



A List of Pros & Cons for Each Type of Startup Funding

*This is an extra resource to go along with the original article:
[Funding for Your Startup: How to Get Paid Before Getting Paid](#)*

Bootstrapping Your Funding

Your Bank Account

Pros:

+It's your money, you use it the way you want, and you only owe yourself.

Cons:

-If you lose your money, there'll be a lot of ramen noodles in your future.

Your Credit Cards

Pros:

+Credit cards can help you in a bind when you need money right away.

Cons:

-You will be held personally liable if you make late payments.

A Traditional Lender

Pros:

+You'll receive a decent amount of funding without having to sell a part of your company to get it.

Cons:

-You need to fill out a ton of paperwork and meet a strict list of requirements, including producing your business plan and showing a profit.

Grants

Pros:

+You get free money.

Cons:

-Competition is stiff and you've got to jump through a lot of hoops to get funding this way.

Rollover for Business Startup (ROBS)

Pros:

+You can use your retirement fund without paying hefty fees or taxes.

Cons:

-You may lose your retirement fund and have no way to rebuild it back.

Asking Others to Invest

Your Friends and Family

Pros:

+You can call upon a network of people who know you and want to help you.

Cons:

-If the startup fails and you lose their money, it may create uncomfortable moments at family get-togethers.

Angel Investors

Pros:

+You'll receive funds, guidance, and mentorship.

Cons:

-You'll lose some of your autonomy as the business owner.

Venture Capitalists

Pros:

+You'll get a large amount of money.

Cons:

-You will be limited in how you choose to move your company forward.

Asking Customers to Invest

Upfront Payment

Pros:

+You will receive money in hand to pay for your expenses.

Cons:

-It's slow-going to receive money a little at a time. You may not have enough to cover other bills.

Crowdfunding

Pros:

+Anyone is free to donate to your fund

+You'll receive greater exposure for your business

Cons:

-Increased exposure also increases the odds that your great idea will get stolen

-If you don't reach the minimum requirements, you may not receive the funding. Most crowdfunding platforms are all or nothing.