

Checklist: Business Financing

The following checklist (in no particular order) is meant to be used as a starting point for determining how much money you need to start your business and where it will be coming from. The list is not considered all inclusive. Check all that apply to your situation.

Before you start

- Determine whether you have enough money to finance your business or if you will need to borrow.
- Plan to talk with professionals such as accountants, lawyers, financial advisors, and/or business consultants before you enter into any financial agreement.

Equity financing is money put into the business from you, partners, or other investors:

- Personal savings or other assets
- Family and/or friends
- Community and/or associations
- Angel investors/venture capital
- Investment through a partnership or other businesses

Debt Financing is money your business borrows:

- Check your credit history
- Save up: most lenders will require a minimum of 25% of personal investment
- Write a business plan: your lender will mostly likely need to see it. It will also help to determine your estimated startup costs.
 - You can write it yourself, get assistance from a professional, or a combination
- Focus on writing and understanding your financial statements

Choose a lender. Consider the following options:

- Banks or credit unions
- Government programs
- Home equity loan
- Life insurance
- Retirement plan
- Grant/Subsidies
- Line of credit
- Credit card

Potential criteria lenders look at to determine whether or not you qualify for funding:

- Credit score
- Your education/experience
- How much money you are looking to borrow
- How much money you are personally investing in the business
- Your business plan
- How long until you will be able to pay the money back
- What personal assets you own
- What you are using the money for
- How long you have been running the business
- A personal guarantee
- Type of business (low or high risk)

Develop good bank relationships:

- Find out the services your bank offers
- Give the bank manager all the information required
- Be on time with all documents, payments and meetings
- Make realistic repayment commitments
- Be prepared to provide security or a guarantee for the loan
- Be aware of the risks associated with the methods you use to finance your business.