

# BORROWING MONEY FOR YOUR BUSINESS



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In certain situations, borrowing money to help grow your business can be a good idea.

A loan can help you do things like increase your sales force, purchase equipment and software, and fund a marketing campaign.

## Before You Approach A Lender ...

- Set your goals.
- Determine the amount you need.
- Create a business plan for successfully using these funds.

Be prepared to provide your lender some basic “must-haves,” including a business plan that has a profit-and-loss statement and a cash flow analysis. This is how you’ll prove to the lender you have sufficient funds to repay the loan.

You should also know your personal credit score before you contact any bank. It’s a good idea to review your credit report for possible errors. You can get one free credit report every 12 months at [AnnualCreditReport.com](https://www.annualcreditreport.com).

## What Are Your Options?

There are various lenders including but not limited to traditional banks and credit unions. One of the best places to start is with the [Small Business Administration’s \(SBA\)](#) website. The SBA provides tips for applying for small business loans, micro-loan programs, real estate/equipment, and even disaster loans, plus extensive tips on preparing documents.

## Pursue a SBA Loan or Grant

The SBA also offers a variety of loan programs. Each program has specific eligibility criteria and application process. The website provides step-by-step guides to assessing your current financial needs, determining what credit factors lenders will consider in your loan application, and creating a business loan checklist.



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## Talk To Your Financial Institution

If you decide to go the traditional route with your bank or credit union, many of the tips the SBA offers still apply. Make sure you understand the various loan products offered, as well as the current interest rates. Be prepared to review your business plan for the next year, along with a proposed budget.

## Identify an Alternative Lender

Certain state and economic development agencies, as well as some non-profit organizations, give low-interest business loans to small businesses. [Click here to look for local resources in your area.](#)

**Venture capital** can sometimes be another option for raising money in exchange for stock, or a share of the company's profits.

## The Bottom Line?

Smart business owners know that to make money, you have to spend money. Be confident in your research, your business plan and pitch, and go after that loan to help grow your business.

