



# Is Your Business Ready for Funding?

A Simple Tool for South African SMEs

SMEs like you are key to driving job creation and economic growth in South Africa. There are many obstacles on the road to business success, but the lack of access to funding remains one of the most significant SME growth inhibitors.

We want to help you find out where your business is positioned on this quest to find funding, but before you continue, stop to consider these essential questions.

## 3 QUESTIONS TO ANSWER HONESTLY

before embarking on a funding journey:

1. What problem are you solving that customers will pay for?
2. Is your business offering innovative and well aligned with market trends to attract funders?
3. Are you ready to embrace the accountability that funding brings?

## Ready To Proceed

and find out your Funding Readiness Score?

### HOW IT WORKS:

Answer the 13 questions below. Add your score after each answer. At the end, total your points to see how ready your business is for funding and get advice on what to do next.

**EDGE**  
GROWTH

# Section A

## Business Basics (Max: 20 points)

### 1 IS YOUR BUSINESS REGISTERED WITH CIPC (COMPANY REGISTRATION)?

Yes (5 points)

I'm busy with it (2 points)

No (0 points)

### 2 ARE YOU UP TO DATE WITH SARS (TAX) AND HAVE A TAX CLEARANCE CERTIFICATE?

Yes (5 points)

Partly (2 points)

No (0 points)

### 3 DO YOU HAVE A B-BBEE CERTIFICATE OR AFFIDAVIT?

Yes – Level 1 to 4 (5 points)

Yes – Level 5 to 8 (2 points)

No (0 points)

### 4 DO YOU USE A BUSINESS BANK ACCOUNT WITH REGULAR TRANSACTIONS?

Yes – more than 1 year (5 points)

Yes – less than 1 year (2 points)

No – I use my personal account (0 points)

## Section A Score

# Section B

## Money and Finances (Max: 30 points)

### 5 DO YOU HAVE RECENT FINANCIAL STATEMENTS OR RECORDS THAT SHOW YOUR INCOME AND EXPENSES?

Yes – Done by an accountant (10 points)

Yes – I've done them myself (5 points)

No – I don't have this (0 points)

### 6 IS YOUR BUSINESS MAKING A PROFIT OR CLOSE TO BREAKING EVEN?

Yes – I'm making a profit (10 points)

Not yet, but I have a plan (5 points)

No – and I don't know how I'll fix it (0 points)

**7 DO YOU HAVE A PLAN SHOWING HOW MUCH MONEY YOUR BUSINESS WILL MAKE AND SPEND IN THE NEXT 12 MONTHS?**

Yes (10 points)

A rough idea only (5 points)

No (0 points)

**Section B Score**

**Section C**

**Customers and Growth (Max: 25 points)**

**8 CAN YOU CLEARLY EXPLAIN WHAT YOUR BUSINESS DOES AND WHO YOUR CUSTOMERS ARE?**

Yes – and I have it written down (5 points)

I can explain it, but it's not written down (3 points)

No – I'm not sure how to explain it (0 points)

**9 DO YOU HAVE CUSTOMERS WHO ARE PAYING YOU, OR SIGNED CONTRACTS/ORDERS?**

Yes – regular customers or signed deals (10 points)

Some once-off sales (5 points)

No – not yet (0 points)

**10 DO YOU HAVE A PLAN TO GROW YOUR BUSINESS IN THE NEXT YEAR OR TWO?**

Yes – a clear plan (10 points)

I have some ideas (5 points)

No plan (0 points)

**Section C Score**

**Section D**

**People and Systems (Max: 15 points)**

**11 DO YOU HAVE A TEAM OR SUPPORT SYSTEM TO HELP YOU RUN THE BUSINESS?**

Yes – I have the right people (5 points)

I have some help (3 points)

No – I don't have this (0 points)

**12 DO YOU HAVE SYSTEMS TO HELP WITH THINGS LIKE STAFF, CUSTOMER RECORDS, STOCK OR PAYMENTS?**

Yes – I use systems or tools (5 points)

Only the basics (2 points)

Nothing in place (0 points)

### 13 IF YOU RECEIVED FUNDING TODAY, DO YOU HAVE SOMEONE WHO COULD HELP MANAGE THE MONEY AND REPORTING?

Yes – I have someone or can get help (5 points)

I think I could figure it out (2 points)

No – I wouldn't know where to start (0 points)

## Section D Score

## Total Scores

What your score means

SECTION A SCORE

SECTION B SCORE

SECTION C SCORE

SECTION D SCORE

+

+

+

= **Your Total Score**

## What Your Score Means

| YOUR SCORE | FUNDING READINESS LEVEL  | NEXT STEPS   |
|------------|--------------------------|--|
| 0-29       | <b>NOT READY</b>         | Focus on getting your documents in order (registration, tax, basic records). Start small and get help from a local business support centre or incubator. |
| 30-59      | <b>GETTING THERE</b>     | You're on your way! Improve your financial tracking, get a basic growth plan, and formalise your documents. Look at small grant or starter loan options  |
| 60-74      | <b>ALMOST READY</b>      | You're close! Make sure your financials are strong and get your story ready for funders. You may qualify for loan funding.                               |
| 75-90      | <b>READY FOR FUNDING</b> | Great job! You're in a strong position to apply for funding. Prepare a pitch deck and apply to funders that match your business goals.                   |

# What Type of Funding is Best for Your Business?

## WHAT DO YOU NEED THE FUNDING FOR?

- To start a business?
- To grow your business (buy equipment, hire staff, increase stock)?
- To manage cash flow or working capital?
- To expand to new markets or products?

Then match your **business stage**, **financial strength**, and **goals** with the right funding type:

## 1 GRANTS – FREE MONEY YOU DON'T PAY BACK

Best for:

- Early-stage businesses
- Youth-owned, black-owned, women-owned, rural or township businesses
- Businesses with social impact (e.g., job creation)

**PROS:** No repayment required

**CONS:** Highly competitive, paperwork-heavy, takes time

### WHERE TO LOOK:

- Government programmes
- Development agencies
- Foundations and non-profit organisations
- Business support organisations

## 2. LOANS (DEBT) – MONEY YOU BORROW AND REPAY WITH INTEREST

Best for:

- Businesses with revenue and cash flow
- Working capital or equipment needs
- Those with financial discipline and systems

### TYPES OF LOANS:

- **Term Loans:** Fixed monthly repayments (e.g., 12–60 months)
- **Revolving Loans / Overdrafts:** Use as needed and repay
- **Asset Finance:** For buying equipment, vehicles

**PROS:** Keeps ownership of your business

**CONS:** You must repay with interest; may need collateral

### WHERE TO LOOK:

- Banks
- Government lending institutions
- Microfinance institutions
- Development finance institutions

### 3 EQUITY FUNDING – YOU SELL A SHARE OF YOUR BUSINESS TO AN INVESTOR

Best for:

- High-growth, scalable businesses (tech, manufacturing, etc.)
- Businesses with strong leadership and a clear growth plan
- Those open to sharing ownership and control

#### TYPES OF EQUITY INVESTORS:

- **Angel Investors:** Wealthy individuals who invest early-stage
- **Venture Capital (VC):** Firms that invest in fast-growing businesses
- **Private Equity:** For more mature, profitable businesses

**PROS:** No repayment; strategic support

**CONS:** You give up equity; investor typically expects high returns

#### WHERE TO LOOK:

- Private investors (also called “angel investors”)
  - Venture capital firms
  - Investment companies
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### 4 BLENDED FINANCE – MIX OF GRANT + LOAN OR EQUITY

Best for:

- SMEs that are growing but not yet profitable
- Businesses with high impact (e.g. green energy, jobs, rural development)
- Sectors like agriculture, manufacturing, renewable energy

**PROS:** Lower risk, tailored terms

**CONS:** Complex to apply, longer time to access

#### WHERE TO LOOK:

- Government and development finance institutions
  - Impact investors
  - Corporate supplier development programmes
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### 5 PURCHASE ORDER (PO) OR INVOICE FINANCING

Best for:

- SMEs with confirmed orders or contracts but no upfront cash
- Suppliers to corporates or government

#### HOW IT WORKS:

- A funder gives you cash based on your order or invoice
- You repay once the client pays you

**PROS:** Fast access to cash

**CONS:** Only works if you already have an order or invoice

#### WHERE TO LOOK:

- Alternative lenders
  - Short-term finance companies
  - Invoice finance providers
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How to

# Choose the Right Option

## YOUR SITUATION

Just starting, need help  
Earning income, want to grow  
Need equipment or stock  
Big growth plans, tech/product focus  
Impact focus (green, women, youth)

## TRY THIS TYPE OF FUNDING

Grants or early-stage support  
Loans or blended finance  
Asset finance, PO/invoice finance  
Angel or VC equity  
Blended finance or grant + loan combo



## TIP: Have These Ready Before You Apply

- Company registration (CIPC)
- Tax clearance certificate
- B-BBEE affidavit
- Business bank account
- Financial records (income, expenses, projections)
- Growth plan or pitch deck

For more information, please visit our website

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