

How to Balance Different Funding Options to Grow Your Business

In 2022, businesses have access to a plethora of funding options. But it is important to note that there isn't a single solution to cover all your business needs. The trick for eCommerce businesses is to strike a balance between the capital sources they use to move closer to their goals. They need to optimize short-, medium-, and long-term financing options, and use them for different purposes.



Short-Term Financing

Short-term eCommerce financing helps to:

Maintain sufficient inventory



Adapt to seasonal demand changes



Meet high customer demand



Resolve cash flow issues before they harm your brand



Short-term financing lets you avoid:



Failure to pay suppliers, vendors, or employees



Customers switching to other platforms for out-of-stock good



Reductions in working capital that prevent you from reacting to new market situations



High interest payments on consumer-grade financing options, such as credit cards

Medium-Term Financing

Medium-term financing provides additional capital for longer-running financial needs. It helps with:

Funding larger purchases



Making bigger expenses, such as hiring a marketing agency to promote your brand



Investing in new technology



Medium-term financing lets you avoid:



Offering fewer products than the competition



Missing out on critical technological advances in your industry



Failing to generate a sustainable brand as you grow



Paying the high fees that many short-term loan options demand

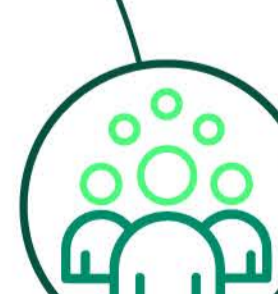
Long-Term Financing

Long-term financing is best for your largest expenses, particularly in fixed assets. With long-term funding options, such as bank loans, you can:

Buy new warehouses



Increase your business headcount



Hire executives



Long-term financing lets you avoid:



Incurring higher interest on short-term debts



Extend your repayment period for large purchases