5 Ways to Fund Your Startup as a Solopreneur

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While there are several different ways to fund your new business, many options are either expensive, require collateral (such as personal assets), or involve the participation and expectations of other people (as in the case of friends and family loans, funding from angel investors or venture capital financing). If you prefer to self-fund your business ventures, here are five smart ways to fund your startup as a solopreneur.

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Open a savings account

A great way to begin your business is to open a savings account. We have all heard the famous adage that "cash is king." If you've already set aside funds to get your business going, use your savings account as a central location for all the money intended to start your operation.

Depending on your type of business, you'll need to set aside funding for legal expenses (such as trademark filings), building your online presence and any goods costs. You should always have separate savings account for personal expenses that may arise. Never use up all of your savings just to start a business.

Open a credit card

A second way to fund your business is with credit cards. If you have to use a credit card to fund your business, apply for a credit card that offers 12-18 months of 0% APR interest, a high credit limit ($25,000 or more), and at least 2% cash-back rewards. This will enable you to quickly start investing in your startup while having at least a year to build up your sales revenue and profits. But, you'll want to make sure that before the interest rate kicks in (after 12-18 months), you're able to pay off your balance in full.

Credit cards can quickly lead to high-cost debt and high-interest rates without payment discipline. Be mindful of this as you evaluate this option for funding your company.

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Open a personal loan

A third way to finance your startup as a solopreneur is to open a personal loan with a bank. Because most traditional banks require collateral (personal property) to secure a loan and generally only offer short-term loans that require payback within a couple of years, a smarter option is to apply for a personal loan with an online bank that offers competitive rates, such as **SoFi**.

As an example, if you have good credit (750+ credit score), you could potentially be granted a $25,000 non-collateralized personal loan with a 5-year term, 12% annual interest rate and a monthly payment of around $600. In addition to giving you an extended period to pay off the loan and build up a positive cash flow in your business, it also helps to boost your credit score. Another added benefit of this option is that you can apply to refinance a loan after three months of payments,

which can potentially lower your monthly payment and interest rate.

Utilize “buy now, pay later” programs

Another route to funding your new business is to outsource the payment of your sales. If you are running an online business, tools like **Klarna** or **Afterpay** pay your company for purchases made by your customers, while allowing your customers to pay in easy installments at later times. These types of “buy now, pay later” systems are especially helpful to your customers if your site has higher-priced products (such as high-ticket courses, luxury goods, or home furnishings) and it encourages them to place orders, even if they want to pay over time. These programs allow your business to have the money immediately, without extending credit to customers (which is a risk for any business).

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Launch a Kickstarter

And finally, the fifth way to inject cash into your new business is to launch a Kickstarter campaign. This crowdfunding site enables business owners to raise funds from potential customers and people they know. It’s also a great way to boost online visibility, increase brand awareness and test the viability of a business idea with real feedback.

The best way to get people to invest in your business via Kickstarter is to leverage your social media channels to spread the word about your campaign. It also helps to build a sense of community and engagement around your brand, leading to customer loyalty.

Another thing to keep in mind when evaluating your budget for

your startup is that you can save thousands of dollars each month by not hiring expensive agencies. Many public relations firms charge at least $5,000 per month to send out just one press release, and several Facebook advertising agencies charge a minimum of $10,000 per month to run ads for your business. Not to mention they cannot guarantee publicity or sales conversions.

As you can see, there are a variety of ways to finance your new startup as a solopreneur without having to take on investors or partners. Depending on your goals and where you're starting, each of these financing options has its pros and cons. Do your research and evaluate funding routes as you plan your business launch.

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