BUSINESS FINANCING

Financing Your Small Business Or Startup

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Introduction

Bloomberg is, in their own words, "... a global information and technology company." The influential and respected conglomerate is constantly researching business trends for information on how to help small-cap, medium-sized and large businesses succeed. Bloomberg reports on its website that 8 of every 10 businesses fail, most of them in their first 18 months of existence. While many reasons exist for most businesses in various industries not surviving more than 1.5 years, the #1 reason Bloomberg found for business failure was ...

... lack of sufficient capital.

There are other causes of business collapse. If you have a poor idea of what your customer is really thinking, you don't differentiate yourself from other businesses similar to yours and suffer from poor leadership, your business is probably doomed to failure. When you look at those very valid reasons for business failure, you see they can all be overcome. You can perform or pay for market research that tells you what is on the minds of your customers. You can create a unique value proposition. You can overcome important leadership by replacing ineffective managers.

> **However, you can't do those things when you don't have enough capital in the corporate coffers to weather those and other businesses-killing storms.**

You can get past many common business problems when you have enough startup capital to launch your business. It is going to take a while to establish a presence in your industry. You can't reasonably expect to have a grand opening today and have your company become a business buzzword tomorrow. Most venture capitalists and serial entrepreneurs that are good at what they do will tell you that you need at least 3 to 5 years of operating capital before you start your business. This gives you a solid chance at developing a business that can make it through early growing pains and establish a foothold in your desired market.

This report will help you find that startup capital.

If you have an idea for a small business, this is a great time to shake off the shackles of employment and become your own boss. In the early 21st century, unique and innovative funding mechanisms have been created for business owners seeking startup capital. Combined with the global reach of the Internet and traditional funding sources, it is hard to imagine a better time for the cash-poor entrepreneur to find the required money to launch a business.

In Financing Your Small Business or Startup, you will learn important Dos and Don'ts of financing your small business. These are the best practices and business mistakes other entrepreneurs have discovered along their paths to success or failure. You will also find specific avenues for using your current resources to create the capital you need, as well as sources of venture capital and investors. The report closes out with a Top 10 checklist that provides a quick reference to important small business funding tips you are about to receive.

If you are ready to find the money necessary to move your business from dream to reality, let's get started by looking at some proven small business financing practices, as well as some funding ideas you should probably avoid.

10 Dos and Don'ts of Financing Your Small Business

1. Don't Be Nearsighted

Hey, we understand. You think you have an idea that absolutely cannot fail. All you need is a little money to get started, and you are going to take the world by storm. Your business idea is innovative and your product fills a need not currently being addressed in some marketplace. Guess what? None of that matters if you think short-term. You absolutely can't be nearsighted when raising funds for a business startup. Leave no stone unturned in trying to figure out exactly how much money you will need to stay afloat for at least your first 3 years, and planning for 5 years is even smarter.

Once you come up with a figure, factor in an additional 10% or 15%. Have any other interested parties go over your calculations. Did you miss anything? Are there any glaring omissions you forgot to take into account? Thinking short-term (a few months, 1 year) reveals to venture capitalists and other potential backers that you may not be taking your business seriously. Raising just enough money to get up and running for the short-term only is a financing don't for sure.

2. Do Evaluate Your Finances Regularly

Most large businesses perform quarterly reviews. They communicate with stock exchanges, their investors, and business analysts to let everyone concerned know exactly how they are doing. While passing along important financial information to interested parties is a smart business move, big businesses perform regular reviews for one very important reason ... they want to constantly know where they stand financially.

Companies need market research, a strong infrastructure, happy employees, smart leaders and other resources to succeed. This is true for small and large businesses alike. Keeping all the spokes of the business wheel in place to ensure the company keeps rolling along means having easy access to liquid capital. Concerning your small business, it is vital to constantly evaluate its health, since your business will be closer to financial ground zero than a Fortune 500 company.

3. Don't Borrow Too Early

This may not sound like a wise move. If your business launch is 2 or more years off and you happen along an attractive source of funding or a venture capitalist who loves your idea, you may be tempted to grab the money now. In the back of your mind, you believe it would be foolish to pass on any type of funding that is available, even if the capital will not be required for several years. In a lot of cases, borrowing money before you have a business plan and implementation of practices in place is a bad idea.

Here's why.

Imagine you are at the very beginning of planning your company and how it will run. You are creating products, performing market research, testing the services you are going to offer, and your launch is probably 24 to 30 months away. You are basically just getting started. You happen to stumble across a substantial funding offer. This will be enough capital for you to operate your business at a loss for breakeven point for several years.

You take the money, stick it in the bank, and go back to planning your business launch. Since you are just in the early stages of formulating your business, you are going to have dozens of ideas about what you want to do. After you do your research, you may discover that what looks like a smart business practice now won't do your company any good in the future.

Unfortunately, if you have a bundle of money staring you in the face in the experimental phase of business development, you could burn up valuable capital because you are tempted to spend money on anything and everything while you have cash in hand. If you find an investor eager to finance your business, she will appreciate the fact that you want a solid and workable business plan in place before you get your hands on any startup money.

4. Do Borrow a Specific Amount

Only borrow what you need. Imagine that you have done a great job figuring any and every possible cost you are going to incur over the first 5 years of your business. You have taken into account the fact that you may struggle in the beginning. You are not relying on early success for money to keep your business afloat. You are instead planning for every possible penny you are going to need to give your company a chance to develop a sustainable position in your industry.

If that number is $100,000, don't borrow $200,000 if it is offered to you. The business owner that knows exactly what money is required for startup success and ongoing operations should not arrange for excessive capital over that figure. There are too many things that can go wrong, even if you have conducted excellent market research. It's okay to allow for a little wiggle room and calculate 10% to 15% over the amount of capital you're going to need. Anything over that is dangerously excessive and tempting.

5. Don't Obsess Over Your Interest Rate

You obviously want to secure a good interest rate or loan repayment particulars. Looking around for an attractive rate could save you thousands or tens of thousands of dollars. Sometimes obsessing over getting the best possible interest rate is a mistake. Having tunnel vision that takes your interest rate into account while blinding you to other financing considerations can cost you more money in the long run.

Do some simple math here. If you are not good at crunching numbers, get someone involved who is. If your low-interest rate is attached to a 20-year loan, is it really a smarter financing move for your company than securing a loan with higher interest that runs for only 10 years? Making sure you don't get taken advantage of by a predatory lender is important, and the interest rate you will be paying on your loan is just one of several factors you should consider.

6. Do Prepare an Effective Elevator Pitch

You may be familiar with the business term elevator pitch. This refers to the following scenario. You find yourself in an elevator with a dream angel investor or venture capitalist that could make your business startup a reality. If you had to choose one individual to provide the capital you need to launch your business, that person is standing next to you, and the two of you are alone in an elevator.

He may be exiting at any time. You only have a few seconds to present your business opportunity to this investor. What can you say in a few words or a simple sentences to grab this person's attention? This is your elevator pitch. You need to know your business plan inside and out. Your pitch should be succinct and to the point, illustrate why your business is going to succeed where other similar companies have failed, and it should have a hook that draws in potential investors.

You have to convince someone in just a few seconds that you are a confident businessperson and manager, and that their investment will be a win-win situation for both parties. If your elevator pitch is strong, potential investors will be happy to sit down with you at a later date when they have more time available for you to go over your business proposal in detail.

7. Don't Pay Money Back Too Quickly

This may sound crazy, but the idea here is that you simply can't tell what the future holds. You have to have reasonable capital on hand to fix unseen problems that arise. Perhaps your business starts to succeed wildly out of the gate. Your first-year revenues triple your expectations. Everyone in your industry is talking about you in a favorable way, you find yourself on the cover of INC. Magazine, and your business success is all but guaranteed ... or is it?

If you have secured a 60-month loan for your business and you can pay it off a couple of months early, that's great. Just don't go crazy with your early payment plan if it is not necessary to do so. Whoever you borrowed the money from agreed on certain terms. That means they are happy for you to use the entire length of the loan to pay back the principal with interest. If you repay a loan much too soon and then some big financial crisis appears suddenly and unexpectedly, there may not be enough time to secure the capital needed to survive this cash crunch.

8. Do Play the Field

Keep your eyes open. There could be business startup funding sources all around you. You could have access to individuals and institutions who are more than willing to provide the money you need to get your business up and running. The problem is that you can blind yourself to these possible investors if you have your heart set on doing business with just one particular financial institution or venture capitalist.

Be prepared to play the field. Talk to a lot of suitors. Mention your business opportunity to everyone. Just because you haven't considered a particular person or source of funding doesn't mean that individual or company isn't a perfect fit for your startup capital needs. Additionally, when you let banks and other lending parties know you are shopping around, this smart business practice can help you secure the best terms.

9. Don't Be Late on a Single Payment

Pay your employees on time. Pay bonuses when you should. Don't pay a bill on Friday if it is due Thursday. You want to be known as the King or Queen of business reliability where paying back your loan and paying other invoices is concerned. If you're dealing with a financial institution that reports to the credit bureaus, building excellent business credit makes sense for your startup capital and for future loan considerations.

Even if you pay your loan on time but develop a reputation for being late with other payments, the word could get back to your lender. This might spell doom for your long-term relationship with that lender. Business School 101 teaches timely payment of invoices, so take this cornerstone business practice to heart.

10. Do Keep Your Business and Personal Finances Separate

Your personal life should not suffer financially when your business needs money. The opposite is also true. It is taxing enough mentally and physically running a small business. You don't need to add to your headaches and worries by intertwining your personal and business finances.

You need to treat your life and your business as two separate entities. This almost always means never borrowing from Peter to pay Paul by moving money between your personal and company accounts.

Traditional and Non-Traditional Ways to Finance a Small Business

There are plenty of ways to fund your small business startup, from the traditional (bank loans and small business grants) to the not so traditional (crowdfunding). Sometimes keeping an open mind is the key to spotting unique but viable ways to generate the capital you are going to need to launch and run your business. The following list contains more than a few ways for you to access the money you will need to start and grow your business.

Traditional Bank Loans

We are not going to spend too much time here. Banks and other traditional lending institutions can offer small businesses substantial capital, often with attractive terms and interest rates. Understand that if you are starting a brand-new business, your bank is likely going to make a lending decision based on your personal credit worthiness.

This means that your personal finances can become intertwined with those of your business. This is not always the smartest move, but if you have good credit and a healthy relationship with your banker, a traditional bank loan might be a painless way to secure funding.

Asset Relocation, AKA Selling Your Stuff

Do you own a classic car? Do you pay monthly storage rental fees to house possessions you have not seen, much less used, in months or years? You may be able to access more loan-free capital than you realize, simply by selling off personal possessions. eBay, Craigslist, and your local newspaper offer free and low-cost outlets for selling physical goods. Local auction houses and estate sale services are additional options for turning household goods and other worldly possessions into business startup money.

Grants

A grant is a subsidy that doesn't have to be repaid. The US government accepts personal grant applications on the Grants.gov website. Depending on your heritage, race, cultural conditions and other variables, you may qualify for a personal grant you can use to fund your business startup. Many countries other than the United States likewise offer grants for a host of reasons. Your small business may also receive funding in part or in whole by grants offered by schools, local governments or privately owned institutions and businesses.

Small business owners in the US can check out SBA.gov to see if there is any free money available for their startup. Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) are destinations for tech-minded and science-oriented small business grant funding. The FedEx Small Business Grant, National Association of the Self-Employed and LendingTree also offer grants to qualifying business owners.

Get a Job on the Side

Have you put off starting your business for years because you can't secure a loan? Tomorrow will be just like today if you don't change the things you do. One change you can make is to take on a part-time side-gig. You could also use your skills to teach a class or become a trainer. The extra money earned by committing to a job on the side can be substantial if you save every penny. Just a year or two working a part-time job in addition to your main job might be all that is required to save the money needed to launch your business.

PayPal Working Capital

Are you familiar with electronic payment processor PayPal? A lot of small business people are. Entrepreneurs love the fact that PayPal provides plenty of payment solutions for small businesses. The company has begun to insert itself into physical brick-and-mortar retail locations, and PayPal continues to increase the services and products it offers its customers.

If you have been with PayPal for any length of time, there may be a source of funding you are overlooking. PayPal Working Capital can be a boon for potential business owners with poor credit. Here is how it works. PayPal judges you not by just your credit score when the company considers loaning you money. Even if you have horrible credit, the company may loan you considerable funds on the basis of previous deposits you have made.

PayPal takes into consideration regular deposits as well as how long you have been a PayPal customer. Depending on the size of your deposits and how consistently they are made, PayPal's algorithm decides that you are creditworthy up to a certain amount of money. No credit check is made. PayPal will find a partner that offers attractive interest rates, you decide on the amount of money you would like to borrow and the length of the loan, and once you are approved, you can have money in your PayPal account within a few hours.

This is a business funding source not many people know about, the interest rates and payment terms are often very attractive, and you are dealing with a reputable and globally recognized financial institution.

Crowdfunding

Crowdfunding has been around for centuries but has really taken off in recent years. Breaking the word down into its two components paints a perfect picture of what this fundraiser is all about. You turn to a crowd for your business funding needs, rather than a single individual or institution. This works well for a lot of reasons, primarily because it is attractive to individual investors that don't have a lot of money.

Imagine that you have an idea for a groundbreaking piece of technology in your industry. You have discovered a way to create something for pennies on the dollar when compared with similar products. You have secured a supply chain, have a leadership and management team in place, and you only lack one thing to get this business rolling. You need investment capital.

If you don't have a good personal credit rating and venture capitalists just can't seem to understand the amazing opportunity you are offering, you could have a problem arranging for the necessary cash. You could offer multiple crowdfunding investors an opportunity to own a small part of your business without investing a lot of money. This process works well when you don't need to generate millions of dollars of capital, and looks attractive to first-time investors who would like to be a part of a business startup.

Since it is easier to attract 1,000 crowdfunding investors at $50 each than it is to secure 5 investors at $10,000 each, you can quickly generate $50,000 of capital. When you explain your plans in detail and offer attractive rewards, the fact that each investor only has $50 at risk can persuade plenty of people to get on board. The following companies are reputable and respected in the crowdfunding community, and help you benefit from the power of crowdsourcing to fund your business.

- **KickStarter**

This is a great name for a company that can help you raise the capital required to kickstart your business. You will find that crowdfunding companies generally tend to focus on one particular type of market or industry. While Kickstarter can be used to raise funds for any business, the veteran investors who spend a lot of time helping businesses on this site are more likely to give you the money you need if you are working on some type of creative project.

If you would like to release a new album or start a business writing and publishing books, Kickstarter is a great place to go. This is also the perfect funding source if your business is centered around an innovative invention or product. Additionally, you only get access to any money if you reach your entire financial goal. Fall $1 short of the money you are trying to raise in a set period of time, and all the money goes back to investors.

Kickstarter is easily the 800-pound gorilla in the world of crowdfunding. If you are trying to fund a nonprofit organization or purchase inventory, you won't get the best response from Kickstarter. However, if your business falls into a category such as Design and Tech, Film, Comics and Illustration, Publishing, or Food and Craft, you might want to give Kickstarter a try.

- **Fundable**

Fundable works pretty much like Kickstarter. You have access to venture capitalists and individuals that want to help you start your business. You describe your business goals and needs, the amount of money you need to raise, and anything else potential investors need to know to get on board with your startup or business funding. What attracts some investors to Fundable when they would not get involved with another crowdfunding website is the fact that you have to pay $179 per month to seek funding.

A lot of investors are more likely to take you seriously when they know the crowdfunding platform you use is costing you hard-earned money. Additionally, investors on Fundable often respond favorably if you offer rewards or bonuses, free products or services, preorders or prizes when they take you up on your offer. Similar to Kickstarter, you must reach your entire financial goal before you have access to any funds.

- **Patreon**

Patreon does things a little differently than almost every other crowdfunding website. When you turn to crowdsourcing to raise funds, you usually ask investors for a one-time donation or contribution. Those investors receive some consideration that makes their investment attractive. Patreon provides monthly subscription opportunities for people who would like to support what you're going to do. As you can probably imagine, this type of crowdfunding works perfectly for podcasts and other businesses that provide regular content.

One of the business benefits here is that you have access to an ongoing capital source. After a few months of operation, you can tell what amount of money you can expect from weekly, monthly or annual contributions. Another huge benefit of Patreon over almost every other crowdfunding platform is that you develop a more intimate relationship with your investors. If a person supports your business or project month after month, that individual is much more likely to buy products and services from you as opposed to a one-time investor.

- **IndieGoGo**

With the word indie in its name, this crowdfunding website is the perfect place for individual operators to finance their businesses. IndieGoGo is well-known for generating startup capital for businesses that are innovative, cutting-edge and technical in nature. If your business in any way is going to appeal to people that appreciate unique and new ways of doing things, IndieGoGo might be a great source of investment capital.

Additionally, this crowdfunding platform offers a marketplace where you can purchase products which have been funded on the site. This means if you start your business through IndieGoGo, you have an instant place on the web to sell your products or services. Another benefit of this crowdfunding website as opposed to others is that you can set up a nonprofit organization there. You can also sign up for what the company calls Flexible Funding, which allows you to keep any funds you raise, even if you don't hit a particular target amount.

- **Crowdfunder**

This is where crowdfunding and traditional venture capitalism come together. It works like other crowdfunding services that allow multiple investors to contribute small amounts of money for you to reach your financial goals. However, there are large angel investors and VC sources there as well. This means you could simultaneously attract the attention of one or two large investors, while also allowing hundreds or thousands of smaller investors to get involved.

Crowdfunder has been known to generate millions of dollars for a single project or business. This is not usually the case for many of the other crowdfunding sources on this list. If you need substantial capital to launch and grow your business, Crowdfunder could be the perfect destination for you and your business. Bear in mind that the more money you are trying to raise, the more well-defined your business plan has to be.

- **RocketHub**

This is more of a traditional VC destination than a typical crowdfunding operation. However, it still works like crowdsourcing for raising funds. You pitch your idea in the RocketHub ELEQUITY Funding Room and wait to see if you have generated any interest. You may receive offers from investors, and in many cases, the site works like an advice column. When some investors decide not to get involved with your project, but they know someone else better suited for your business, you will often receive suggestions of where to go or who to turn to for funding.

- **GoFundMe and GoGetFunding**

This popular crowdfunding destination might not be right for every business startup. It is used mostly for generating small, one-time contributions where the person fronting the money expects absolutely nothing in return. The idea of most crowdfunding sites is that investors donate a particular amount of money with the expectation that they are buying a small part of a business, or otherwise will receive value for their investment.

Contrarily, GoFundMe is full of listings where an individual asks for donations to cover an unforeseen expense or emergency expenditure. That having been said, a business owner only needing to generate a small amount of money to launch her company can find that the sympathetic and generous nature of serial GoFundMe contributors might be enough to raise the required money.

GoGetFunding is not as well-known as GoFundMe, though it works the same way. The charitable individuals who contribute to GoGetFunding don't expect anything in return for their donations. Also similar to GoFundMe, GoGetFunding is filled mostly with requests of a personal nature. Someone needs to pay a medical bill or buy a new laptop, or otherwise take care of some unforeseen expense. However, small businesses have been successful in the past raising capital through this crowdfunding source.

- **PledgeMusic**

If you are a musician trying to fund your sometimes expensive hobby and turn it into a business, this could be the crowdfunding destination for you. Depending on your particular situation, being a professional musician can be costly. If your business idea means you want to launch an album or take the band on tour to try to attract the attention of some big recording company, PledgeMusic can help.

- **Give and Charitable**

Charitable is the name of a WordPress plug-in which allows you to collect donations from people who show up at your website or blog. If you don't mind attempting to raise the money you need to launch a business a little bit at a time, there is one feature of Charitable which is really going to look attractive to you. The people behind this plug-in do not charge any fees to you or the person making the donation. This means you collect 100% of any money donated. This is an obvious boon to potential business startups that need to scrape together every penny to get rolling.

Give is the name of another WordPress plug-in that operates like Charitable. However, Give only works with nonprofit organizations. You keep every bit of the donated money you raise, as there are no fees involved with this plug-in. The company makes money by offering add-ons and other premium features that may be right for your business.

- **AngelList**

Innovation is a wonderful thing. There are so many people in the world that have a unique approach or idea about how to run a business or deliver an offer. The creators of AngelList certainly fall into that category. There is a short application you fill out to apply for funding. Your application is then sent to multiple lenders and potential investors, and in this way, it is sort of like filling out a small business loan at a bank and then having that paperwork sent to dozens or even hundreds of potential backers.

One of the innovative features of this crowdfunding destination is that you can apply for a full or part-time job at over 60,000 business startups. As with your funding application, you only need to provide your information one time. It is automatically sent to every startup that is applicable to your skills and situation. This could be a great way to find a brick-and-mortar or virtual side-gig that allows you to generate some extra money to start your business.

- **The Lending Club and Funding Club**

Banks can sometimes be awfully stingy with their money. In the case of small businesses, banks and other similar financial institutions might be leery of getting involved. They understand the failure rate of small businesses, even those with well-developed business plans and hard-working leaders. The Lending Club guarantees investors a rate of return between 5.5% and 7.7%. In other words, you repay the money you borrow on the site at a set interest rate.

This is great for a small business owner for several reasons. First off, you don't have a fluctuating interest rate and confusing loan terms to deal with. Secondly, the people investing in The Lending Club are there because they understand they are helping a small business while simultaneously locking in a guaranteed return. Additionally, you can borrow up to $40,000, which may be more than enough for your small business startup idea.

Funding Club works exactly like The Lending Club. One benefit is that you can borrow up to $50,000 at an interest rate of 4.99%, which could be a lower rate than you might be able to negotiate at The Lending Club. One caveat of Funding Club is that you have to borrow at least $25,000.

- **CrowdCube**

This UK-based fundraising platform is a standard crowdfunding operation. While your country of residence doesn't matter as far as where you generate the required capital to start your business, CrowdCube does tend to cater mostly to European and United Kingdom investors and business startups.

Venture Capital Funding

Venture capital (VC) firms may make sense for your small business. Companies that offer VC money for business startups often focus on a particular industry. In some cases, you may find a VC firm that is open to any type of project, as long as you can provide a detailed plan. Generally speaking, entrepreneurs turning to VC angels need to raise significant money. The following list includes some of the most well-known and reputable VC companies, but bear in mind that they usually do not want to get involved if you need to raise less than the low to mid 6 figures to start your company.

- Accel Partners
- Atlas Venture
- 3i Group

- Andreessen Horowitz
- Actua Partners
- Avalon Ventures
- ATV

Your 401K or Retirement Plan

A 401K is a personal retirement savings plan offered in the United States. One of the benefits of this retirement plan is that you can borrow money from it. You pay yourself back with interest, and you don't need to undergo a credit check. There are other retirement plans which offer the same benefits. Check with an investment advisor to see if your retirement plan allows you to borrow the funds necessary to start your small business.

Financing Your Business with Your Credit Cards

If you are thinking this is a big business no-no, you might be correct. Most of the time you want to keep your personal and business finances separate. This is a best-case scenario. When it might be a good idea to use your personal credit cards to finance your business is when you don't have to generate a ton of money. If you can draw a small amount like $5,000 or $10,000 against your credit cards and that is more than enough money for you to start your small business, you may want to make this consideration.

Bear in mind that this is only a good business model if you are absolutely certain you can make timely payments without your business succeeding. A positive mindset is always going to be a business benefit, but looking at your business future through rose-colored glasses could do harm to your ability to pay off your credit cards, and your personal creditworthiness may suffer.

Family and Friends, Coworkers

We saved this option for last because it should be a last-ditch alternative. You may have heard horror stories about people who went into business with family members. You should probably also steer clear of going into business with your friends or coworkers. Imagining a rosy future and a perfect-case scenario is easy to do when people you care about are involved in your business venture. However, nothing is guaranteed in the business world, and you could end up ruining important relationships while simultaneously watching your dream business fail spectacularly.

Top 10 Tips for Financing Your Small Business or Startup

1. Don't borrow more than your business requires.

2. Shoot for the money you will need to operate your business for 3 to 5 years without relying on income from your business.

3. Don't borrow money too early, or you may be tempted to spend it unwisely.

4. Consider the many crowdfunding offerings for startup funding.

5. Only use personal credit cards and friends or family members as potential investors as a last-ditch resort.

6. Evaluate your finances regularly. Ongoing capital may be required if your initial estimates and calculations were incorrect, or some emergency business need arises.

7. Consider VC firms if you have to generate at least 6 figures of startup capital.

8. Banks still loan people money to start businesses. However, if you go this route, your business plan and personal finances have to be in apple pie order, and you absolutely must have excellent credit.

9. Your 401K or retirement plan may allow you to pay yourself back with interest any money you borrow to start a business.

10. Obsessing over the interest rate you will be paying could mean missing out on excellent terms that are part of a better overall loan repayment plan.

Conclusion

You don't have to be one of the many small businesses that fail. While some business analysts don't agree with Bloomberg that 8 out of every 10 small businesses fail within their first 18 months, they generally agree that the failure rate is high. Sometimes it doesn't take but a few months before a business crashes and burns. There is no reason to believe that this needs to be the case with your business or startup.

Think long and hard about everything your business is going to entail. Perform your due diligence and create an in-depth business plan. Think traditional and nontraditional funding sources. Only when you are absolutely certain you have taken every possible business expenditure into account should you move forward to seek funding.

Don't think short term. Figure everything you will need to finance your business for 3 to 5 years, even if your company makes little or no money at first. This is the only way to ensure you can survive any technological or financial crises you encounter on your way to business success.

If you want to start a podcast or some other business that is perfect for a subscription-based service, consider signing up with Patreon. Try a more traditional business funding route if you have great credit and a good relationship with a banker or financial institution.

If your costs to begin your business and keep it running are minimal, GoFundMe and GoGetFunding could get the job done. After you secure your funding, pay any invoices on time. Run your business like a business and not a pipe dream. Fulfill any promises and obligations you make in order to get funding. Evaluate the health and financial stability of your business regularly, and put away some money for a rainy day. When you follow these tips and the rest of the recommendations in this report, you should be able to locate the capital necessary to not only launch your small business but to also keep it running for several years while you develop a presence in your industry.