

HOW TO SELECT A BUSINESS LOAN

There are different types of business loans to suit different stages of a business lifecycle. Selecting the right one can speed up the application process and minimise costs.

EVERYTHING STARTED WITH JUST AN IDEA... FINANCE FOR A START-UP

For a start-up company with no trading business or cash flow, it can be quite difficult to secure a business loan.

“A lot of the banks don’t have much of an appetite for start-ups, so an investment loan would be a good alternative for anyone wanting to fund a new venture,” advises the finance broker. “It provides flexibility and you’re more likely to secure approval.”

WHEN REALITY KICKS IN...FINANCE FOR QUICK CASH FLOW

Similar to a line of credit, a business overdraft can be drawn down to a certain limit, but is specifically a commercial loan that is priced accordingly - and more favourably for the business. A great option for those unspecified cash flow requirements that go with owning a business, it provides the flexibility of accessing funds without much prescription.

“There are a lot of unknowns that arise in business that even the best business plans can’t cater for,” says the finance broker. “This type of financing takes care of those unforeseen things.”

YOUR BUSINESS IS GROWING (WE’RE AS EXCITED AS YOU ARE!)...FINANCE FOR EXPANSION OR INVESTMENT

Aimed at funding long-term investments, term loans are ideal for business expansion. They’re fully drawn advances for a fixed length of time with scheduled repayments. Normally secured against a valuable asset, term loans are commonly used for purchasing new equipment or moving to larger premises.

Regardless of what kind of business you are financing, it’s always important to have a good business plan. “Try to have an accurate cash flow forecast and implement a good exit strategy,” the finance broker says. “Lenders want to see what you would have in place if things don’t go to plan; that’s how they make their decisions.”



NEXT STEPS

Get in touch with Enrizen via email or phone to review your business and discuss options.



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