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20 Financing Options For Small Business Owners To Consider This Year



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Small business owners often need to secure financing to capitalize on growth opportunities. From commercial loans and lines of credit to grant programs, there are a variety of financing options available to small business owners, each with its advantages and considerations.

Choosing the right financing option for you can directly impact strategic growth and propel your businesses forward. To help you make this decision, [Forbes Finance Council](#) members share different financing options for small business owners to consider implementing in 2024.

1. Revenue-Based Financing

Consider revenue-based financing, sometimes known as a merchant cash advance (MCA). It can be a great flexible option for small businesses to get fast funding. The business receives a lump-sum payment in exchange for a portion of future sales. The funder will collect a percentage of either weekly or monthly sales, through all revenue streams (including credit cards, checks, wires, cash and ACHs). - [Lawrence Pross](#), [Nexi](#)

2. Asset-Based Lenders

If your commercial lender isn't the right option for inventory and AR financing, another option would be an asset-based lender (ABL). Start with a commercial bank ABL. They will loan against receivables without covenants and are less restrictive than a normal bank line, and more restrictive than a non-bank ABL. A non-bank ABL is another option that is more aggressive because they are not regulated. - [Alan Chaffee](#), [Turning Point Strategic Advisors](#)

3. Business Bank Accounts

If you don't have a business bank account, that's a good place to start. Based on my industry knowledge, approximately 70% of small business owners without a business bank account are rejected for loans. Taking this important step could help secure the capital infusion you need to keep your business afloat or help you invest and grow your business this year. - [George Gresham](#), [Green Dot Corporation](#)

4. Intra-Family Loans

How about the "Bank of Family?" An intra-family loan is a popular estate planning vehicle and I have seen it applied in this context as well. The parent or lender would need to charge a minimum interest rate without incurring gift tax issues, and if structured properly, it can provide advantages over other lending options in terms of better interest rates and more flexible credit eligibility. - [Alvina Lo](#), [Wilmington Trust](#)

5. Crowdfunding

Crowdfunding is often overlooked by small business owners despite, its success in tech. In today's tough economy, with tech startups failing and diminished investor risk appetite, businesses with steady incomes and low risks are more attractive. Crowdfunding offers such businesses a viable financing option, tapping into a broader base of potential supporters. - [Chanchal Bhoorani](#), [WestBridge Capital](#)

6. Equity Partners

Small businesses should look for financing sources other than banks in the current market. Since credit has become more difficult, alternatives such as an equity partner or crowdfunding are feasible options. These choices not only offer needed capital but also add strategic expertise. Small businesses should compare the advantages of equity versus debt to make decisions that fit their long-term goals. - [Chris Seveney](#), [7e investments](#)

7. Appealing Property Taxes

Appealing property taxes can potentially provide significant savings for small business owners. By appealing property taxes, small business owners can potentially free up additional funds that can be reinvested back into their businesses for growth initiatives. It's an often overlooked but potentially lucrative option for financing growth in the new year. - [Wes Nichols](#), [Paramount Property Tax Appeal](#)

8. Grants And Government Funding

In the ever-evolving market environment, small business owners have a variety of financing options to consider when deciding to support their growth aspirations. Here are some options—besides simply taking out a loan—that entrepreneurs may find useful: business lines of credit, grants and government programs, venture capital, angel investors, peer-to-peer lending and crowdfunding. - [Mike Zaino](#), [The Zaino Group](#)

9. Personal Real Estate

Small businesses can always exercise the traditional ways of obtaining business financing. Considering the current market climate, they may be unable to find the most cost-effective options, and the process could be daunting. By encumbering personal real estate, business owners can access the financing required quickly and cost-efficiently, which could be structured as a loan to the business. - [Reza Ghazi](#), [GreenFlow Financial](#)

10. Investor Royalties

Small businesses can have different challenges to receiving funding than larger businesses do. I've seen them raise capital in numerous ways, including offering investor royalties or selling equity in their business. For the latter, I always recommend adding a cap on the return of the investment that then allows the small business to get the equity back. - [Robert W. Bache](#), [AmeriLife](#)

11. Revenue-Based Financing

Small business owners should explore revenue-based financing for growth, leveraging their sales for capital without diluting equity. Crowdfunding platforms also offer unique access to both funds and a passionate customer base, energizing growth with community support. - [Luis Marinelli](#), [Vana](#)

12. Collaborative Partnership Opportunities

Savvy small business owners can explore a variety of funding avenues to fuel their growth. These include crowdfunding, peer-to-peer lending, AR-based lending, equity financing, government loan programs (e.g., Small Business Administration) and collaborative joint venture or partnership opportunities. Each option comes with tradeoffs that should be well understood. - [Sean Brown](#), [YCharts](#)

13. IP-Backed Financing

Consider IP-backed financing as an alternative to traditional capital. Small businesses can leverage patents, trademarks and copyrights to secure loans or credit lines based on their intangible assets' value. This approach

offers access to capital without diluting ownership and underscores the strategic significance of IP in driving growth and innovation. - [Joseph K. Hopkins, Fallingst Technologies LLC](#)

14. Interest Terms

Small business owners should be especially strategic, specific to interest rates, in this environment to leverage the best type of borrowing. Business owners typically have access to multiple options for financing. Reviewing interest terms on lines of credit, credit cards and real estate loans is critical to ensure what is being borrowed is being done at the best borrowing terms possible. - [Brian Niksa, Capstone Financial Advisors, Inc.](#)

15. Credit Cards

If they are not already doing so, small business owners should think about activating a line of credit or credit card. Both can help business owners smooth out cash flow when often waiting the standard 30 to 60 days to get paid from customers. Offering discounts to customers in return for upfront payments can also streamline cash flow, allowing business owners to reinvest in growth initiatives more quickly. - [Eyal Lifshitz, Bluevine](#)

16. Small Business Administration (SBA) Loans

Small business owners need to be more creative in today's dynamic and limited debt environment. One of the best sources of capital is the Small Business Administration (SBA). They have several loan programs to fit the needs of most small businesses. One of their programs doesn't require a business to be profitable and only requires the owner to have a credit score higher than 700. - [Paul Daneshrad, StarPoint Properties](#)

17. Invoice Factoring

Invoice factoring can come across as an old-school way to relieve short-term working capital crunches. However, it's a valuable tool for smoothing choppy cash flow. - [Sabrina Castiglione, Pento](#)

18. Venture Capital

Venture capitalists (VC) can be great financial and operating partners for small businesses, particularly with these high-interest rates. Unlike traditional bank loans, VCs take an ownership stake in the company in exchange for capital. VCs also work directly with executives to drive value and execute growth strategies and can connect businesses with their network of advisors and industry experts. - [Anthony Georgiades, Innovating Capital](#)

19. Home Equity Loans

Small business owners should explore lending options beyond traditional collateral sources to secure competitive rates and flexible terms. For example, someone needs a line of credit. Is a home equity loan more competitive than a bank line? Are the payment terms more favorable? Embrace a broad spectrum of financial solutions and prioritize lending avenues that offer repayment flexibility. - [Tammy Trenta, Family Financial LLC](#)

20. Equity Crowdfunding

Equity crowdfunding has emerged as a viable financing option for small business owners seeking to capitalize on growth opportunities without taking on debt. This method allows entrepreneurs to raise capital directly from a broad audience of investors through online platforms, offering them equity in return for their investment while building a community of supporters invested in their success. - [Peter Goldstein, Exchange Listing LLC](#)

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