

Why the right funding is important to grow your business

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Securing capital is a crucial step towards growth and success for small and medium enterprises (SMEs). However, navigating the world of funding can be challenging, with a wide selection of sources to consider, each with its own benefits and risks.



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While business loans or mainstream finance options from a bank or other financial institution are typically the most secure approach, there are other, less traditional, sources of funding that an SME can consider. While exploring funding options like these may seem like a good approach for your business, it's important to understand the potential risks and challenges associated with each of them.

For example, you may want to start a business with your personal savings. While this approach enables you to retain full ownership and potentially reap all the profits, if your savings aren't sufficient, you could end up in a situation where you have used all your money and have to look for alternative sources of funding anyway.

Some SME owners also look to their personal credit cards for ready and flexible access to finance. But if you withdraw money from a credit card, you immediately start incurring interest, and the rates on credit cards can be very high, so the money you borrow is expensive.

Borrowing from friends and family is also an option, and one that can strengthen your bonds if your business succeeds. However, it could also destroy your relationships if the business fails, or if those contacts don't immediately see the financial benefits they expect.

Another fast-growing business funding approach is crowdfunding. If you have a unique business idea, a crowdfunding platform may work to attract financial backers. Just be aware that crowdfunding requires a lot of time and effort, and you will need to offer incentives if you want people to give you their money.

While none of these funding options is necessarily wrong for your business, there is a far more secure way of accessing the funding your business needs to start or grow – and that's by partnering with a trusted and experienced finance partner.

Remember: success lies not only in having a great business idea but also in partnering with the right financial institution that understands your unique needs.

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