Financing Your Business

Three familiar sources of financing for your upstart or existing business have typically been your own savings, traditional commercial bank loans and borrowing from friends or family. What other options exist? SBA loans and grants are two other sources to consider.

Loans

In December 2010, the Small Business Administration (SBA) approved more than 100 loans to new and existing businesses in six Southeastern Wisconsin counties for a total of $69.4 million in funds. It’s clear that this is a valuable funding resource for many businesses. However, the SBA itself does not actually make loans. Instead, the SBA guarantees bank loans, allowing commercial lenders to make loans that they may not otherwise. The government reimburses the lender for a guaranteed portion of the loan (usually up to 75-85%), making it less risky for potential lenders. It is still important to note that lending standards, such as credit score and collateral, still exist for SBA loan guarantees.

Check with your preferred lending institution to see if they offer SBA loans and if you meet their lending standards.

Grants

Grants have specific requirements for funding and there are a lot of opportunities for Wisconsin businesses. For new businesses the Entrepreneur Training Grant covers 75% of the cost to take the Entrepreneur Training Program, a 12-week program that culminates in a written business plan. If you want to complete your business plan through a third party the Early Planning Grant funds up to 75% of the cost (with a maximum of $3000) to assist with your business plan.

Other grant opportunities, including the Dairy 2020 and Technology Assistance Grant, can be found through the Wisconsin Entrepreneurs’ Network. Federal grants are available through grants.gov.

For more assistance on non-traditional funding, please contact the SBDC. You can also consider taking the workshop, Finding Funding for Your Business, to explore traditional commercial loans, additional funding sources and community funding programs.