Funding Your Business Venture

- Bringing an investor into your business **usually involves equity**, which means your investor will become a shareholder in your company.
- Having an investor can be an advantage, because you will not have any fixed repayment terms like you would if you decide to take out a loan. However, **you will no longer be the sole owner** of your business.
- Also, the more funding your investor provides, **the more shares or ownership** they acquire from your company. If you want to partner up with an investor, make sure all parties agree on what their expectations are before signing anything.
- A word of advice when it comes to asking a financial institute for funding: **Be careful of asking for too much money**. It can put additional pressure on the cash flow of your business, because the higher the debt, the higher your repayments will be. You will also run the risk of wanting to use your funds for private or unnecessary expenses.
- Asking for too much money **can also hinder your chances of getting financing**. If the financier believes that the amount is unjustified, they will reject your application.
- This is why you have to make sure you **have a proposed plan and strategy** for your business, so that you can document your financial needs accordingly.
- Not all of us are financially orientated, so it's always a good idea to **speak to a professional** about your financial needs and options.