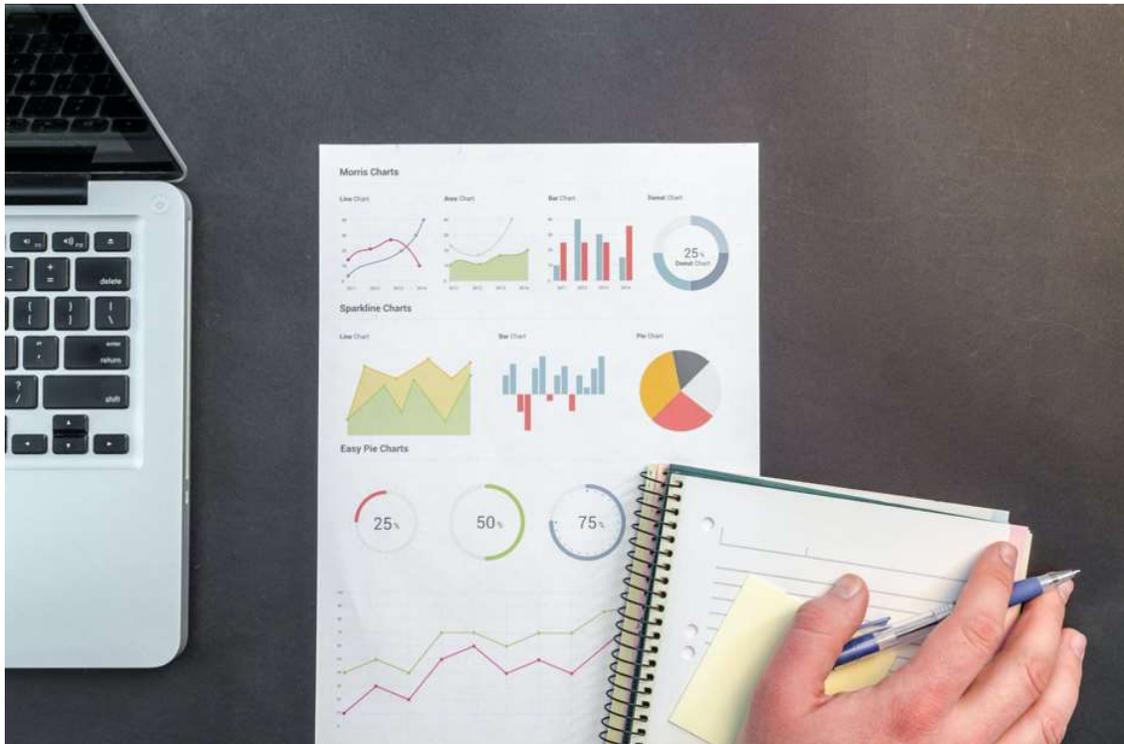


How to Ask for Money for Your Small Business



Many people feel uncomfortable asking for money – whether it’s to fund a new business idea, a loan to cover some short-term debt, or investment funds to keep your business solvent. Some small business owners perceive a [negative stigma](#) around asking for help, especially when it comes to asking friends and family to help.

There are plenty of strategies and platforms that can make asking for public assistance a little easier. Read on for advice on how to ask for money and some tips that can make fundraising less stressful.

Make a business plan

The first step in asking for money is to know exactly how much you need. This can frame where you turn for financial help. Most of your business plan will cover



what your business does, who your customers are, your marketing plan, and other elements of your business that a potential investor may wish to know.

The funding section of your business plan goes into detail about what you have and what you need. It covers the [following sections](#):

- **Your current financial situation:** income and cash flow statements, balance sheets, and financial projections. If you have existing debt, include your timeline for paying it off. Many businesses include financial projections in this section.
- **The ask:** how much money you need now and in future. Include what type of funding you are seeking – do you need a loan or investment? If you’re looking for an investment, what ROI can your funders expect?
- **How will you use the funds?** This section should cover the specifics: do you need money to pay for inventory, help with rent, buy equipment, expand your store, or hire a marketing director? “Note that most financial sources would rather invest in things that grow a thriving business than to pay for debt or overhead expenses,” says [The Balance](#).
- **Financial plan:** this section covers things such as your loan repayment schedule or exit plan if you intend to sell the business. If you are getting a loan, set up a schedule for repayment that a friend or family member can rely on. If you plan to sell, tell the investor how it may affect their investment.

By starting with an overall plan, you can then pick apart your overall financial ask and seek funding from different sources. For instance, if your cafe needs a new oven *and* money to cover a seasonal order from a local farm, those two budget items can be funded from different sources.



Pick a specific expense

Some expenses are better suited to public assistance – e.g., a loan from a bank or a grant from a small business association – rather than friends and family.

Friends helping each other can be an extremely powerful funding source. According to [Fundable](#), friends and family are still the major funding source for new ventures: small businesses receive over [\\$60 billion annually](#) in investments from friends and family, more than all professional sources combined.

Most experts recommend that you save big expenses for financial institutions and go to your personal network for smaller funding asks. Small budget items – think items between \$100 and \$500 – are less stressful. "You're less likely to ruin a relationship over \$25," says Cornelius McNab, founder of Atlanta-based 40billion.com, told [Entrepreneur Magazine](#).

If you need more money for things like help with rent or a new piece of equipment, there are other options that may be better than friends and family. A venture capitalist or a [small business loan](#) might be available. If you think you will have trouble getting a traditional business loan, the Small Business Association offers SBA-guaranteed loans. Try their [Lender Match](#) tool to find lenders who offer SBA-guaranteed loans.

Craft a pitch

When you ask for money, show that you've done your homework. Here's where your business plan will come in handy. "Friends and family are quick to differentiate between a passionate hobby and a sincere effort to change the world," says one expert in [Inc.](#)

An elevator pitch is more than just a gimmicky marketing tool. It's an opportunity to showcase all the work you've put into your business so far. No matter who you approach to ask for money, make sure to keep it professional, polished, and



detailed. Make sure your ask is tied to a specific amount and outcome.

“Remember that [no investment is a gift](#), and everyone who buys in deserves to hear what you plan to do with their investment and expects regular updates from you along the way.”

Many experts recommend that you put everything in writing. “Even if the lender says that formalizing the loan or investment capital isn't necessary, it is—not only to protect the person who's giving you money but to protect yourself and your business as well,” writes [The Balance](#).

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