

Ways to improve your chances of small business funding success

It is common for small business owners to apply for funding and not qualify. Almost 10% don't meet the criteria, according to alternate business funder GroWise Capital.



Source: [Pexels](#)

Small businesses face intense challenges trying to access funding but can dramatically increase their chances of getting the vital funding they need.

Jonti Strimling, co-founder and chief risk officer of GroWise Capital, unpacks ways to improve your chances of business funding success.

Identify the right funder for your business

There are grants, bank loans, angel investors, venture capital firms, crowdfunding platforms and alternate business funders.

Consider the funding source most suitable for your industry, business model and growth stage.

Alternative funders do not require comprehensive business plans, financial statements or demonstrable market traction, but some fundamentals must be in place to access funding.

Is your business registered?

Many alternative business funders and banks require that a business is registered with the Companies and Intellectual Property Commission (CIPC) for at least a six months before considering a funding application.

This is a simple and inexpensive process that is often overlooked.

Do you have a business bank account?

Many small businesses start with entrepreneurs using their personal bank accounts, but most funders need at least six months of banking history in a business account to consider a funding application.

You will be required to first register your business before opening up a business account.

Can you demonstrate healthy use of your bank account?

Funders will often look at how you use your account over time to gauge if your business is a strong candidate for funding.



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Demonstrating the healthy use of a bank account includes paying your business expenses on time with turnover generated; having debit orders go through without being returned; not allowing your bank account balance to run into arrears; and ensuring that your business account is not over-indebted.

Have you built a strong credit profile?

There are three easy steps to building a strong credit profile:

- Pay your bills on time
- Do not allow your accounts to run into arrear balances
- Show healthy use of any revolving credit facilities

Credit scores are important, but alternative funders also use non-traditional metrics to assess the risk of your business and its ability to service debt.

Are you transparent and prepared?

Potential funders want you to be direct about your business's strengths, weaknesses, and potential risks.

They evaluate whether you have thoroughly assessed your market, competition and challenges, and have planned for potential obstacles.

Securing working capital quickly when a business needs it most, is essential to success, so prepare well for the speediest

response.

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