

Financing Solutions for New Businesses

For new businesses fast, reliable access to financing is crucial. CIBC is committed to providing a wide range of financing options to our business customers.

The following are some options businesses can consider in creating a financial strategy to support a business plan.

Equity vs. Debt

Type of Financing	Benefits	Additional Considerations
Equity — All good businesses require a solid foundation and this comes from equity. Equity financing can come in the form of a capital investment from the owner, friends and family, third party investors or from other forms such as a venture capital company or private equity.	The equity investor is committed to the success of the business as the investment is only realized through a sale or a share price increase. The business can generally focus on using money from its investors for business activities.	Allow sufficient time to find a good equity investor as this can take time. Be prepared to sacrifice some decision making power, as some investors may want to weigh in on some decisions. Be prepared to invest time in providing investors with regular updates. Be prepared to consult with professional advisors such as lawyers, accountants and other specialists.
Debt — Debt financing provides the additional capital many businesses need to grow. Debt comes in many different forms, such as operating lines, term loans, mortgages, equipment leases and credit cards. It's important to have the right form of debt, or combination of forms, for your specific needs.	Debt investment does not require the business to give up any control. The interest on the loan is tax deductible creating a tax shield. There is no need to share in the business profits.	Debt financing can be hard to find for start-ups and may require a personal guarantee. There is a cost to borrow, in interest and fees. Be prepared for fluctuations in cash flow, as interest and principle payments may impact it. Be prepared to consult with professional advisors such as lawyers, accountants and other specialists.

Debt Financing Options

While a CIBC business advisor can help you navigate the various borrowing options for a new business, the chart below shows you the key features and advantages of each at a glance:

Business Overdraft: Provides you with ongoing access when you need it to help manage your cashflow or cover any unexpected shortfalls.

Operating Line: Operating or revolving lines of credit are designed to meet the short-term needs of a business. Operating lines make sense for companies who experience fluctuations in their operating income and who require cash reserves to help them cover expenses over the short term. The borrower is under no obligation to use the loan, but it ensures funds are available when they're needed.

Term Loan: Term loans benefit companies looking to make capital investments, such as purchasing fixed assets or equipment. This form of debt is designed to be paid over a set period of time, typically between one and ten years.

Business Credit Card: Credit cards give companies access to the credit they need to manage the day-to-day expenses of the business and make necessary purchases. Credit approval can be based on personal or business financial capacity, whichever best suits your needs.



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Additional Financing Options

CIBC is committed to providing a wide range of financing options to our business customers; however, there are times when we are not able to offer you as much financing as you need. In some cases, there are other options available to businesses, such as the three outlined below.

Type of Financing	Overview
Canada Small Business Financing Program (CSBFP)	This federally regulated program offers government backing to help you get the capital you need to grow your business. Industry Canada administers the CSBF Program through a network of private-sector lenders including all Canadian banks. Lenders are responsible for all credit decisions, providing loan funds, and registering the loans. Businesses or start-ups operating for profit in Canada, with gross annual revenues of \$5 million or less are eligible to apply. For more information please visit the CSBFP home page at: www.ic.gc.ca/eic/site/csbfp-pfpec.nsf/eng/Home
Canada Business	Canada Business provides Canadian business owners with a wide range of information on government services, programs and regulations. Start-up entrepreneurs and those with established small and medium sized businesses in any sector will find them especially helpful. For more information, please visit the Canada Business website at www.cbsc.org .
Business Development Bank of Canada	The Business Development Bank has a number of financing solutions available to serve the small and medium sized business community. They offer a number of management and skills development courses, as well as mentoring programs for business owners and managers. For more information, please visit the Business Development Bank of Canada website at www.bdc.ca .

If you're considering starting a new business speak to a CIBC business advisor about the CIBC Start Strong Program. Visit your nearest banking centre to talk to a CIBC business advisor, call 1-877-248-4029 or visit cibc.com/startstrong.



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