

Finding Money Online



Aug 11, 2010 - [Anne Field](#)

If you're like most small business owners, when it comes to raising money for your company, you need all the help you can get. For that reason, you might consider checking out some websites aimed at making it easier to find investors or get a loan.

Of course, these sites usually aren't substitutes for good, old-fashioned relationship building. "Consistent personal communication builds trust and better working relationships," says David Worrell, a corporate finance consultant who advises small businesses about how to secure capital. Plus, you have to be careful. Not all funding websites are legit.

Still, there are a number of worthwhile sites worth investigating. Here's a look at four:

[On Deck Capital](#)

This site provides an alternative to a traditional bank loan. Using proprietary software, On Deck makes the decision whether or not to lend based on an analysis of cash flow and a host of other information not usually employed by bankers. Loans, which are usually on the order of \$30,000 or so, are repaid through daily deductions from the borrower's bank account. And the decision on whether or not to lend is made in a matter of days. Interest rates aren't cheap—they range from 18 percent to 36 percent - -but they're lower than what you'll find at, say, factors, which charge rates as high as 200 percent.

Also, because On Deck gathers and validates so much data electronically, they can analyze your situation and offer what amounts to technical advice on such issues as cash flow controls. Since starting to make loans in 2007, On Deck has lent over \$80 million to nearly 3,000 small businesses, which generally have revenues from \$300,000 to \$3 million.

[TheFunded](#)

It's aimed at entrepreneurs seeking venture capital funding. You have to be a CEO or company founder to become a member; it takes about 24 hours to approve your membership after you fill out a simple online application. After that, you can search the site for information about venture capital firms using such filters as geography. "Most VC funds invest within a confined region," says founder Adeo Ressi, founder of theFunded.

Then you can review the data on each fund in detail. That should include contact information for all partners, as well as reviews and ratings by other members about both funds and partners. You'll also see in-depth discussions of just what it was like to work with each fund. Plus, there's a showcase area, where you can post information about your company and other members can help introduce you to partners at specific firms you're interested in. The service is free for company founders.

[Prosper](#)

A peer-to-peer lending site, it allows anyone to make loans of as little as \$25 to businesses, as well as consumers, looking for money. Call it the eBay of lending. You specify how much you need and the interest rate you're willing to accept and then take bids—the typical size is \$200—in an auction. If you're lucky enough to be oversubscribed, you can turn bids down. (Typically, borrowers collect loans from

about 40-50 lenders). Loans total from \$1,000 to \$25,000, although the typical amount is about \$6,000. You pay them back in monthly installments over a period of three years. You'll also pay a closing fee, which is a percentage of the amount borrowed.

Lenders make their decisions based on a variety of traditional and less-than-traditional data, ranging from your credit score to your budget or a description of your business model. And you can invite suppliers, customers and friends to comment. About 85% of applicants with good credit scores get all the money they ask for, according to Chris Larsen, CEO. Just one caveat: Prosper operates in just 28 states.

Go BIG Network

This site is an online matchmaking service for startups seeking investors. Entrepreneurs create profiles and post ads about their company. Because there are many more listings from companies than investors, those ads are crucial. Keep yours short and sweet, highlighting the industry you're in, the problem you're solving, and your basic business model.

Investors who list on the site tend to be wealthy individuals. You pay a subscription fee to be able to contact them directly; it's about \$49 a month. Even if you don't raise money, "It's a good place to network with other entrepreneurs and possible investors in your area or industry," says Worrell.