# 12 ways to finance your business...

**At Armstrong Watson we have a dedicated team of Corporate Finance specialists who have a wealth of knowledge and experience in helping business owners achieve their growth aspirations, and with buying and selling businesses. This summary gives brief details of the options available to you when it comes to financing your business.**

1. Use your own savings – this way you retain ownership and control of the business plus you have demonstrated your commitment to the business should you need to raise further funds from a third party at a later date.

2. Use family and friends as a source of finance – these loans can often be more favourable than a bank however ensure the terms of the loan are agreed and written down, if the business transaction goes wrong relationships can quickly become strained. This is an inevitable risk with this type of finance and you need to consider the risks of souring any such relationships if things don't go to plan.

3. Credit cards – approach with extreme caution, be strict with your borrowing and repayments and ensure you shop around for the best rates. This is not an ideal source of finance but should not be ruled out if you require small amounts of money on a short term basis.

4. Grants – yes they do still exist, in their thousands, they are simply hard to find! The application process can be long and arduous but if you qualify they can provide the financial impetus to spur your business on. There are also other sources of funds that are similar to grants to support an element of the cost when acquiring eligible assets – Regional Growth Fund.

5. Bank loans – serviceability is key and must be proven by a solid professional business plan, it is also highly likely that security will be sought. If security is an issue look into the Enterprise Finance Guarantee (EFG) scheme, a government backed initiative to assist small businesses secure finance.

6 Bank overdrafts - an overdraft is a flexible source of finance that should be dipped in and out of as the business needs change over time. It should not represent a fixed source of finance as that's the purpose of bank loans. Expect to have to provide personal guarantees.

7 Asset based lending – finance houses will lend against assets the business owns that are unencumbered such as property, plant and stock. Choose your finance partner carefully, ensuring you secure optimum terms, as this can be a long partnership. This can be more flexible than a bank.

8 Invoice financing – raise funds via your debtor book, again negotiate hard to secure the most favourable terms. This facility can grow with your business.

9 Regional funds – these will invest a mix of debt and/or equity into your business. Different funds exist for different types of business at various stages of their business life cycle.

10 Business angels (aka Dragons Den) – they will want an equity stake in your business but they will offer you more than just cash.

11 Venture capitalists – these will only deal in significant lends, you will need a proven track record in the business and a solid business plan, they will take an equity stake and will want a pre defined exit route.

12 Organic growth – start small operating from home with minimal overheads. If your business model fits into this category often you may be able to get it off the ground with only a small negligible need for cash. This method means you mitigate your risk in the business's early stages to gauge its likely success.

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