

## COMMENTARY



# Securing Capital Early for Small Business Success

September is National Preparedness Month, a time dedicated to ensuring readiness for unexpected challenges. While most people think of this in terms of natural disasters or emergencies, small business owners should also view preparedness through a financial lens. One of the most crucial steps in building a resilient business is securing access to capital before you need it.

In today's dynamic economic environment, being proactive about your financial health can make all the difference. Whether your business is influenced by seasonal fluctuations, industry trends, or unexpected market shifts, having capital available ensures you're ready to navigate both opportunities and obstacles.

### **The necessity of preemptive financial planning**

Running a small business presents unique challenges. From weather-related disruptions to sudden changes in consumer demand, unexpected events can strain your cash flow. Waiting until a crisis hits to seek capital often leads to higher interest rates, unfavorable terms, and a limited set of options. On the other hand, securing

capital before it's needed provides the flexibility to manage unexpected expenses, capitalize on growth opportunities, and keep operations running smoothly.

Consider the analogy of preparing for a storm—would you wait until the last minute to stock up on supplies? The same logic applies to your business finances. By securing a line of credit, business loan, or other forms of capital now, you can safeguard your business against future uncertainties.

### **Steps to secure capital**

1. **Strengthen your credit profile:** A good credit score is essential for accessing favorable financing terms. Ensure your business credit is in top shape by paying bills on time, keeping debt levels manageable, and regularly reviewing your credit report for errors.
2. **Build a relationship with a lender:** Start engaging with lenders before you need funding. Establishing a relationship early means your lender will be familiar with your business, industry, and financial needs, leading to faster approval and more flexible terms when you require capital.



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3. Explore various financing options: Beyond traditional bank loans, consider alternatives like lines of credit, Small Business Administration loans, equipment financing, and even local economic development programs. Each option offers different benefits, so research which one aligns best with your needs.

4. Develop a comprehensive business plan: A clear, well-structured business plan demonstrates your vision and the viability of your business to potential lenders. Include detailed financial projections, strategies for growth, and how you plan to utilize the capital.

## Understanding the economic landscape

Small businesses often share a connection to their local communities and industries. Whether navigating seasonal demands, dealing with market shifts, adapting to rapid growth, or managing operational challenges, access to capital is crucial. Securing funds now positions your business to thrive, no matter what challenges or opportunities arise.

The economic environment may be generally supportive of small businesses, with favorable tax climates, growing markets, and expanding industries. However, this also means competition is fierce. By ensuring you have capital ready, you can stay ahead—whether by expanding your product line, hiring more staff, upgrading technology, or investing in marketing efforts.

## Reflect and act

National Preparedness Month offers the perfect opportunity to reassess your business’s financial

strategy. Take this time to evaluate your cash flow, revisit your financial projections, and determine whether your current access to capital is sufficient to meet future needs. Just as households prepare for natural disasters, your business should prepare for economic uncertainties.

## Be proactive, not reactive

In business, as in life, the best defense is a good offense. By securing capital before you need it, you’re not just preparing for potential challenges—you’re positioning your business for growth and success. Whether your business is nestled in a rural area, thrives in an urban center, or serves diverse communities, proactive financial planning is key. Don’t wait until a crisis hits to seek the funds you need. Taking action now will better equip you to navigate the ever-changing economic landscape, ensuring your business remains strong and resilient for years to come.

## About Seth Wheatley

Seth Wheatley is the vice president of small business lending at Mountain America Credit Union, the nation’s top SBA lender among credit unions for the past 20 years.\* With a bachelor’s degree in business management from Utah Valley University, Wheatley volunteers with the Utah Chapter of SCORE and the Utah Microloan Fund to lend experience for the benefit of small businesses. Wheatley lives in Draper, Utah with his family of four, and enjoys sports and exploring the outdoors with his family.

*\*According to Callahan & Associates.*

