

Roadmap to Funding a Small Business



U.S. Securities and Exchange Commission
Office of the Advocate for Small Business Capital Formation

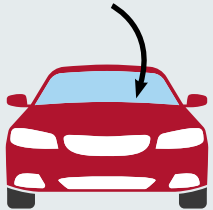
Looking for capital for your small business? Funding a small business depends on your financial situation and goals. This guide provides routes to consider as you begin your capital-raising journey.

Self-fund Your Business



Personal finances and revenue from your business may be an option to fund your business. While you retain your ownership of the business, you also assume all risk. For many businesses, personal financing may not be a viable option.

Put yourself in the driver's seat!



Use our [interactive navigator tool](#) to explore the many regulatory pathways to raise capital.

Find the [Navigator](#) and more [Small Business Resources](#).

Explore External Funding Options

Funding where the source does not receive an ownership interest in your company is often called **non-dilutive capital**. Examples include grants or loans.



Grants provide capital that need not be repaid and allow you to retain your ownership of the business. Consider grants sponsored by federal, state, and local governments, universities, or non-profits.



Loans may be available for small businesses from a bank or other institution. You will have to repay the principal over time along with any accrued interest. As with grants, these kinds of lenders do not typically take an ownership interest in your company.

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When investors take an ownership interest in your company, it **dilutes** or reduces the portion that you own, so this funding may be called **dilutive capital**.



Capital from investors often provides funding in exchange for an ownership interest in your company. Common early-stage [investors](#) include friends or family, angel investors, and venture capital funds. Often these investors seek to own a portion of—or [equity](#) in—your business or debt on negotiated terms.

DID YOU KNOW?

A small share of businesses raised capital from investors—4% from Venture Capital funds, for example.

Source: 2025 Staff Report, p. 6.



Two questions to ask yourself before raising capital from investors

Am I ready to raise capital from investors?

A number of factors go into being ready to raise capital from investors. Many investors will expect the company to have taken certain steps and prepared certain documents before seeking capital.

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Am I complying with the rules?

The U.S. Securities and Exchange Commission (SEC) regulates the offer and sale of ALL investment interests or securities. Generally, a business may not offer or sell securities unless the offering has been registered with the SEC or falls within an exemption from registration.

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smallbusiness@sec.gov



202.551.5407



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