

## 4 ways a small business can **BECOME MORE BANKABLE**

Securing a bank loan can generally be tough for small businesses. In most cases, a bank will require a business to be running for at least 3 years, and with the economy the way it is, banks are more particular about who they lend to. This is a typical small business catch 22: In order to make money, you need money, and most likely you will have a tough time getting it.

So how does a small business become a candidate for a bank loan, and what can you do to access cash in the meantime? **Fortunately, you have more choices than you think, including these 4 effective options:**

- 1 **Tighten financial records.** If your objective is to get a bank loan, a strong balance sheet and detailed report of spending is imperative. Since running a small business means that you'll be wearing many hats, the key to tight financial books is ensuring that you're using the right tools for the job.

The first thing you should consider is setting up some basic accounting software, like QuickBooks. The next thing you should consider is hiring a reputable certified public accountant (CPA) who can help you keep your business records in order with both the state and federal government. The other thing you'll want to consider is hiring a bookkeeper who can help keep your books up to date and accurate so you can concentrate on other business needs.

- 2 **Showcase strategic thinking.** Financial institutions want to see your company's growth plan and how you anticipate it affecting your bottom line. Develop a detailed business plan to

If your objective is to get a bank loan, a strong balance sheet and detailed report of spending is imperative.

### Top software picks

Need some cost-effective accounting software? Here are our top picks:

- Quickbooks Pro
- Xero
- FreshBooks
- Sage One
- Kashoo
- Outright

# 4 ways a small business can **BECOME MORE BANKABLE**

illustrate your business strategy. Be sure to provide qualitative and quantitative specifics to show the strategy behind your business.

- 3 Factor your receivables.** Invoice factoring is a financial transaction where a business sells their accounts receivable at a small discount to a third party called a factor. The factor advances a large percentage of the invoice amount to the client, usually within 24 hours. It's a perfect solution for start ups and young companies who are unable to secure a traditional bank loan. It also helps companies build their credit scores, since the improved cash flow allows them to pay their bills on time and maintain a healthy balance in their checking account. Factoring can be an ideal stepping stone to assist companies who are in growth mode.
- 4 Make sure your business dresses the part.** Never underestimate the power of a professional business image. A professional business image helps show your commitment to growth and to your company. Consider developing a solid logo and website. Luckily, you don't have to spend an arm and a leg to build a website anymore. There are tons of tools online that can help you build a great website, including Wordpress and wix.com.

Banks are pickier than ever, so prepping your business with these 4 options can increase your chances of securing a bank loan. They can also help your business establish credibility, something banks and financial institutions will want to see. As an added bonus, they can help increase your client base and revenue, which is something you and the banks can get behind.

Factoring is a perfect solution for start ups and young companies who are unable to secure a traditional bank loan.

**Who is eCapital anyway?** We're pioneering the world of modern-day alternative financing with our innovative programs and desire to help businesses achieve financial freedom.

**Connect with us and find out more.**

