

# SOURCES OF FUNDING

There are a number of ways to raise cash for your business. Some easy, some not so easy, some shouldn't be attempted.

**Which way will work for you?**



## WAYS YOU SHOULDN'T RELY ON



### Find it.

Stumbling across lost loot isn't likely, and if you do, the owner may want it back.



### Win it.

If you like infinitely small odds, the Lotto is for you.



## WAYS THAT CAN WORK BUT UNLIKELY



### Inherit it.

Any long lost great Aunts who live in a mansion surrounded by cats? Inheritances could also include shareholding in a family business that you could take over and run



### Be given it.

If you're lucky to have a fairy godmother, nice. Or there could be Government Grants and other sources of funds to support your start-up. View the [Canada.ca](http://Canada.ca) site on [business grants and financing](#) for more.



### Tip

Often grants require you to contribute a proportion of the overall amount. So you'll probably still need some cash of your own.

## THE MOST LIKELY WAYS



### Sell it.

Sell any assets you have (cars, record collections). How much can you raise on your own? You could also sell a percentage of your business to outside investors in return for capital; search the [National Angel Capital Organization](#) member directory, the [Canadian Venture Capital Association](#) member directory and the [National Crowdfunding Association of Canada](#).



### Tip

Find investors that complement your skills, understand the industry, are prepared to let you maintain control, are able to assist with expansion, have more capital if you need it, and value the worth of your business fairly.

### Another Tip

You may find employees, friends and family also willing to invest, in return for shareholding.



### Work for it.

You've worked for it in the past and have savings to use. It's the BEST source of cash as it;

#### Is the least costly source

Your own money represents the cheapest form of financing you will find. You can put cash, investments, equity from your home or other personal property to work for you because you own them.

#### Makes you a better risk for lenders

If you risk something yourself, others may feel better taking on some of your risk. So your investment improves your chances of getting a loan.



### Bootstrap.

**Lower how much cash you actually need (same effect as raising the capital in the first place).**

- Take a low (or zero) salary while building cash flow
- Sub lease any spare space to another business, or sub lease from another business temporarily
- Employ part time staff or have family help out in the early days
- Defer any payments for as long as you can;
  - Access stock/raw materials on consignment (only pay once it's sold)
  - Hold inventory virtually via a wholesaler
- Save on marketing dollars by partnering with other business in joint promotions
- Share office space with other like-minded businesses
- Use free advertising tactics such as social media



### Borrow it.

If all else fails you may need to borrow it. This can be from a range of sources, most commonly the bank, but it could be friends and family (though this can get complicated). Only borrow what you need.

#### RBC Resource

We have a number of [business loans and lines of credit](#) to help with all of your finance needs, from start-up costs and on-going cash needs. For example, our [Royal Business OperatingLine](#)® offers a credit line that's ideal if your business is brand new and doesn't have a business credit history.

