Growth by the Numbers – Funding the Business

	Internal Cash Flow *Sales*	*External Cash Flow* *Liabilities*	*External Cash Flow* *Equity*
Sources	Generated from sales within your business	Borrowed money from creditors	Invested money from owners
Pros	The most sustainable form of cash flow Does not require any form of payback Internal cash flow can only come from healthy, well managed companies	Can be a good way to quickly grow a company Allows the owner to leverage their business (get more for less) Some liabilities don't have interest expense (vendor credit, interest free loans)	Can be an inexpensive way to start a business In addition to money, equity investors can bring expertise to the business Can be less formal or easier to structure a deal
Cons	Can limit growth of the business Can make a business less competitive Is difficult to get started, especially for product based businesses	Debt is expensive early on in the business Too much debt can ruin a company Can be difficult to acquire for startup businesses Requires owners to put up collateral and use their personal credit	Equity is expensive later on in the business Requires the owner to give up a portion of ownership Equity can hide a poorly managed company Owners can easily put too much in equity