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Looking Elsewhere

With tried-and-true sources of capital drying up, entrepreneurs need to get creative about finding financing. If lenders turn you down, consider one of the new Web sites that link entrepreneurs and individuals with cash, such as [prosper.com](#) or [lendingclub.com](#). When buying computers, office equipment, and the like, you may be able to get financing from vendors. Dell, for example, provides small companies a variety of financing options, including revolving credit with rates that start at 11.99% annually. Or ask your suppliers to work out a payment plan or arrange a short-term loan. Although such financing is common in industries such as construction, business owners in other sectors often don't think to try it. Rates on such deals vary widely, depending in part on your relationship with the supplier.

Companies such as American Finance Solutions and AdvanceMe will lend you money secured by future credit-card receivables. But the money doesn't come cheap. Depending on factors including how long you have been in business and your credit history, you may, for example, get a \$100,000 advance and owe about \$130,000 in credit-card payments over six months, says Scott Griest, co-owner and principal at American Finance in Anaheim, Calif. Rates vary widely, however, and some bans carry fees.

Of course, the best place to find money is in your business itself. Be sure your sales managers aren't extending generous payment terms to customers to boost sales. And try to accelerate collection of receivables from your customers, perhaps by offering discounts for early payment.

By Amy Barrett

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