



## Checklist 4: How To Fund Your Business

Project Name: \_\_\_\_\_

Date: \_\_\_\_\_

Yes No

*Finding enough funds to start and run a business is perhaps one of the most challenging aspects of starting a new business. Money is required especially in the first months of a startup to get it afloat because in a new business, you don't begin to make a profit right away and you need to have some money at hand to get your business to a point when it can start making a profit you can use.*

- 1 Keep your day job with you: When most people start a business, quitting their jobs is one of the first things they do. This, however, is not always the smartest choice, because in today's competitive economy, once you lose a job, it might be difficult to get it back. Your day job will give you a constant source of money that you can invest in your business without relying on another source, and provides a good backup in case your business faces a few financial problems at the start.
  
- 2 Participate in local contests: Many contests are held by the local Chamber of Commerce or other organizations that support entrepreneurs. These competitions allow you to pitch your ideas to a group of established businessmen who then decide whether to give you money to fund your business or not. But don't be disappointed if you don't succeed in one of these competitions as there will be other opportunities to get funding too.
  
- 3 Small Business Grants: These are offered to new businesses by your local Chamber of Commerce, the local Small Business Administration and other similar organizations. Apply to one of these for a grant, and your appeal may succeed. All you need to be careful about is whether or not there is some condition involved with the grant or not, because at times you need to pay back the money in such grants with interest.
  
- 4 Crowdfunding: Go to websites like Indiegogo or Kickstarter, and if your idea is appealing enough you may find many investors ready to invest in your business. However, there is a lot of competition on such websites,

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so it is necessary that your idea is appealing enough to rise above the other ideas.

- 5 Business Accelerators or Incubators: Colleges usually offer these, and in addition to providing funding for your business these incubators also mentor you and allow you to gain some expertise regarding the business world. The small problem with these is that such programmes are usually focused on technology businesses, and so your business may not fit the bill for the kind of businesses that they provide funding for.
- 6 Small business loans: These are given out by banks, and due to the increased number of microfinance banks that have come into existence, more and more loans are being given to small businesses. However, there are lots of requests with the banks already for these kinds of loans, so your request may not always succeed.
- 7 Personal friends and family: It may not always be a good idea to borrow heavily from friends and family, but for small amounts, they are an excellent source (if they are willing) and can help you overcome some little shortfalls in your funds.

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