

## Short Term Business Loans: When Are They Appropriate?

In the last couple of years, there's been a proliferation of additional financing options come to the market for small business owners. Virtually all of these options have been in the form of loans (or other financial instruments disguised as loans). Much the same as in our personal lives as consumers and managing our personal finances, taking on additional debt for your business is a decision that shouldn't be taken lightly.

As in consumer lending, just because an organization may be offering you a loan, it doesn't necessarily mean you should take one. Similar to the consumer situation, when the pre-approved credit card arrives in the mail, it doesn't necessarily mean you should take those available funds and spend them.

Every time you take a loan, you should have a specific business-related purpose for the funds, know you have the capacity to repay it in a timely fashion, and ideally it should help you improve your business prospects.

Appropriate circumstances to take out a short term loan include:

- Having additional funds available for starting a new work project or contract;
- Helping with the down payment on new equipment;
- Helping with equipment repairs or outfitting new equipment;
- Buying inventory or supplies for an upcoming busy season;
- Keeping current with suppliers while you wait to collect amounts owed from customers;
- Expansion or renovation projects.

All of the situations mentioned above have one thing in common: your business should be in a better position after taking the loan than it was before taking the loan. The end results of taking the loan are positive: additional revenues, more efficient operations, or maintenance of your goodwill with suppliers. In all of the situations it can be reasonably expected that the ***benefits of the financing will outweigh the costs associated with it.*** This is an extremely important principal to keep in mind.

At Accord Small Business Finance, we provide short term and long term loans, from \$5,000 all the way up to \$5,000,000. We believe it's important, as a responsible lender, to only lend in situations where we truly believe we're helping the customer. If we don't believe that additional debt is in the customer's best interest, we can't in good conscience, nor does it make good business sense, lend funds to a customer. On the other hand, if you have an opportunity that improves your business; we're excited to be part of your success by providing you with the working capital you need to succeed.

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