



Raising Start Up Capital For Your Small Business

You have your business idea, your business plan in tow, your ducks in a row, and you're ready to get your business off the ground except for one problem - you have no start up capital. Unless you were born into wealth and have it at your disposal, then you are like most small businesses and need a helping hand.

How can you raise start up capital? There are a few ways to go about it:

Small Business Bank Loans

Many financial institutions provide some type of small business loan program. In order to get funding from a bank for your small business, you will need a solid business plan. You'll have to prove that your business will generate enough cash to make the loan payments. Each bank's requirements are different but if you are able to articulate how you will succeed, have decent credit, and possibly a co-signer, you may be able to secure a small business bank loan.

SBA (Small Business Administration)

The SBA is a great resource that provides information on requirements, credit factors, how to apply for loans, etc. The web site is a good starting point before attempting to apply at a bank. The better prepared you are, the easier it will be when you begin the application process.

Family & Friends

A lot of small businesses raise start up capital this way. Family and friends usually want you to succeed and believe in your business. It is wise to treat these relationships as real business relationships. Plan how you will repay their loans, the time frame, and at what interest rate.

Angel Investors & Venture Capital Firms

Private angel investors and venture capital firms work primarily in the same way. They invest in the equity of your business and expect a return in the form of an acquisition, IPO, or stock buy back in the future.

The key to any of the above methods is to have a well written business plan. A good business plan will prove that you are serious about your business and that you can demonstrate the way you plan on making it successful.

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