want to know.

Write as you would speak, but just a little more formally. Avoid slang and contractions. Do not try to make it too fancy. Start with a list of the main points you need to get across; then start explaining them. Use only the three basic tenses, past, present, and future. Refer to your business by its name, or "it". Thus, Karizmen, Ltd. was formed in 1996 etc., is now called Moneybiz (Pty) Ltd. Use "I" or "we" only when referring to the actions of the individual owners. Write in the active voice and in short sentences.

Executive Summary

Moneybiz (Pty) Ltd is a high-end news and information portal with a reputation for integrity, value add services, and excellence in management. In three years, annual sales have increased to be well over a million rands.

Moneybiz (Pty) Ltd was three very enthusiastic individuals. In 1998 a combination of activities involving news service, consulting, and advertising brought Gross Sales of R250, 000.

The Company experienced steady growth since its inception, and incorporated in March 1999. In 1999 Gross Sales of R750, 000 were achieved. In 2000, signed contracts show that Gross Sales are expected to be R1, 300,000.

The Company has its address in leased premises at 1234 A Street, Springfield, Johannesburg 2000.

Moneybiz (Pty) Ltd is involved in four distinct activities:

1. Online news and information
2. Online Advertising
3. Business Development consulting
4. Web design

Eighty to ninety percent of the Gross Sales are in Advertising and Consulting. At the moment (May 2005), there are 25 permanent employees on the payroll and 10 subcontracted workers excluding subcontracting companies.

The company's Short Term Objectives (within the next three years) are to increase activity in all Divisions, and to achieve annual profit, net after taxes, of R200, 000 by 2007. Its Long term objectives are: to maintain the level of current business achieved up to 2007, and then to move into historical web design, more consulting work, and increased advertising.

To implement these objectives the company needs:

1. A loan of R100, 000 at Prime plus 2%. This loan to be used for current near term expenses including _____, _____ and _____. It will be repaid in five years.
2. A overdraft of R50,000 to take advantage of discounts available, avoid associated penalties, and expand into high profit areas requiring positive cash flow.

The prospects for Moneybiz's continued growth are excellent, with 20 Web design and 5 Consulting and 50 advertising contracts underway already exceeding R550, 000 (Attached see cash flow projections).

For equity the company has assets of R227, 000 (see attached, Balance Statements as of mm/dd/2003). Additionally, the company's owners are willing to offer as collateral a second bond on a residence with an estimated equity of R150, 000. The address of this residence is 456 Oak Dr., Mt. Vernon, Berea 2019.

The company's overall objective is to satisfy that market segment that demands integrity and quality web design, and to maintain a steady growth in sales volume that will sustain the company for twenty years. Brian Ramogosi has enhanced his reputation to the point where the company is regarded by many as the recommended choice with their clients due to the excellence of its management.

Market research shows that the internet usage in SA has increased by 200,000 between 2000 and 2005. This increase in usage brought about an increase of 19,850 new internet users valued at over three million rands. This increase gives online based businesses over 128,000 users as a potential growth market.

Financial Objectives

The financial objectives of Moneybiz over the next few years are as follows:

	2005	2005-2007
Sales	R70,000,00	R250, 000,00
Net Income after Tax	R25, 000,00	R100,000,00

Please review the enclosed business plan and loan proposal, and of course feel free to ask for any additional information or explanations you may need. I will call you in about one week's time to arrange an appointment so that we can discuss the loan in person.

I look forward to a mutually profitable relationship with the Bank.

Sincerely,

Brian Ramogosi