



10 PITFALLS

You Must Avoid In Business Financing
(And How to Avoid Them)

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Growing a business isn't easy. And when it comes to funding your business growth, there's no room for error. Choosing the wrong financing product or lender can leave you and your business two steps forward, and two steps back.

There are plenty of pitfalls that come with business financing. Fortunately, they're really easy to avoid if you're aware of them ahead of time.

To help, the Expert Advisors at National put together a list of the ten most common pitfalls business owners fall into during the funding process, and how you can avoid them.

01

Over-Borrowing

Pure ambition leads most business owners to think that acquiring vast amounts of funding is always the best method for growing their business.

While the ambition is admirable, over borrowing can cause serious problems that can leave you paying back loan amounts you're not using for years, and stunt your business growth. Consider whether growing your business in smaller steps would be a better fit for your business, and avoid wasting your time and money for many years over.





02

Taking Out Wrong Types of Loans

With the vast variety of funding options available for businesses of all sizes, from all industries, choosing the right business loan takes a lot of thorough research and business financing know-how.

The overwhelming amount of experience needed leads many business owners to grab for whatever financing option seems the easiest or more accessible in the moment, and wind up paying for it dearly (and literally) in the long run.

Every business is unique, with their own unique goals for business growth. Explore all of your options before moving forward, and consult with an Expert Advisor to ensure that you get the best financing option on the market that perfectly meets your specific business needs.

[Explore Your Options](#)



03

Not Knowing Your Credit Rating

Having a solid understanding of your business and personal credit score is a must for any business owner prior to applying for financing. Your credit profile will be the first and most important aspect of your application that most lenders will review—especially traditional lenders such as banks. This will also play the biggest factor in the quality of offers you receive from such lenders.

If you don't have a great hold on your credit score, you're not alone. Most business owners don't even know that business credit exists! To better your understanding before you apply for financing, you can get a free credit audit from an Expert Advisor at National. They will review your latest credit report with you line-by-line to make sure you have a better understanding of your credit score, and what you can do to improve your score as fast as possible.





04

Applying Too Late

Opportunities to grow a business don't come around often. When they do, it's extremely important to grasp them as soon as possible, before they disappear. Conversely, when a sudden challenge threatens to disrupt your business, taking immediate action is vital to reduce the risk of slowdowns, or even closure.

Remember that capital won't always be available immediately through most lenders. Banks and other lenders require extensive paperwork, and take upwards of weeks to months to process your documents before you can access funds. In these cases, applying for financing as far in advance of a business opportunity or challenge arises is crucial in making sure you have the capital necessary to take action, before it's too late.

However, if you're strapped for cash and have no choice but to apply for capital out of urgency, there are plenty of great alternative financing options that can secure you with funds in as little as 24 hours.

Your Fast-Funding Options

05

Taking On All the Paperwork Yourself



Do you know exactly how much paperwork is involved in the funding process? Do you know how to successfully navigate between all the necessary documents, and prepare them in a way that ensures you gain access to funds as quickly and conveniently as possible?

It's clearly a leading question, but the point is equally clear: without years of experience in business financing, the paperwork and document processing required can become an endlessly frustrating task that robs business owners of time, money and energy that they should be using towards growing their business.

Most lenders will leave you alone to take on the enormous amount of paperwork and red tape alone, without a clue of where to start, and how you can make it easier on yourself. Fortunately, National's Expert Advisors have all the skills, tools and expertise and cutting-edge technology needed to take the burden of paperwork processing off your shoulders.

They prepare all the necessary documents for business owners in-house, and use cutting-edge technology to cut the funding time down to hours, instead of weeks.

What Your Expert Advisor Can Do For You

06

Not Locking In Rates While They're Low

Interest rates of different types of business loans and lines of credit are changing all the time. Between Federal rate hikes and a fluctuating economy, it's always just a matter of time before new opportunities for low rates disappear, and others start offering lower rates than usual.

This makes timing an extremely important factor when applying for financing, as you should always try to lock in rates as soon as you can while they're still low. Keep track of the rates offered on financing products as frequently as possible—or have an Expert Advisor investigate them for you. Doing so will ensure that you never overpay, and receive the lowest-cost-of-capital options available in the marketplace.



Fixed Vs. Variable Rate Business Loans



07

Not Having a Solid Business Plan

Along with having a firm understanding on your credit score, putting a solid business plan together is the first step towards successful business financing. Take the time to perform a thorough analysis of your business operations, the flow of outgoing and incoming capital, and the rate of sales your business is making.

Once you have an updated perspective on your business, identify the different trajectories you see your business growing towards in the future, and start to put together a list of all the tools, education and advice you need to get there.

Lenders are much more likely to offer capital to business owners who demonstrate passion and confident in their business's potential for growth, and clear, specific methods of capitalizing on this potential for real business growth. For help creating a business plan that's sure to win over any lender, click the link below.

[Contact an Expert Advisor](#)



08

No Clear Idea on How You'll Use Your Funds

A surprising amount of business owners come to lenders with requests for capital, but have only a scattered idea—or no clear idea at all—as to how they'll use them to grow. Whether they need capital to help their business survive or thrive, all they bring to the table is their desperate need for fast cash.

While some lenders may understand this desperation, most won't be willing to provide their capital to a business owner who doesn't have a clear idea as to how they'll spend it. If they do, the high amount of risk they take on by not knowing how their funds will be used will result in worse offers, with higher rates, shorter terms, and lower funding amounts.

To avoid this pitfall, after you put together your business plan, start calculating exactly how much funding you need to accomplish each specific funding goal. Load them into an excel sheet, or write them down—anything you can do to show lenders that you know exactly how their capital will help your business grow.

For help, you can always contact an Expert Advisor at National. Or, if you choose to go it alone, a great way to start is by creating a Cash Flow Statement. This will be a useful tool that helps you track the efficiency and financial health of your business, giving you a better idea as to the financing terms, rates and amounts you'll need from your lender.



[How to Make a Cash Flow Statement](#)



09

Relying Too Much On Funding

It takes more than capital from external sources to grow a business. Many of the biggest journeys in growth begins in-house, with ideas that don't require cash, as much as hard work and dedication. Before you apply for business financing, you should always ask yourself, is there any other way I can achieve the same goals, without financing?

4 Free Ways to Grow Your Business Faster

Developing growth strategies that help your business lower costs, increase sales, streamline operations, and reduce risk are always the most effective ways to ensure that your business is in a continuous state of growth, year after year.

Business growth is always a journey best traveled with others that have years of business success under their belts—including the team of Expert Advisors at National. As a company dedicated not just to business financing, but business growth, we provide not only capital, but every business development tool, educational resource and advisory service you need to grow your business faster, easier, and smarter.

Explore Business Services

10

Comparing Their Financing Options to Others



Every business is unique, with their own unique goals for growth and development. Financing options might help one company succeed—even a similar one within the same industry as yours—may not work for yours.

Not only is it a huge mistake to compare your own financing endeavors to others, it is also wrong to believe that the funding option they received was truly the best business loan or line of credit for them. If they explored their options further, or received better help from an expert in business growth, it's entirely possible that they could've accomplished their funding goals faster, easier and more effectively than they had.

Instead of comparing yourself to others, compare what others can do for you and your business. Helping

business owners compare between different financing lenders and the offers they provide is one of National's many specialties. After consulting with an Expert Advisor to tell them the story of your business, and your financing goals that need to be met, they will help you explore National's variety of financing products, and help you identify the best option that meets your business needs.

They will then bring your application to National's exclusive global marketplace of over 75+ esteemed lenders, and get to work comparing and contrasting each to find the best specialized lender with the perfect offer that best helps you accomplish your goals for business growth.

What Your Expert Advisor Can Do For You

Need Help Ensuring a Safe, Successful Financing Journey Ahead of You?

These are just a few of the most common pitfalls that business owners can fall into during the financing process.

For help navigating around them, and ensuring your path to business growth remains free of risk, slowdowns, delays, and missed opportunities, contact National's team of Expert Advisors today, or apply online by filling out the simple 1-minute application, and an Advisor will contact you in minutes to guide you on your way towards safer business growth!

[Apply Now](#)

