

Worksheet - Finance Your Business

As explained in the course, financing is a key element of any small-business venture. Use this worksheet to write down your thoughts, ideas, and action items as they relate to financing your business. Some questions use a fillable PDF form field to capture your thoughts, while other questions are listed for you to reflect upon. You can also print the worksheet and write your notes in the spaces provided.

Before you look into the financing options for your business, the first thing you need to do is to assess your current financial situation thoroughly.

Determine Your Financing Needs

For most financing, a 5-year plan is essential in calculating how you intend to pay back any debt financing. Do you have a solid business plan with five years of financial projections? Yes / No

Do you include a Profit and Loss (P&L) statement, balance sheet, sales forecasts, and cash flow statement? Yes / No

If you answered Yes, you are on the right track to determining your financing needs. If you answered no, you may want to consider writing a business plan or developing a P&L or Cash Flow statement.

Below are a few more questions to consider when thinking about financing your business:

- Does your business need more capital, or can you manage within existing cash flow?
- What is the nature of your need? (Start or grow your business or to protect against a credit risk?)
- How urgent is your need?
- How great are your risks?
- In what state of development is your business?
- For what purposes will the capital be used?
- What is the state of your industry?
- Is your business seasonal or cyclical?
- How strong is your management team?

How does your need for financing mesh with your business plan? As suggested in the course, most, if not all, lenders will want to see a solid, well-organized business plan for the startup and growth of your business.

Estimating Startup Costs

If you are just starting your business, have you estimated your startup costs for the first six months?

Because there are so many choices for estimating and calculating your fixed and variable startup costs, the best solution is to consult your favorite internet search engine and search for key phrases such as “Startup expenses,” “startup costs worksheet,” or other similar phrases.

Identify Various Financing Options

The differences between debt financing and equity financing may reveal options that are more realistic for your business. Which do you think will be most appropriate for your situation? Use the space below to document which option you believe is the most appropriate for your situation, and write a few notes explaining why (if applicable).

Do you know your personal credit history, and have you recently reviewed your credit report and corrected any errors (if any)? Use the space below to write any action items related to this task.

Do you think you will need collateral for financing? If so, make a list of the assets you may want to use for collateral and their value.

Do you need long-term or short-term financing? Use the space below to identify the best choice for your situation. Including a short one-sentence justification or statement to help you remember why you made the choice is a good practice, in case you meet with a business development professional.

If you think a loan is the right financing for your business, have you narrowed down the choices to the type(s) that will work best for your situation? (Traditional loan, guaranteed loan, Micro-loan)? If so, use the space below write down your thoughts and ideas.

Do you think you may want to pursue alternative and nontraditional funding sources? If so, which ones (Grants, Venture Capital, Angel Investors, Retirement Accounts, Reverse Mortgage, Crowdfunding, or Peer-to-Peer lending)? What are your next steps to pursue these options?

Do you need a Surety Bond? If so, where will you go to research your options?