Title:
Where Can You Find Sources Of Funds For Your Business?

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Summary:
If you need help to fund your business, there are some things you need to do first, that can make your business more attractive to investors. The followings are an easy way to improve your business image and make it become good-looking in investors’ eyes.

The most important thing, you should always talk to a qualified business attorney. There are a lot of laws pertaining to how equity capital can be raised from the public, and the laws change often. You need someone who un...

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Article Body:
If you need help to fund your business, there are some things you need to do first, that can make your business more attractive to investors. The followings are an easy way to improve your business image and make it become good-looking in investors’ eyes.

The most important thing, you should always talk to a qualified business attorney. There are a lot of laws pertaining to how equity capital can be raised from the public, and the laws change often. You need someone who understands not only these laws, but also how to make sure that any business contracts are written to protect you and your business, especially the fine print.

1. Using your savings or credit cards. This is the most common way for entrepreneurs to raise needed business capital. Before choosing this method however, talk with your financial advisor. You want to look at the long-term consequences of using your savings, life insurance or credit cards, especially in the event that your business venture fails, or does not bring in the projected return on investment (ROI). If you do end up financing your project using credit cards, make sure that you shop around first, and find the card that will offer you the best rate and gives you the most "bang" for your buck.

2. Venture Capital and Angel Investors. Before even looking for venture capital,

look at your company from an outsider's point of view. Ask yourself these questions: Does your company have a solid track record? (Most venture capitalists don't invest in start up companies). Does your company have the potential of becoming very large in the next five to seven years? (People don't invest in your company out of the goodness of their hearts. They're looking for a return on their investment -- the larger the better.) Does your company own a good percentage of its market, or does it stand to gain a large percentage in the next 12 to 18 months? (Contrary to popular belief, your company doesn't have to be involved in high tech to attract venture capital). If you can answer yes to the above questions, your next step is to find a venture capital firm whose ideals and goals are in line with yours. Your next step should be to look at your "circle of influence" and see if you know someone who can give you a personal introduction to someone at the venture capital firm. (People invest in people, not just companies.)

3. Taking your company public. Although security laws in the U.S. have made it easier for companies to go public, and offer stock as a way to raise needed funds, this is still probably the most risky choice. It is usually not a recommended option for very new or very small companies. Because of the number of legal issues involved, consulting with a knowledgeable attorney beforehand is vital. There is also a lot of stress involved in running a public company, and a considerable loss of autonomy and control. Before making this choice, be absolutely sure that this is the wisest course of action for your business.

4. Potential or Current Employees. Surprisingly, one of the most common ways (especially for new companies) to raise equity capital, is by inviting your potential or current employees the opportunity to become investors. With this method, not only do you get a really committed workforce, but many equity employees are also willing to accept a below-market wage in the beginning (especially if you do the same). There are other benefits, but this choice is not without its pitfalls as well. Again, before going this route, talk to your business attorney, and put policies into place that plan for potential problems. For example, what do you do if an employee's work becomes substandard? Or an employee quits and goes into competition with you after learning all of the company secrets? Putting a risk management plan into place and considering all contingencies is your best bet for this option.

5. Getting money from relatives. Yes, it can seem like begging, and it's a difficult thing to have to swallow your pride. Surprisingly, in a recent survey, almost 30% of entrepreneurs said that they raised all or part of the capital they needed through family members. If this is your choice, make sure that you have your attorney draw up a regular business contract. When approaching family members, talk to them about their investment the same way you would any other

outside investor. Tell them about how much money they can make, not about how much you need their help. And make sure that you keep to your end of the agreement.

It is mot crucial which source you decide to use. What important is that you spend time on planning and following the advice of your personal. With this strategy, you will increase the probability of raising the money you need and making the relationship between you and your investors a profitable one.