

# New asset- and short-term finance solutions to cater to the need for growth-stage funding

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Turning a small business into an empire in a high-risk environment with a high failure rate, is no small feat. In South Africa, access to funding can bridge the seemingly insurmountable gap between what it takes to get a venture off the ground and what's needed to reach the next phase of strategic growth. And part of offering true value in terms of access to market and sustained growth, is simplifying finance for business owners - meeting entrepreneurs where they are.



Jeremy Lang, chief investment officer at Business Partners Limited

This is the opinion of Jeremy Lang, chief investment officer at Business Partners Limited, in regard to the launch of two new financing solutions: asset finance and short-term finance.

“Local SMEs continue to display remarkable resilience, even in the face of difficult economic odds. Many have demonstrated the power of innovation and having an agile mindset in times of uncertainty. However, as our ongoing SME Confidence Index and our extensive interactions with small business owners throughout the country have revealed, the key to unlocking their full potential lies in ensuring access to vital funding.

With adequate funding for working capital and essential equipment, SMEs can propel themselves to new heights, contributing not only to their own success but also to the overall economic vitality of our communities. We believe our newly launched financing solutions speak directly to these entrepreneurial needs,” he says.

For Lang, the measurable value that these two new financing solutions offer the small business ecosystem lies in their simplicity, both in terms of the application process, the terms and conditions as well as the speed at which finance can be deployed to successful applicants. The application process is conducted via an online platform and includes step-by-step guidance on which documents to upload including financial statements, with minimal capturing of information.

Business Partners Limited's new asset finance financing solution can be used to fund the purchase of moveable assets either in part or in full, with the respective asset serving as security for the finance raised. Business owners could use this finance to purchase manufacturing, engineering and alternative energy equipment such as inverters, laser cutting and fabricating machinery and the like.

Businesses that have a trading history of two years or more are eligible to apply for a loan of between R250,000 and R5m, over a term of 60 months. Given that effective cash flow management remains one of the local small business community's most pressing challenges, having access to finance to acquire assets that are productive over a longer term can help entrepreneurs preserve more of their working capital and protect their liquidity resources as the business grows.

The new short-term finance product is geared towards businesses that are in good financial standing but may not have the financial muscle or strength in their balance sheet to raise finance in the traditional sense.

These loans could be used to fund a growing debtor's book as a result of an increase in turnover, to increase stock levels due to increased orders, during a quiet period for a cyclical business or even when there is a sudden increase in input costs as we are seeing now in the country's challenging economic environment. This is of particular relevance to small businesses whose typical payment terms are between 30 and 60 days. Having quick access to finance to bridge this cash

lag can go a long way in ensuring that supplier and employee contracts can be upheld, operations can run smoothly, and stock levels can be maintained at optimal levels to leverage off increasing sales volumes.

Upon successfully applying, short-term finance to the value of R250,000 to R750,000 will be provided over a loan term of 12 months or less.

As Lang concludes: “Judging by the feedback we’ve received from our existing clients as well as potential ones, we believe that there will be a good uptake in these new finance products. The acquisition of assets is a milestone for any small business. Likewise, a capital injection made at the right time, can serve as a powerful enabler for the next phase of a business’ growth. With these two new financing solutions, we are able to meet these needs in a way that is efficient, easy to understand, and most importantly, accessible to small businesses in South Africa.”

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