WOOD ASSOCIATES

The Growth Capital Playbook

How Smart Business Owners Use Finance to Grow Faster, Improve Cash Flow and Seize Opportunities

Finance Article

Executive Summary

Every successful business reaches a point where growth demands more on capital than the business can generate on its own. A new piece of equipment could increase productivity. A larger premises could unlock expansion. Additional staff could drive revenue growth. A business acquisition could accelerate market share. The challenge is rarely identifying the opportunity. **The challenge is funding it.**

Many business owners assume securing finance is difficult, time-consuming, or only available to larger organisations. Others believe their bank is their only option. Today's lending market tells a different story.

Australian businesses now have access to a wide range of funding solutions, from traditional commercial loans and equipment finance to cash flow lending, invoice funding and alternative finance options. **The key is understanding which solution best supports your goals.**

This paper explores how business finance works, the common mistakes owners make when seeking funding, and how the right lending strategy can help businesses grow with confidence.

Why Finance Matters More Than Ever

Many businesses find themselves in one of three situations when considering finance. In each scenario, the right finance solution can help accelerate progress without placing unnecessary strain on working capital.

The Growth Opportunity
The business is performing well but requires capital to take advantage of expansion opportunities.

New locations — More staff — Expansion projects — New markets

The Cash Flow Challenge
Revenue is increasing, but cash is tied up in stock, debtors, or operational commitments.

Delayed customer payments — Seasonal fluctuations — Inventory requirements — Working capital needs

The Strategic Investment
The business needs funding to improve efficiency, reduce costs, or strengthen competitiveness.

Equipment purchases — Technology upgrades — Aquisitions — Productivity improvements

Finance insight:
Growth often requires investment before revenue follows. The businesses that scale successfully are usually prepared to fund growth before opportunities arise.

The Biggest Misconception About Business Lending

Many business owners believe finance is simply about borrowing money. In reality, effective lending is about creating opportunity.

Finance should be viewed as a business tool, not a last resort. The most successful businesses often use funding strategically long before they actually need it.

The right funding solution can help a business:

- Grow faster
- Preserve cash reserves
- Improve productivity
- Strengthen cash flow
- Reduce operational bottlenecks
- Increase profitability

Finance insight:
Many business owners seek finance when cash becomes tight. The strongest businesses often arrange finance while their position is strongest.

Finance should be viewed as a business tool, not a last resort.

Funding Solutions

Different business goals require different finance solutions. The table below highlights common business objectives and funding options that can help acheive them.

Business Goal	Funding Solution	
BUY EQUIPMENT	EQUIPMENT FINANCE	Preserve working capital while aquiring the vehicles, machinery or technology your buisness needs to operate and grow.
IMPROVE CASH FLOW	INVOICE FINANCE	Access the cash tied up in unpaid invoices and improve cash flow without waiting for customer payment terms.
EXPAND OPERATIONS	COMMERCIAL LOAN	Secure funding for expansion, new locations, increased inventory, staff or other growth initiatives.
BUY A BUSINESS	AQUISITION FINANCE	Finance the purchase of a business and position yourself for future success.
BUY PREMISES	COMMERCIAL PROPERTY FINANCE	Purchase your own premises or invest in commercial property to support your business and build equity.
REFINANCE DEBT	BUSINESS REFINANCE	Restructure existing debt, reduce repayments or free up capital to reinvest in your business.

Finance insight:
Understanding your business goal to obtain finance is key in preparing yourself to speak with a lender.

Understanding Your Funding Options

1. Traditional Business Loans

Traditional business loans remain one of the most common forms of commercial finance.

They are often suitable for established businesses seeking larger funding amounts for expansion, acquisitions, or long-term investments.

Best for:

- Business growth
- Property purchases
- Business acquisitions
- Major investments

What lenders look for:

- Strong financial performance
- Consistent cash flow
- Good credit history
- Demonstrated ability to repay

Finance insight:
A loan should be structured around the purpose of the funding. Long-term investments generally require long-term finance solutions.

2. Equipment Finance

For businesses relying on vehicles, machinery, technology, or specialised equipment, equipment finance can preserve valuable working capital while allowing immediate access to assets.

Rather than paying large upfront costs, businesses can spread repayments over time while benefiting from the equipment immediately.

Best for:

- Vehicles and transport equipment
- Manufacturing machinery
- Construction equipment
- Technology and IT infrastructure
- Medical and specialised business equipment

What lenders look for:

- The type and age of the equipment being financed
- The business's ability to meet repayments
- Trading history and financial performance
- Business and personal credit history
- Whether the asset will support business operations and revenue generation

Finance insight:
Well-structured equipment finance allows businesses to preserve working capital while investing in assets that support productivity, growth and profitability

3. Cash Flow and Invoice Finance

One of the biggest frustrations for business owners is waiting to be paid. A business may be profitable on paper while still experiencing cash flow pressure due to delayed customer payments.

Invoice finance allows businesses to access funds tied up in outstanding invoices, creating liquidity without waiting for payment cycles to be completed.

Best for:

- Growing businesses with increasing sales
- Businesses experiencing delayed customer payments
- Seasonal businesses with fluctuating cash flow
- Companies with large outstanding invoices
- Businesses requiring short-term working capital

What lenders look for:

- The quality and reliability of your customer base
- Outstanding invoices and debtor ageing reports
- Consistency of sales and revenue
- Cash flow trends and trading performance
- The business's overall financial position

Finance insight:
Cash flow challenges don't always indicate poor business performance. Many growing businesses experience cash shortages because revenue arrives after expenses are incurred.

4. Alternative and Specialist Lending

The lending market has evolved significantly. Today, many non-bank lenders offer flexible funding solutions designed for businesses that may not fit traditional banking criteria.

While they may not suit every business, they have created valuable opportunities for owners seeking alternatives to traditional banking channels.

Best for:

- Businesses with unique circumstances
- Time-sensitive opportunities
- Businesses seeking faster approvals
- Companies that may not meet traditional bank criteria

What lenders look for:

- Current business performance
- Cash flow strength
- Purpose of the funding
- Ability to service the debt
- Overall risk profile of the business

Finance insight:
Every lender has a different appetite for risk. A decline from one lender doesn't necessarily mean finance isn't available elsewhere.

Why Good Businesses Sometimes Struggle to Obtain Finance

One of the most surprising realities of lending is that profitable businesses are sometimes declined. The reason is simple: lenders assess risk differently than business owners.

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Lenders assess risk differently than business owners.

Many loan applications fail because the story behind the numbers is not properly communicated.

This is where expert guidance can make a significant difference.

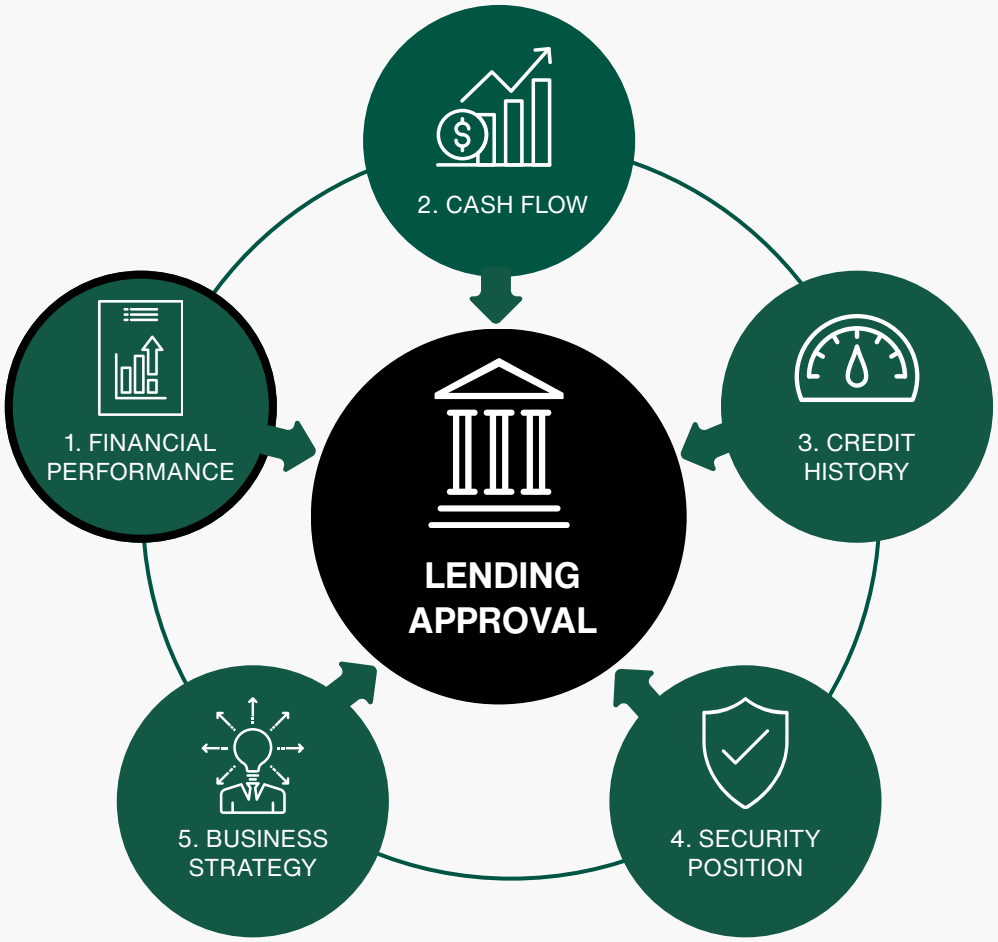
A lender is asking:

- Can this business repay the loan?
- Is the cash flow reliable?
- Are financial records accurate?
- Does the management team have a clear strategy?

Finance insight:
Lenders don't simply assess where your business is today - they assess the likelihood of repayment tomorrow.

The Five Factors That Influence Lending Approval

Lenders assess your business across multiple areas to determine risk, repayment capacity and future potential. Strength in these five key factors builds confidence and improves your chances of approval.



Finance insight:
No single factor guarantees approval. It's the strength and balance across all five areas that gives lenders the confidence to support your business.

The 5 Factors Explained

1. Financial Performance

Strong financial statements provide confidence that the business can service debt responsibly.

2. Cash Flow

Lenders want evidence that repayments can be maintained even during slower trading periods.

3. Credit History

A positive credit profile demonstrates financial discipline and reliability.

4. Security Position

Available assets may improve borrowing capacity and lending terms.

5. Business Strategy

Lenders are more confident when they understand how the funding will contribute to growth and profitability.

Finance insight:
Lenders don't approve businesses based on one number. They approve businesses that demonstrate financial strength, repayment capacity, sound management and a clear plan for growth.

The Value of Having a Lending Specialist on Your Side

Many business owners approach finance by contacting their existing bank and accepting whatever solution is offered.

Unfortunately, this approach can limit options.

Every lender has different policies, risk appetites, pricing structures, and approval criteria.

A lending specialist helps ensure the funding solution aligns with the business's long-term goals.

The right lending specialist helps business owners:

- Understand all available options
- Compare lenders objectively
- Structure applications effectively
- Navigate approval requirements
- Secure competitive lending terms
- Save time and reduce complexity

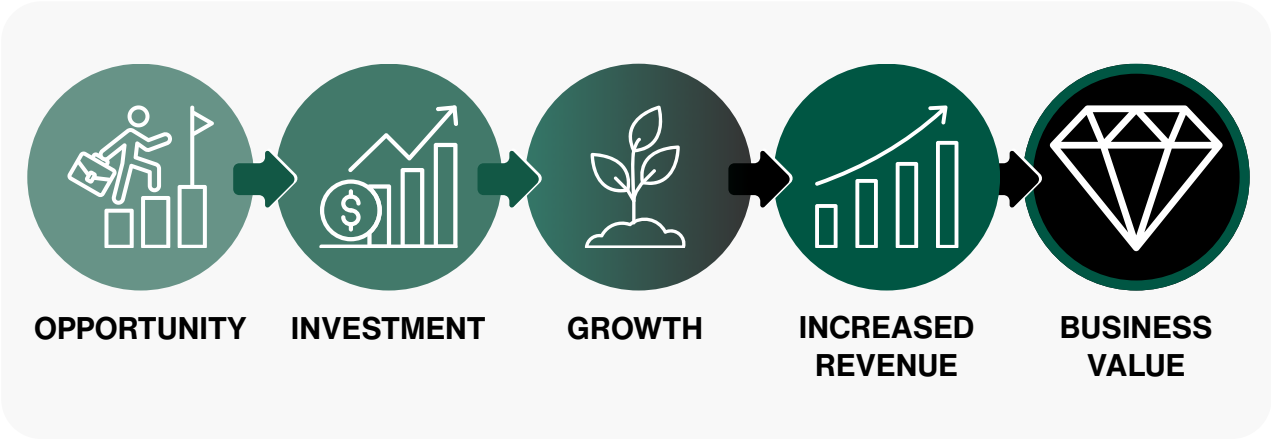
Finance insight:
Different lenders can assess the same application very differently. Understanding the market can significantly improve outcomes.

Finance Is About More Than Borrowing

The best lending outcomes occur when finance supports a clear business objective. Before seeking funding, business owners should ask:

- What am I trying to achieve?
- How will this funding improve the business?
- What return will the investment generate?
- Can the business comfortably manage repayments?

When these questions are answered clearly, finance becomes a growth strategy rather than simply a financial transaction.



Finance insight:
Every finance decision should answer one question: "How will this funding improve the business?"

Conclusion

Access to funding has never been more important—or more accessible.

Australian businesses have more financing options available today than at any other point in history. However, greater choice also creates greater complexity.

The challenge is not finding a lender.

The challenge is finding the right solution.

Businesses that understand their funding options, prepare effectively, and seek expert guidance are often able to secure better outcomes, accelerate growth, and build stronger, more resilient businesses.

The right finance solution should not simply solve a short-term need.

It should help create long-term opportunity.

Finance insight:
The right finance solution should support growth, improve flexibility, and strengthen the business - not create unnecessary pressure.

At Wood Associates Finance, we work with business owners to simplify the lending process and help them access funding solutions that align with their objectives.

Whether you are seeking growth capital, equipment finance, cash flow support, commercial lending, or refinancing solutions, our team helps navigate the market on your behalf.

We help business owners understand their options, secure competitive funding, and make informed financial decisions with confidence. Because successful businesses deserve finance solutions that support their ambitions.

To arrange a confidential discussion about your finance requirements, contact Wood Associates Finance on 03 5259 9970 or speak directly with Chris Capponi, Head of Finance Advisory.

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