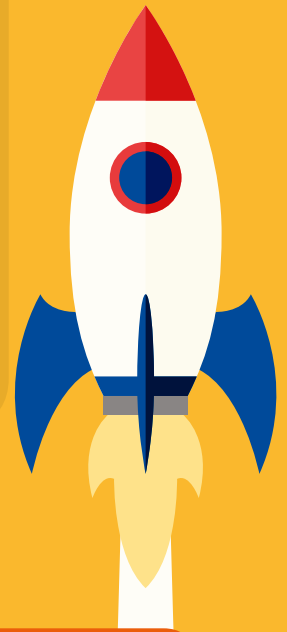


# *FitsME*

## Essential Guide to Business Funding



Ready  
Prep  
Go!

Finding the right  
funding option for  
your business needs



Australian Government



Australian  
**Small Business** and  
**Family Enterprise**  
Ombudsman



**scottish pacific**  
BUSINESS FINANCE

# Ready, Prep, Go!

## Steps to get your business finance fit

1

### READY: Advisers can help

Consider professional advice as a business investment rather than a cost – this mindset can help you succeed. Use a good accountant with strategic experience, don't just see someone a few times a year for tax time "number crunching" advice.

Brokers can help match a business with suitable lenders. To find a broker who focuses on commercial not home lending look at the CAFBA website ([cafba.com.au](http://cafba.com.au)).

#### 5 questions to help find an accountant

- What experience have you had in my industry?
- How will you help me achieve (or set) my business goals?
- What are your qualifications?
- How can you help me achieve a sustainable, profitable business?
- Do you refer clients to a wide range of funders?

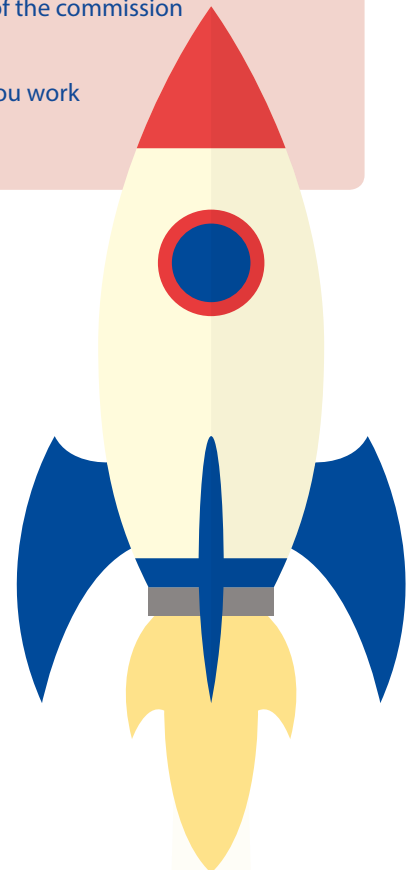
#### 5 questions to help find a broker

- Do you specialise in helping business owners?
- What experience do you have in my industry sector?
- How have you helped similar clients to me?
- Do you charge fees on top of the commission you get from the lender?
- Who are the main lenders you work with and why?

2

**PREP: Complete this checklist before applying for funding**

Getting finance fit before applying for funding will make all the difference to your success rate.





### STEP 1

#### Fix your business accounts

- Separate personal and business finances
- Get your 'books' in order –  
*This is what lenders use to assess if you can pay*
- Check the ATO record for your business
- Compile a financial commitments list
- Check your bank statements –  
*Ideally six months with no overdrafts, defaults or discretionary spend*

### STEP 2

#### Prepare/update your business plan

- This helps lenders, investors – and you – clearly see your goals and achievements
- Include P & L statement, balance sheet and budget
- Prepare cash flow forecast then compare what you said you'd do to what you achieved

#### Your mental health matters

The state of your mental health is critical to the success of your business. This list of resources can help with mental health and wellbeing:

[aheadforbusiness.org.au/](http://aheadforbusiness.org.au/)

[blackdoginstitute.org.au/](http://blackdoginstitute.org.au/)

[everymind.org.au/](http://everymind.org.au/)

[headsup.org.au/healthy-workplaces-for-small-businesses](http://headsup.org.au/healthy-workplaces-for-small-businesses)

### STEP 3

#### Assess your credit worthiness

- Lenders can access so much information about you and your business - including social media, such as Facebook
- BEFORE seeking funding, tidy up any outstanding issues to give yourself the best chance of approval
- Check your personal and business credit rating and your tax portal
- Multiple applications can have a negative impact on your credit rating
- Access your Personal Property Securities Register (PPSR) report search results – it's important to review this (your adviser can help with these two steps)
- If there are any issues in these reports, work with your adviser to correct them

### STEP 4

#### Do you need funding?

- It's OK to need funding – the right type of funding for your situation can really make the difference to business growth
- What is your business need?  
*Urgent cash for short-term issue vs funding for ongoing needs*
- Can you service the debt?  
*It's not just the funding amount but the total cost, including fees and charges*
- Understand what giving a guarantee means – for secured and unsecured loans

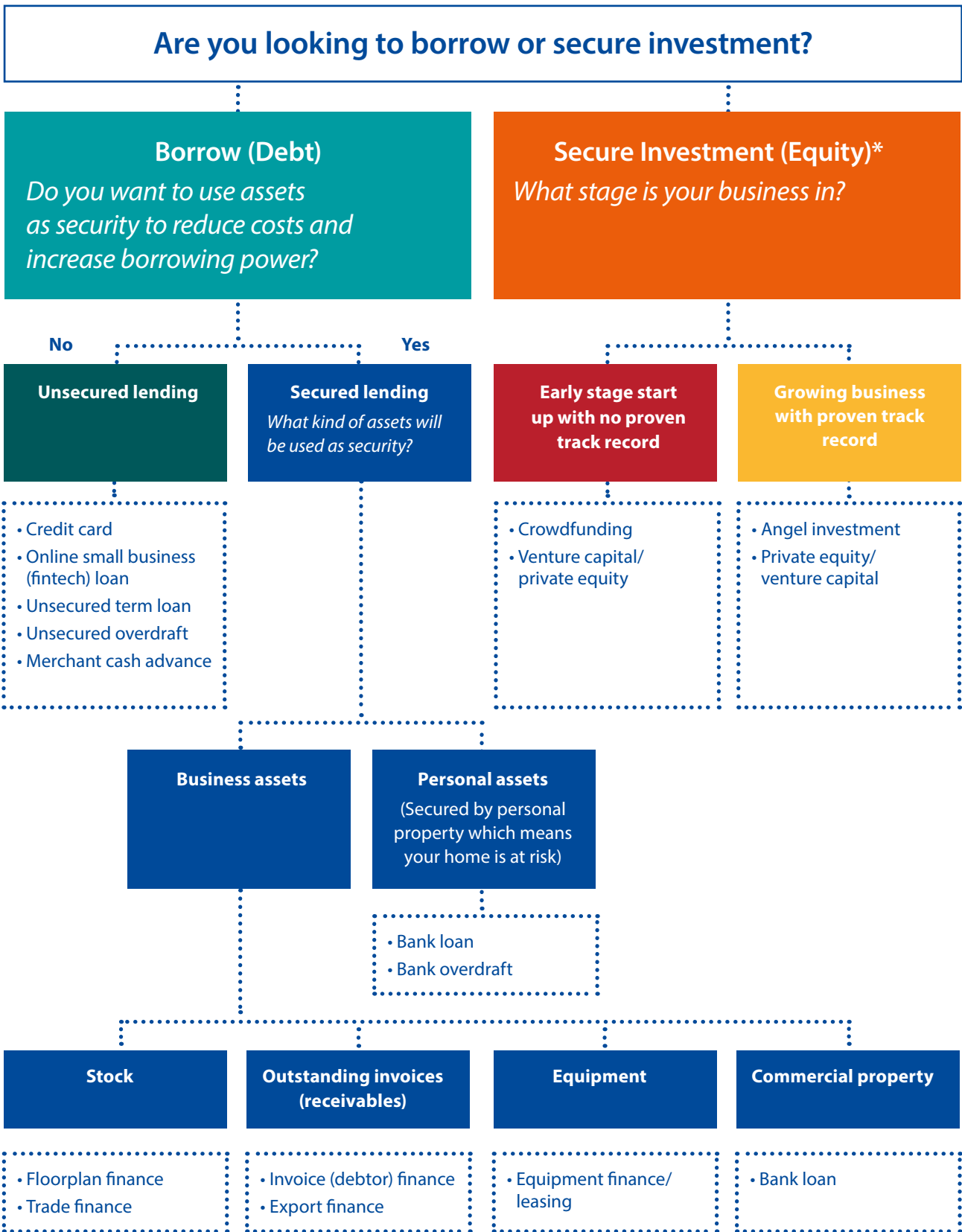
## 3

### GO: Find funding

Discuss your situation with your business adviser who can step you through the funding choices of debt or equity, banks or alternative lenders, short-term or long-term funding and secured versus unsecured.



# Funding Decision Flowchart



\* Business owners will relinquish a level of control over the business with the involvement of equity partners

# Funding Matrix: Select based on business needs

Business life cycle	Debt options										Equity options					
	Business credit card	Equipment finance	Export finance	Floorplan finance	Import finance	Invoice finance (debtor finance)	Merchant cash advance	Bank overdraft	Peer to peer lending	Bank loan	Trade finance	Online small business (fintech) loan	Angel investing	Crowd funding	Private equity	Venture capital
Start up – pre-trading								^		^						
Trading but not yet profitable		●	●	●		●	●	^		^	●	●	●	●	●	●
Growing - profitable or projected profits	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Established, stable business	●	●	●	●	●	●	●	●	●	●	●					
Established business with stressed requirements	●	●	●	●	●	●	●	^		^	●				●	
<b>What plans, needs or opportunities do you have right now?</b>																
Start-up funding			●*			●*		^		^	●		●			●
Launch new product/ expand territory/accept new opportunity			●		●	●	●	●	●	●	●	●	●	●	●	●
Expand internationally			●		●	●	●	●	●	●	●				●	●
Buy stock			●	●		●					●				●	
Invest in new equipment		●				●		●	●	●	●				●	
Refinance existing loans/ reduce borrowing cost or consolidate		●	●			●		●	●	●				●	●	
Improve cash flow	●		●		●	●	●	●			●	●		●		
Pay tax/creditors						●		●							●	
Acquire another business						●				●					●	

\* Pre approval to fund invoices once trading ^ Secured

# Find support

## Government Resources

ASIC's Moneysmart provides borrowing tips for loans and other types of credit such as interest-free deals and rent-to-buy, and information about credit reports and credit repair.

[moneysmart.gov.au/borrowing-and-credit](https://moneysmart.gov.au/borrowing-and-credit)

Australia.gov.au provides specific advice for all states and territories.

[australia.gov.au/information-and-services/business-and-industry/business-states-and-territories](https://australia.gov.au/information-and-services/business-and-industry/business-states-and-territories)

Australian Small Business and Family Enterprise Ombudsman assists small businesses with disputes and advocates on their behalf.

[asbfeo.gov.au/](https://asbfeo.gov.au/)

Business.gov.au gives a range of information to help your business succeed.

[business.gov.au/Finance](https://business.gov.au/Finance)

Department of Human Services has advice on borrowing and credit to help you manage your money.

[humanservices.gov.au/individuals/subjects/manage-your-money/how-manage-loans-and-credit](https://humanservices.gov.au/individuals/subjects/manage-your-money/how-manage-loans-and-credit)

Department of Industry, Innovation and Science has advice on funding and incentives for businesses [industry.gov.au/topic/funding-and-incentives](https://industry.gov.au/topic/funding-and-incentives) as well as a searchable guide for grants and assistance programs.

[business.gov.au/assistance/search](https://business.gov.au/assistance/search)

Export Finance and Insurance Corporation provides finance and insurance solutions to help Australian exporters overcome financial barriers when growing their business overseas.

[efic.gov.au/](https://efic.gov.au/)

Personal Property Securities Register (PPSR) has information on how to search the PPSR and make registrations.

[ppsr.gov.au/](https://ppsr.gov.au/)

## Industry Resources

Australian Banking Association and CPA Australia provide comprehensive finance guidance through the Small Business Finance website.

[financingyoursmallbusiness.com.au/](https://financingyoursmallbusiness.com.au/)

Australian Finance Industry Association has information on business finance needs.

[afia.asn.au/](https://afia.asn.au/)

Australian Investment Network connects entrepreneurs and investors.

[australianinvestmentnetwork.com/](https://australianinvestmentnetwork.com/)

Australian Retail Credit Association has Creditsmart.org.au, a new website to assist in checking, understanding and improving your credit score/report.

[creditsmart.org.au/](https://creditsmart.org.au/)

Chartered Accountants Australia and New Zealand provides membership information, technical training, guidance and resources.

[charteredaccountantsanz.com/](https://charteredaccountantsanz.com/)

Commercial & Asset Finance Brokers Association of Australia provides information on members, member directory and resources.

[cafba.com.au](https://cafba.com.au)

CPA Australia provides members with a complete range of finance, accounting and business information services.

[cpaaustralia.com.au/](https://cpaaustralia.com.au/)

Credi provides an online solution to formalise loan arrangements between individuals, family, friends and businesses.

[credi.com/about-us/](https://credi.com/about-us/)

FinTech Australia is the peak body for the Australian financial services, technology and innovation (fintech) industry.

[fintechaustralia.org.au/](https://fintechaustralia.org.au/)

Institute of Public Accountants provides useful information for accountants.

[publicaccountants.org.au/](https://publicaccountants.org.au/)

theBankDoctor.org is a not for profit online resource centre providing advice on funding options to 'SMEs.'