

Editor's Note

Once you've started a business that goes global and then sell up, what do you do next? Stuart Archibald is doing it all over again



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Tuesday 15 November 2011 14:44



I'm struggling to get money from the bank or an investor. Now what?

My start-up business requires plenty of costly equipment, but I'm struggling to get a loan from the bank or an investor on board. Are there any other options to finance the business, or should I scale down my ambitions?

Unfortunately, the finance market is very tight. As one business banker recently told me, it is like they have turned the tap off.

Banks have tighten their lending requirements for business loans, however there are some second tier lenders that may still lend, but be prepared to pay for it, normally they charge a higher interest rate.

The following is a list of borrowing types:

- Banks
- Investors
- Business credit cards
- Line of credit
- Equipment Finance which can come in low-doc
- Angel Investing
- Venture Capital

If you are a new business venture looking for finance all banks will want you to have some sort of security and be able to show serviceability.

However, you may be able to look around for a low doc loan for finance on the equipment you need.

To entice an investor you will need to have a business plan and marketing plan that will show them you have a great idea, are capable of executing this plan and showing them when they will get a return on their investment.

An investor will want to see how each part of machinery is vital to the business and its start-up.

Like you said maybe you are being over-ambitious with your plans. This could mean that not all the equipment you want is needed to kick start the business. Look at reducing it to the minimum equipment that you need.

A line of credit might be an option against the equity in your house, keep the loans separate for tax purposes.

Apart from trying equipment finance with a low doc and reapproaching investors or family and friends your next best bet would be to approach companies that search for investors for you called angel investing.

Google around and check out these businesses. There are a few around some obviously that will be better than others. Do your research.

A venture capitalist firm is also a source of finance for start-ups.

Again re-do your business and marketing plan and get professional help if need be and then start approaching these firms to find the investors for you.

Brad has more than nine years' professional accountancy experience. He has worked in senior management roles within taxation and business services dealing with a number of clients from a range of business sectors. www.callaghanpartners.com.au

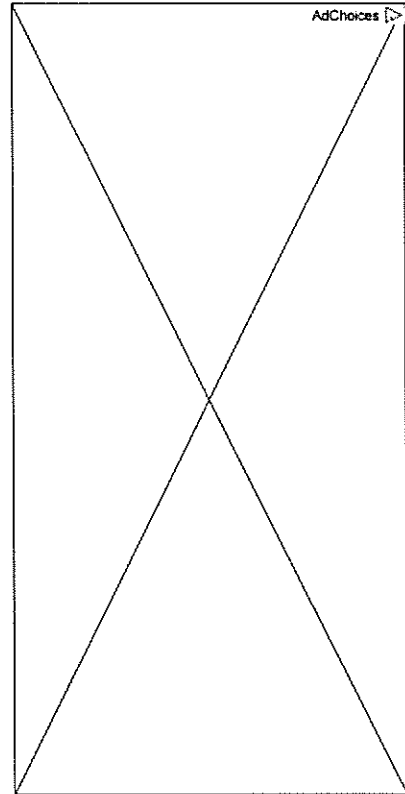
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