



Avoiding the growing pains of adolescent commerce



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WE ALL remember the awkward years of growing pains – when taking advice was never easy and every lesson was learned the hard way.

In business, you cannot afford to make the same mistakes.

Growing a business need not be painful, but it won't be without its occasional headache, even when you know there's an expanding market for your product or service.

Without a sound financial structure common problems – such as maintaining productivity and profitability, product and service development, accessing new markets and attracting employees – are compounded.

The first step is to understand the unique financial needs of your business, then use an increasingly competitive marketplace to access the right financial products.

There are both long and short-term solutions available to business, each with their own advantages and disadvantages.

If you don't have some long-term finance in place to fund

expansion, it is unlikely you will be operating anything more than a small company in five years' time.

On the other hand, short-term finance can be used strategically to help you over some of the "bumps in the road" as it's often easier to access.

For example, cash flow finance is increasingly popular, providing access to much-needed funds tied up in outstanding invoices without the need for "bricks and mortar" security.

While some lucky businesses are able to forgo debt-related growth by funding their expansion through cashflow, this can often be a very slow way to progress.

Being able to draw upon more substantial resources when you need them is essential to ensure that business opportunities requiring fast movement don't slip through the net.

When it comes to long-term finance, growing businesses tend to be reactive, which is a big fault.

At every stage, owners need to ask themselves where they want their business to go and what they will need to get to that stage.

A business must evaluate its

business plan and gauge the right structure and appropriate level of finance to execute it.

Attaining long-term finance is all about forward planning.

An increasing number of financial products are available to an expanding business and these should be considered against the business' unique requirements. Many businesses are now opting for products such as a chattel mortgage or rental finance which allow you to borrow against the original value of the asset without the need for additional security.

These products are particularly useful for buying new technology, which is often quickly outdated and requires ongoing investment.

This provides more flexibility to upgrade as a business grows and develops.

Before seeking advice, a business must make sure its accounts are up to date and that it can provide the necessary paperwork to an adviser and lending institution.