

20 ways to finance your business

An owner's comparison checklist · Routes 1–5

1. Retained business earnings

Reinvest cash generated by the business when growth can wait for collections.

Before committing: Keep a reserve for taxes and essential operating payments before committing cash.

2. Owner capital contribution

Introduce personal capital as a documented contribution to the company.

Before committing: Separate household reserves from business risk and record the treatment with your accountant.

3. Documented owner loan

Lend personal funds to the company under a written agreement.

Before committing: Document repayment, interest and priority; personal liquidity still carries the business risk.

4. Conventional bank term loan

Finance a defined purchase or longer-term business investment.

Before committing: Compare net proceeds, total repayment, collateral, guarantees and early-payoff terms.

5. Business line of credit

Draw and repay around a recurring, temporary operating cash gap.

Before committing: Check renewal conditions, draw fees and whether payments rise with a variable rate.

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An owner's comparison checklist · Routes 6–10

6. SBA 7(a) financing

Explore a participating lender's SBA-backed route for eligible business uses.

Before committing: A government guarantee protects the lender; it does not remove your repayment duty or guarantee approval.

7. SBA 504 financing

Explore eligible long-lived fixed assets through a lender and Certified Development Company.

Before committing: Ask about equity contribution, project eligibility and the complete financing structure.

8. SBA microloan

Consider a smaller request through an approved nonprofit intermediary.

Before committing: Confirm permitted uses directly; SBA microloans cannot purchase real estate or repay existing debts.

9. CDFI lending

Look for a mission-focused lender serving the business's geography or community.

Before committing: Community focus does not mean automatic eligibility or free capital. Obtain written terms.

10. Credit union business financing

Investigate business lending through an institution whose membership requirements you meet.

Before committing: Compare the product and cost rather than assuming the institution's structure means lower pricing.

20 ways to finance your business

An owner's comparison checklist · Routes 11–15

11. Equipment loan

Match financing to a specific productive asset and its expected useful life.

Before committing: Include installation and maintenance in the forecast; understand the lender's lien on equipment.

12. Equipment lease

Use an asset under a lease when ownership timing and flexibility fit the business.

Before committing: Compare total payments, end-of-term obligations, insurance and any buyout.

13. Vendor or supplier terms

Negotiate purchase payment timing with a supplier to align it with sales collections.

Before committing: Account for lost discounts, late charges and consequences for future deliveries.

14. Customer deposits

Collect an agreed deposit before beginning work or purchasing materials.

Before committing: Keep delivery and refund obligations clear; receiving a deposit does not make it unrestricted profit.

15. Preorders

Validate demand and collect advance orders for a clearly described deliverable.

Before committing: Model production, fulfillment, refunds and delays before treating the money as available working capital.

20 ways to finance your business

An owner's comparison checklist · Routes 16–20

16. Invoice factoring

Sell eligible receivables when the cash timing and customer arrangement fit.

Before committing: Understand reserve release, notification, recourse, disputed invoices and effective cost over time.

17. Receivables-backed line

Borrow against eligible invoices under a borrowing-base agreement.

Before committing: Customer concentration and invoice aging can reduce availability even when sales rise.

18. Reward-based crowdfunding

Invite supporters to fund a defined project in exchange for disclosed rewards.

Before committing: Budget platform fees, reward fulfillment and campaign effort; fundraising is not guaranteed.

19. Equity investment

Raise owner or outside investor capital when the growth case fits shared ownership.

Before committing: Consider dilution, governance, investor rights and legal requirements before offering securities.

20. Verified grants and competitions

Apply for a genuine program whose purpose, geography and eligibility match the business.

Before committing: Confirm the official sponsor, permitted costs, deadlines and reporting duties; do not plan essential payroll around an unawarded grant.

Compare net funds, total repayment, timing, collateral, guarantees and early-exit terms. Test slower collections before committing. Educational information; no approval or eligibility claim. Program facts and agreements require individual review.

Primary-source starting points: sba.gov/loans/ · sba.gov/counseling/local-assistance/ · cdfifund.gov · sec.gov/resources-small-businesses