



What are My New Business Loan Options?

With some estimates of nearly 500,000 new businesses started each month, business owners have many questions about microlending and other financing options.

According to Business Manager, Deanne Geile of Huntington Bank in Michigan, new business owners should consider contacting the Small Business Administration Microloan Program that provides loans for start-up capital or small businesses with growth issues. Funds are available through intermediaries, a non-profit community based lender, in amounts up to \$35,000 with the loan size averaging approximately \$13,000.

According to Geile, loan applications and all credit decisions are made through the intermediaries at the local level. The SBA website has a list of all intermediaries.

In addition to banks, there are a number of alternative lending sources to consider. One alternative might be a venture capital firm.

Venture capital (also known as VC or Venture) is a type of private equity capital early-stage, start-ups and established companies with high growth potential due to innovation.

VC firms typically make cash investments in exchange for shares in the invested company. In exchange for the high risk that venture capitalists assume by investing in smaller and less mature companies, venture capitalists usually get significant control over company decisions, in addition to a significant portion of the company's ownership (and consequently value).

There are pros and cons to engaging in this kind of arrangement, from the pros of getting money that enables you to expand your market share before someone else does to the con of no longer being the sole owner of your company. Successful entrepreneurs will want to do their homework before engaging this option.

Some first-step actions that entrepreneurs might consider taking include:

- **Explore grant programs through the local municipality where you plan to set up business.** In Michigan, the Michigan Economic Development Corporation (www.themedc.org) provides significant information to help new entrepreneurs in funding.
- **Get involved with the local chamber of commerce programs.** These groups are designed with the specific purpose of promoting local businesses, with an eye on seeing these businesses reach their maximum potential. The Canton Chamber of Commerce located in Canton, Michigan set up a volunteer (and free)

Mentor/Protégé designed specifically for new business owners. For additional information on this program, visit their website at <http://www.cantonchamber.com>.

- **Join the Small Business Administration.** Take advantage of all their programs from business planning to funding options. Most of the programs SBA offers are free. They provide valuable information for the entrepreneur.

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