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HELPING UK BUSINESSES BLOOM

A guide for startup businesses

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There are many types of business funding available for startups and pre-revenue businesses looking for an initial cash injection. The high street banks have given way to many new types of business funding products especially in the alternative commercial finance market.

1. Pre-revenue funding

Crowdfunding platforms are a great resource for the start-up enterprise as they allow investors to pledge small amounts of cash together with other investors aka ‘the crowd’ meeting your target loan requirements.

Crowdfunding offers startups and businesses with a specific product or service the ability to raise the funding they need. By listing your business or project on the platform you will have a set time to meet and possibly exceed your funding requirements.

It’s also a great way to generate awareness. If your product or service is good enough you may find that you find traction on social media from investors sharing your business, concept or product.

You could look for government grant incentives although most are few and far between since the economic downturn. There are startup loans available from the government See StartupLoans website - a subsidiary of British Business Bank plc. You can borrow up to £25,000.

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2. Help with finding the right information

They can also help with conducting market research on customers and competitors, helping you choose a company structure, guidance with your insurance and tax requirements, developing your business strategy and sales forecast, help with writing a business plan.

3. Taking card payments from your customers

We are heading more and more towards a cashless society. Contactless transactions on card payments, phone payments and more. By embracing a merchant service provider you can take your payments to the next level and offer an easy way for your customers to pay you. There are many choices available when it comes to merchant payment services. All have varying price points and entry level offers to get you going. You may also have an online e-commerce presence and you're looking to offer a more professional payment service. A merchant service provider will have options for both.

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4. Merchant Cash Advance funding

To qualify for this product your business must have been trading for at least 3 months and you are taking sales transactions from your customers using card payments. It's a unique method of funding as you only repay the advance as and when your business makes card sales from your customers. This offers your business the flexibility it needs with cash flow. You pay back less when your business makes less and quicker when your business is making more sales. Generally, as a guide, you can expect to repay around 10% of each card sale to repay the loan. e.g You generate £100 in a sale, you keep £90 and £10 is repaid. The total repayable amount is calculated differently to many other types of business finance too. There is usually one set repayment figure agreed upfront. There is no APR, and generally no fees, charges or late or early repayment penalties. See https://www.merchantloanadvance.co.uk/ for more details.

5. Growing your business

The main reason for funding is to help you grow your business. You've reached a point where you are taking your business to the next level and access to capital will help you reach your goal. The funding can be used however for cash flow, tax reasons, business investment, business development, marketing or property maintenance. The funding is extremely flexible and can be used for any purpose.