

# 5 factors that prevent you from getting a business loan

*If you've decided it's time to open up the business you've wanted since high school, there's probably just one thing stopping you, the money. Most people will tell you to stop worrying and apply for a loan. But you should know it's not that easy. The procedure of applying for a loan is complicated and unpredictable and often ends with your request getting denied.*

Temps de lecture : minute

---

11 June 2021

Lenders factor in a lot of aspects when reviewing your application. We've listed out five reasons that often keep people from receiving a loan.

## Inadequate credit history

The first step on your list should be maintaining a good credit history. If you're hoping to open up a new business, you'll have to provide your personal credit history for the application. Lenders often see poor financial choices in the past as precedents for such activity in the future. A credit score that is at average or higher will put you in the clear. But, if your score is lower, the lender will be wary of you. You can take some time to improve this score or head over to [Cashfloat](#) today and reap the benefits of a payday loan from a direct lender.

## Lack of strategic planning

Business owners have a model of how they see the business functioning. For instance, how much do they intend on investing at the start, what

their profits will look like, what budget will be allocated to each department, etc. This is referred to as a business plan. If you apply for a loan without having a proper business plan on the table, it'll reflect poorly on your priorities and could take away your chances of receiving the loan. Hence, if your credit history is good to go, draw your focus to a concrete business plan.

## Unsteady cash flow

The next thing that will be a make or break factor for your loan is the cash flow. Your cash flow refers to how much money is making its way to your pocket. Your lender needs to know what resources are contributing to the cash flow and how much. Your chances of paying back the loan will look weak if the cash flow is restricted. Thus, organising your resources to maintain a steady cash flow is essential for your application to get approved.

## Excessive applications

The next step is to narrow down where you have a good chance of getting your loan approved and applying there only. If you go out on a whim and apply for multiple loans at once, it will alert the credit bureau. Thus, avoiding excessive applications is vital for getting approval.

## Poor management

Lastly, you must ensure that you have people with the appropriate skills on board before applying for a loan. The lender will analyse your team and capabilities to determine how successful your business can be. Having a team with the proper skill set will help seal the final verdict and grant you your loan.

Securing a loan is only complex if you're not prioritising your business and

planning strategically. You might've made some of the mistakes mentioned above and faced a rejected application. Now you can quickly improve those areas and apply for a loan successfully in no time.

---

Article écrit par Kelly Richards