



Alternative Lending Options for Small Businesses

Below are some lending sources that will lend quickly *without requiring the entrepreneur to have a formal business plan or a financial forecast*.

- The funds can be used for working capital, equipment, or other business needs.
- They offer a 6 month to 5-year repayment period, depending on the source; periods will be longer with credit cards.

Credit cards

Quickest, easiest lending option for a small business owner is to apply for a credit card(s). Options include:

- **Traditional credit cards.** Visa, MasterCard, American Express, Discover.
 - Consider credit cards that offer cash back, travel, or other rewards.
- **PayPal Credit** <https://www.paypal.com/us/cshelp/article/what-is-paypal-credit-and-where-can-i-use-it--help472>
- **Amazon credit** <https://www.amazon.com/Credit-Cards/b?ie=UTF8&node=1266766011>
- **Store credit cards to finance specific needs;** e.g., Best Buy for computers and electronics

Term loan options for small businesses

These lenders look at the cash flow of your business and decide how much they will lend you.

- **Bluevine** <https://www.bluevine.com>
- **Quickbooks Capital** <https://quickbooks.intuit.com/capital/>
- **On Deck** <https://www.ondeck.com>
- **CAN Capital** <https://www.cancapital.com>
- **CIT** <https://www.cit.com/business/solutions/get-financing>

Accounts Receivable Financing

If you sell to other established businesses, there are lenders who will give you an advance less their small fee when they collect payment from your customer. An example of such an “Accounts Receivable financing company” is NOW Account <https://nowcorp.com/how-it-works/>.

- The amount of advance funding offered is based on the credit of your business customers rather than the credit of your company.
- The financing company waits the 30, 60, or 90 days for payment and they accept the risk of nonpayment. In other words, if your customer does not ultimately pay the finance company, you don’t have to return the advance and the finance company takes the loss.

Nonprofit community lenders

A final option to consider is nonprofit Community Development Financial Institutions, or CDFIs. An example is the Cooperative Business Assistance Corporation (CBAC) in Camden, New Jersey.

- CDFIs directly lend money from the U.S. Small Business Administration.
- CDFIs are more likely to give a loan to a small business than a traditional bank because they also have a social mission (e.g., job creation, closing the wealth gap).
- Here is a link to the CBAC website: <https://www.cbaclenders.com>

Here is a search tool to find CDFIs in your area: <https://about.bankofamerica.com/en/making-an-impact/cdfi-list>

Note – this document is meant to be accompanied by oral commentary from a Harvard Business School alumni coach.