



GO BEYOND THE LOAN

Creative Ways to Fund Your Business

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INTRODUCTION

Welcome to part two of this series. In part one of this series, “Don’t Run From Running Costs,” I shared some critical elements of running a successful business effectively along with the useful resources that can help you build your business without breaking the bank.

Part two serves as a hands-on, actionable guide for how to creatively fund your business. You’ll get tips and tools to help you free up cash flow and think beyond traditional loan options.

Let’s get started.

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STEP 1: TRACKING EXPENSES

Determine how much money you need to fund your business. Whether you're just starting out, trying to grow, or thinking about bringing in the next generation, there's always a next step you should build toward.

What essential expenses will your business require? These expenses may be things needed to fund your initial startup expenses or, if you already have a business up and running, additional expenses you've developed a need for along the way.

In the following tables, write down your totals for one-time/startup and ongoing monthly business expenses:

One-time/Startup Expenses (e.g., vehicle, website, new inventory)

Item: _____ \$ _____

Total one-time/startup expenses: \$ _____

Tracking Expenses

Monthly Business Expenses

Storefront (Rent/Lease): \$ _____

Startup Inventory: \$ _____

Internet: \$ _____

Organization Tools: \$ _____

Office Supplies: \$ _____

Legal Fees: \$ _____

Marketing: \$ _____

HR Software: \$ _____

Website Maintenance: \$ _____

Classes/Books: \$ _____

Certificates: \$ _____

Accountant: \$ _____

Business Insurance: \$ _____

Additional Expense: \$ _____

Additional Expense: \$ _____

Total monthly business expenses: \$ _____

Add one-time/startup expenses and monthly expenses for total amount of funds needed:

..... \$ _____

STEP 2: CREATIVE WAYS TO FUND YOUR BUSINESS

Self-fund with savings

Now that you know how much money you'll need to fund your business, it's time generate income that will help your business grow.

While some business owners may not have the luxury to fully self-fund their businesses, there are quite a few options to consider before scratching this option from your list. Depending on the size of your business and what your needs are, you can pull funds from your savings accounts. This allows you to avoid accruing debt, and you'll also be able to pay yourself back when the profits begin to roll in.

When determining how much money you should use from your savings, there is no wrong or right answer for this. As a small business owner, it's wise to decide how much risk you're willing to take with your personal savings. As a rule of thumb, it's a great idea to keep at least six months of household expenses in your account in case of an unexpected emergency.

How much money do you have in a savings account that can be used toward business growth?

Example:

Remember, as a rule of thumb, you'll want to consider keeping at least six months of household expenses in your account when budgeting to set aside funds for your business.

Start by calculating your annual business expenses.

\$125 of monthly expenses x 12 =
\$1,500 annual business expenses

Your Turn:

\$_____ annual business expenses

(\$_____ monthly expenses x 12)

Make Extra Money With a Side Hustle

If you realize you don't have enough money saved to self-fund your business, try the following suggestions.

Consider getting a part-time job as you continue to grow your business. A side hustle is a great networking opportunity that allows you to show off your talent, services, or products, and allows you to meet potential customers or staff. Consider options such as conducting seminars or workshops on your area of expertise.

If you craft wooden boats, think about all the classes you can teach about how to maintain new boats. This may seem a bit taxing or like a lot of work, but think about the joy and how accomplished you'll feel by making it happen. Allow your creativity to soar.

Another way to brainstorm side-hustle opportunities is to consider your current business model. Is there a way to offer easy, no-cost services to your existing customers (e.g., coaching calls, subscription-based services, membership sites)? All of these services are ways that you can grow your business, and all they require is your time. Think about what you're an expert at. Could you write a Kindle book on that topic or create a workbook? A few extra hundred dollars a month would be enough to cover essential tools such as cloud accounting software or even a virtual assistant. Don't leave any stone unturned.

Making Money with a Side Hustle

What skills do you have that can be turned into capital?

Example:

Side Hustle: iPhone repair	Estimated Income: \$150/mth.
Side Hustle: Dog walker	Estimated Income: \$860/mth.
Side Hustle: Tutor	Estimated Income: \$1,290/mth.

Your Turn:

Side Hustle #1 _____	Estimated Income: \$ _____
Side Hustle #2 _____	Estimated Income: \$ _____
Side Hustle #3 _____	Estimated Income: \$ _____

Determining whether or not you should pursue all of your side hustles or if you should narrow your list to one or two side hustles is based on the amount of extra money you will generate. Consider the following:

- Does the side hustle help close the gap on the funding you need without turning your 60-hour work week into a 90-hour work week?
- Can you tolerate the extra hours for a short-term period so you can achieve your financial goals?
- Does the satisfaction of helping your clients bring you enough joy to overcome the added work and stress of the side hustle?

Only you can answer and prioritize the answers to these questions based on your unique personal and business situations.

Cut Back on Personal Expenses

If you're using your own money to help fund your business, you can cut back on personal expenses to gain a bit of extra capital. Many of the monthly fees for essential business tools that were mentioned in part one of this series, "Don't Run from Running Costs," are remarkably low cost or even free. Some are the equivalent of reducing your monthly eating out or entertainment budget. Reducing your \$2 daily coffee runs can benefit you greatly, and it can allow you to easily pay for the costs of content or graphic services that begin at \$5 per month.

Continue to think about all of the things you do throughout the month that you could go without (even if it's temporarily). Foregoing cable and discontinuing memberships to places that you don't use are great examples of how you can find extra cash to fund your dreams. Did you know the cost of many co-working spaces that allow you to have a small suite is between \$400-\$600 per month? Find ways to make necessary business improvements without having to seek the funds of others.

Consider these money-saving alternatives:

- Cutting cable and using a streaming service instead
- Riding your bike to work instead of paying for gas
- Exercising at home instead of using a gym membership
- Packing your lunch instead of eating out

Cut Back on Personal Expenses

Now think about your own personal expenses. Are there any personal expenses that you can cut or reduce to help fund your small business?

Example:

PERSONAL EXPENSE: Daily Starbucks (nice to have)
Potential savings: \$65/mth.

PERSONAL EXPENSE: Pedicure (nice to have)
Potential savings: \$100/mth.

PERSONAL EXPENSE: Magazine subscription (nice to have)
Potential savings: \$20/mth.

Your Turn:

PERSONAL EXPENSE #1: _____

Is this a need to have or nice to have? _____

Potential monthly savings \$ _____

PERSONAL EXPENSE #2: _____

Is this a need to have or nice to have? _____

Potential monthly savings \$ _____

PERSONAL EXPENSE #3: _____

Is this a need to have or nice to have? _____

Potential monthly savings \$ _____



Sell Assets

Small business owners who want to raise quick money for business growth or operational expenses can always search around their home. What valuable assets do you have that can be used to purchase equipment? Do you have an older car that you don't use? What about clothes, art, or unused furniture that someone else can benefit from?

Many small business owners even sell their homes to take advantage of affordable housing as their business takes off. Instead of having items sitting around that you don't use, consider selling them so you can raise money for your business.

What do you own of value that will allow you to raise funds for business growth/expansion?

Example:

Item: TV Valued at: \$100

Item: Motorcycle..... Valued at: \$4,000

Item: Antique set..... Valued at: \$300

Your Turn:

Item #1: Valued at: \$ _____

Item #2: Valued at: \$ _____

Item #3: Valued at: \$ _____



Take advantage of free services

Just because something is free doesn't mean that it lacks quality or value. Here are free options for services that are essential to your business's success:

Accounting

- FreshBooks
- Wave
- QuickBooks

Customer Relationship Management

- Zoho
- Insightly
- Nutshell

Design

- Canva
- PicMonkey
- Unsplash

Marketing

- MailChimp
- Constant Contact
- AWeber

Take advantage of free services

As a small business owner, it's important to stay away from shiny objects. Focus on the need-to-haves well before you venture off to the nice-to-haves. If free options aren't for you, settle for platforms that offer affordable tiered options. Avoid signing up for lengthy contracts unless there is a substantial discount offer that will benefit you over time. Think more about getting a return on your investments, not about your current business challenges.

Which business tools will you use to save money? Use part one of this series to determine whether you should use expensive or free services—all are critical to your business's success. Determine your level of knowledge about the topic (e.g., accounting) and whether you feel you need someone to guide you or you can self-guide and use free services to ensure your business is best positioned to succeed. Some questions and considerations for evaluating whether you should use free services or use a professional include:

- How familiar are you with the topic?
- Is it your first time tackling the topic?
- How much expert support and personal guidance do you need?
- How long do you need the guidance? Is it a few hours a day, a week, a month, or a year?
- Will it be easier to have a professional set it up for you so you can take over and maintain that approach by using a free service?
- How much time will it take you to tackle the task yourself with guidance from a free service?
- Is it worth your time compared to the cost of simply paying a professional in that field?

Take advantage of free services

Based on your assessment, fill in the savings amount for each of the services below:

Example:

Accounting Expense: Replace local CPA with FreshBooks
Potential savings: \$100/mth.

Design Expense: Replace graphic designer with Canva
Potential savings: \$20/mth.

CRM Expense: Replace administrative services with Zoho
Potential savings: \$400/mth.

Marketing Expense: Replace email pro with MailChimp
Potential savings: \$20/mth.

Your Turn:

Accounting: _____ Potential savings: \$_____ /mth.

CRM: _____ Potential savings: \$_____ /mth.

Design: _____ Potential savings: \$_____ /mth.

Marketing: _____ Potential savings: \$_____ /mth.



Pre-Sell Products

Here's an extremely creative option to fund your business, especially if you offer a physical product. With your website, word of mouth, or even social media, you can offer pre-sales of your upcoming product or service. Not only does it help you gain cash in advance, but it also allows you to receive feedback from potential customers about whether the product is worth selling. This just may be the bump you need to get started. Service-based businesses can also offer pre-sale options such as memberships or subscriptions.

What are some potential pre-sell products or services you can offer?

Example:

Product #1

Knitting Subscription Box

Estimated Income: \$20 per box (12 per month)

= \$240 per month

Product #2

Online Knitting Course

Estimated Income: \$200 per course (4 per month)

= \$800 per month

Product #3

Knitted Scarves

Estimated Income: \$75 per scarf (20 per month)

= \$1,500 per month

Your Turn:

Product #1: _____

Est. Income: \$ _____ per item x _____ qty/mth = _____

Product #2: _____

Est. Income: \$ _____ per item x _____ qty/mth = _____

Product #3: _____

Est. Income: \$ _____ per item x _____ qty/mth = _____

Calculating Funds

Once you've explored the different options that will help fund your business, download and complete this [spreadsheet](#). Refer to the table below as an example. This task will provide you with a good idea of the revenue you may have available to help fund your business.

Example:

<i>Total New Expense(s)</i> (e.g., Goal of New Inventory)	\$	800.00	Input the total of new monthly expenses or capital needed to fund business. This is your goal.
1. Savings Account Revenue Earmarked for Business	\$	125.00	
2. Side Hustle Estimated Monthly Revenue	\$	150.00	Input the values that apply.
3. Personal Expense Reductions Monthly	\$	100.00	
4. Revenue from Asset Sale	\$	100.00	
5. Replacing Traditional Services with Free Services	\$	100.00	
6. Revenue from Pre-Sales	\$	240.00	Compare this number to your Goal number. How far are you away?
<i>Subtotal: Additional Monthly Income</i> (do not edit)	\$	815.00	
<i>Net Total: Additional Income/Total Savings</i> (do not edit)		\$15.00	If this value is \$0 or above , you met your goal. If not (value is a negative number), revisit some of the funding options.

Calculating Funds

In this example, the Net Total: Additional Income/Total Savings number is positive (by an extra \$15), indicating you actually have EXTRA positive cash flow available to fund your business goal! Perhaps you don't need to tap into your savings account this time or you don't need to give up your coffee addiction. Maybe you could even invest that extra cash flow into something else for your business. The choice is yours.

If, however, the Net Total: Additional Income/Total Savings number is negative, re-visit your options to see what else you might be able to do to provide additional capital for your business using your own funds and resources. You can also consider adjusting your goal to something achievable on a longer timeframe that you could work toward a bit more slowly.

If you must seek funding options and need a greater chunk of capital to move forward, there are options for business lines of credit via PayPal, or Lending Club, which is a peer-to-peer lending platform that offers business loans at lower costs than traditional financial institutions. While there may be higher interest rates or even balloon payments, consider these options if you have a concrete number for how much funding you need and if you don't feel any other options will work for your business. It's preferable to self-fund and avoid interest payments when possible, but non-traditional loans can provide good alternatives when traditional loans aren't an option.

STEP 3: DID YOU REACH YOUR GOAL?

Determine whether or not you reached your goal. If you didn't reach your goal, that's perfectly fine. Simply revisit the list above of ways to generate more income. Once your creative juices start flowing, you may find that there are more things you can sell, more free services you can use, or more personal expenses you can cut back on. Continue to look for opportunities to increase your monthly income, and you'll have enough money for your business in due time.

Did you reach your goal of \$ _____?

If not, how much more money do you need?

Amount needed: \$ _____

CLOSING COMMENTS

Business ventures can feel like a roller coaster ride—up one minute and down the other. Often times your business's finances reflect those roller coasters and that can be both scary and ultimately lead to the worst case scenario for a business owner—financial mismanagement that ultimately forces a business to close. Proper money management of your business is absolutely vital to your success.

Take every precaution to protect your business finances against high-running costs, rising overhead, and poor cash flow. It's the most important thing you can do to succeed, next to delivering the best product/service for the business you created and love.

Remember—you can flourish as a small business owner if you consistently keep track of your expenses (and cut them when possible), find ways to increase your income, and use free/inexpensive resources and tools to your advantage. These tips and tools should help enable strong financial management of your business and lead to continued success in your own fearless quest of prosperous business ownership.

