

## It may be time to think about raising some capital

Last week, I wrote about your ability to utilize the-summertime as your time to focus on how you and your business have done since the beginning of the year. I hope all of you have been able to determine what goals you have been able to achieve and what goals are still far away.

I find that, quite often, most business owners tend to focus on their cash position during the summertime. Sometimes they're looking for some extra money for a short vacation. Other times, they're preparing for the ramp up towards the fall and winter season by finalizing seasonal plans in order to be fully stocked, staffed and ready for the season.

### Sources of capital

Over the course of the month of June, I'm going to explore this issue of obtaining money for your business. This week's column is a general listing of the various types of capital sources available for your business. Subsequent articles will address some of these alternatives, along with specific places to go to, both physically and virtually, in order to obtain the money. Most businesses always need money and therefore it is my goal to give you the information to utilize, now or in the future.

Money for your business, also known as business capital, is a critical component for all businesses throughout its entire business life. Although there are many types of business capital, all types are either in the form of debt or equity. My simple definition of debt is money that you acquire for your business, which requires some form of repayment to the lender under specified terms and conditions.

Alternatively, my simple definition of equity is money that you acquire for your business, which gives the individual or entity that contributed the money ownership rights in the business. There are also a variety of hybrids of these forms as well. Whatever form you choose will dictate how you will

have to handle its repayment.

Money for your business is obtained in a variety of ways. Some of the most common ways to attain capital for your business are by credit cards, friends and family, home equity loans, personal notes or loans from a bank, borrowing or cashing in pensions, IRA's, 401(k)'s and other types of retirement accounts, private investors, personal savings, federal state and local governments, venture capitalists, private equity funds and your vendors and suppliers. Each and every one of these alternatives can ultimately put capital into your coffers or provide you the credit that you need for your business. They will also dictate the terms and conditions of your use of that money in your business.

### Acceptable terms

Your goal, when it comes to obtaining money for your business, is to find the money that you need under the terms and conditions that are acceptable to you. What may be acceptable to one business owner may not be acceptable to another. Always make sure to read the fine print when the money comes with an agreement, and know what you are agreeing to. Intentions, by either party, do not count unless it is specifically memorialized in writing.

Finally, before you start on your quest to obtain the capital that you may need, please make sure that you have thoroughly thought out all of your financial needs. It is much easier and worth your while to spending a little extra time planning for all of your capital needs at one time. Plan wisely and make sure to know what you are getting yourself into.

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