



FUNDING OPTIONS FOR STARTING YOUR BUSINESS

FUNDING OPTIONS

1. What do i need to do?

Consider the following: How much money will I need to start my business and keep it running for 60-90 days? There are no government grants to start your business. How do I prepare to approach potential investors? Establish a relationship with your financial institutions. you also need to take time to talk to one of the TSBDC consultants or your financial institution about what your needs are

2. Types of Funding:

- Bootstrapping: Bootstrapping refers to self-funding your needs. This means tht you should have at least 10-15% of your initial cost to help kick-start your business. The positive of this method is that you are not paying someone a payment, and you are not in debt. The negative is that you could extinguish all your capital right at the beginning of your business.
- Crowd funding: This refers to family and friends that would be interested in funding your business. You have to create a compelling argument about what you are doing and why they should be interested. Examples of this include fundraisers, kick starters, and GoFundMe

- Traditional Funding: This refers to banks, credit unions, or certified development companies. What type and how much funding you are needing helps them formulate the correct loan product for you.
- Angel Funders or Venture capital: These funders typically like businesses that are high growth. They want to fund, see a 3-5 year strategy, and then they are out. You may have to give up a portion of the equity in your business for a period of time.

3. How to prepare to and approach a lender/investor.

- Have a Business and financial plan for at least the first 6 months ready to share with your potential investor. Make sure to plan for your marketing expenses as well.
- Have someone else review your financial plan first. Work with your TSBDC counsuler to help you get ready.
- Make sure you read and understand all terms and conditions of your loan once you get approved.