Financing
your small business

Finding money can be one of the biggest hurdles for a small business owner. Whether you desire to open a chain of restaurants or an Internet-only business, capital is required to fund your dreams. We will explore the different types of funding available to you.

I Debt financing includes any money you will pay back. It does not require you to give up equity in your company and can be a good choice for entrepreneurs who have not been able to attract the attention of investors. This type of financing usually requires personal collateral and will require you to pay interest.

. **Loans** – Loans are available from a variety of sources, including local banks, the Small Business Administration and non-profits organizations. Requirements vary but they are usually credit based. Some economic development organization use micro-loans that take into account character as well.

II Equity financing requires you to give up a portion of your ownership to investors in exchange for their money.

. **Friends and Family** – For most business owners, this is the first step when looking for funding. Your friends and family members know your character and the process to get money is usually much shorter. Even better, most will not request a stake in your business in exchange for funding. Although you know these lenders personally, make sure you get all agreements in writing.

. **Angel Investors** – These are high-worth individuals or groups of people who exchange their industry expertise for a portion of your company's equity. These investors can be hard to find and some only focus on certain sector[...] can uncover the angel [...] industry.

. **Venture C**[...]
financiers are usually [...]
established companies [...]
quickly be poised for [...]
There are usually high [...]
receiving this type of [...]
be willing to give up a [...]
control.

III Other types of f[...]

. **Business** [...]
Many are run by local [...]
require you to partner with at least one student to enter the competition. Winning could mean networking opportunities, funding and ongoing support.

. **Government Grants** – Though it is a popular belief that the federal government provides small business grants, money that you do not have to pay back, it is not entirely true. Most grants go to local non-profit organizations that help start-ups rather than the businesses themselves. However, some states do provide grants for special industries, such as technology and "green" sectors. Check your states requirements for more information.

As you can see, there are a variety of ways to get financing for your start-up. An accountant or financial manager can help you decide which type of funding would be best for you. For more information on business financing, including sample promissory notes that can be used for family and friend loans, download the SCORE Financing Guide: www.score.org/pdf/FinancingGuide.pdf.

Article written by Deqaiana Brooks

3 Summer Business
building tips

For many small business owners, summer represents a slump in sales. Many of our potential customers are more interested in vacations and outdoor activities than office meetings and store visits. Rather than let your sales suffer, follow these 3 business building tips to give your company a boost this summer.

1. Head outside with your products or services.

Many communities offer festivals, fairs and other outdoor vending opportunities that are reasonably priced. Locate your city's event calendar and choose the events your target market will frequent. For example, if you sell one-of-a-kind jewelry a cultural fair would probably work better for your patrons than a low-priced crafts event.

2. Run a summer-only special or contest.

Rhonda H. Reece, owner of handcrafted copper craft store, Phoenix's Inspirations, suggests a refer-a-friend promotion to increase your mailing list. Give current customers a special referral link to your mailing list subscription form or include a "how did you learn about this list" question to track referrals. Once customers reach a certain referral level, they receive a high value coupon for your products or services. As Rhonda states, "who would not want to get a coupon for just having their friends sign-up for alerts from your company?" Your customers will be happy and you will have gained a solid list of new mailing subscribers.

3. Strengthen your strategic alliances.

If your business is suffering a summer slump then it's likely that other businesses are having the same problem. Partner up with a similar business to offer referrals and run promotions. For example, if your business offers massage and another business has a manicure and pedicure service, partner up for a summer pampering event. If you have a business that caters to other entrepreneurs, such as consulting or design, partner up with similar businesses to give in-person or web-based workshops. Not only will you establish yourself as an expert in your field but you may also get new clients from the audience. ■

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