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Some people may not understand why a small business loan is so important to the health of the economy at large and necessary for the survival of many businesses. To them, loans are something that only those in trouble need to take out. It implies that something is wrong with the company which needs a business loan. This is a mistake. Yes, there are some people who require loans because of issues with management or capital. But this is neither the only reason nor the most common reason for someone to seek out a small business loan.

Many successful businesses must seek out capital from other sources. It is not unusual for these owners to be in excellent financial situations. However, there are plenty of projects that a business owner may want to take on that require extra capital that they cannot come up with on their own. It is possible to put these off while saving to be able to pay out of pocket but this is not always the best option for merchants. By seeking out a business loan, these owners are able to take advantage of their strong position in order to improve their business instead of putting off projects and hoping that they would work out after a few months or longer when they finally have funds to do it.

Take for example a successful restaurant, which has been doing well for years, expanding and opening new locations. It is nearly impossible to open an entirely new location without help. However, because the business is doing well and the success of multiple locations is likely, it means the pay off for taking on this project is big. Or look at what the benefits of taking out a small business loan in order to renovate or install a new bar or any other number of potentially lucrative projects, which can bring in a lot more money to the restaurant. These are all significant enough projects that usually require extra capital. By putting these off the owners may miss a valuable opportunity to take advantage of.

Business loans can be used for any number of different projects. Dentists often take out financing loans for equipment and office space. Spas take out loans to pay for renovations or the installation of new and improved facilities. Anyone from retail to service industries will take a loan for inventory and payroll. These are all legitimate and great reasons to seek out a small business loan. In the long run they may help improve the overall business more than waiting around would have. Very few successful business have stayed that way because they havenâ€™t changed when they had the chance. The opportunity to grow and change with the demands of the industry and the fluctuation in customersâ€™ demands is one that should not be passed over because of a perceived stigma against taking out a small business loan.

Irish Taylor is a business finance consultant with Paramount Merchant Funding and has been providing business owners with financing since 1992. For years she has helped people qualify for a small business cash advance.

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