

Business Finance Basics

[Business Finance Basics](#) Businesses need a constant flow of money to manage operations. This money can be used to pay employees, invest in inventory, retire high-interest debt obligations, or even to avoid insolvency. The financing of a business is a critical component to its success and longevity. Without it, a business may not be able compete aggressively in its market. There are several options for companies which need financing. These include business credit lines, grants, angel funding and even credit cards. Below, we'll explain how business finance is important to cash flow management and a company's growth.

Managing Daily Cash Flow The daily operations of a business can have an unpredictable and precarious effect on cash flow. Sales may generate revenue, but that revenue may be delayed in receivables or it may be earmarked for inventory purchases. Meanwhile, employees and monthly bills must be paid. You should talk with your bank manager to arrange a business credit line to help manage your company's daily cash flow. This credit line provides financing for your business when your checking account lacks funds. You should also have a few business credit cards. These are helpful in the event that you've used your credit line and need additional financing. They're also useful for small, necessary purchases (for example, office supplies). Because business credit cards will usually carry less-favorable terms than a bank credit line, they should only be used when necessary.

[business Loans And Raising Money](#) Often, a business will need to find a large source of money. They may want to buy another business, invest in larger facilities, or launch a second line of products. These things require a sizable investment; credit lines and credit cards may not offer a sufficient source of funding. But, you can apply for small business loans and grants. To qualify for a loan or grant, you'll likely need to create a marketing plan that describes your company's intent. You can also look to angel investors to raise money. Similar to applying for a loan or grant, you'll need a plan. Angels invest their own funds into a business with the hopes of enjoying a high rate of return. Your plan should detail how you intend to accomplish that.

Business Finance For The Growing Company Your business has several financing options for managing daily cash flow and raising money for larger expenditures. Ideally, you should consider pursuing a few different sources of funding. Begin with arranging a business credit line and credit card with your local bank. While you build that relationship, start looking into small business loans and grants. Finally, for a major influx of needed funds, begin approaching potential angel investors. Eventually, you'll be able to take advantage of better sources of financing as your business grows.

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