



## Funding Options for Creative Industry Startups

Here we look at six of the main sources of funding available to creative startups. When looking at options to finance a business, it is often best to find the cheapest finance available.

Broadly speaking, we have listed these six from the cheapest to the most expensive, spanning grants (normally no cost) to equity funding (where a proportion of the future profits will be shared between the owners).

### 1) Grants

Various organisations offer grants for certain types of projects, charitable enterprises or businesses. [The Arts Council UK website](#) is a good place to start exploring. If you meet the criteria, grants are usually free.

*Advantage:* You don't usually have to pay the grant back.

*Disadvantage:* They may be highly competitive, or may not be available to your type of business, and rarely cover all the start up costs.

### 2) Government Loan

The government provide loans to people starting a business. Start Up Loans scheme was designed to go some way to help solve the problem of supporting people who have a feasible business but not the access to finance. [Apply now with AIM Startups.](#)

*Advantage:* Fixed rate low interest loan that comes with a mentor and support package.

*Disadvantage:* It has to be paid back.

### 3) Creative Industry Finance loan

Creative Industry Finance helps entrepreneurs access business development loans, so this scheme is best suited to businesses that are already established and are experiencing growth. You must have been trading for over 18 months to be eligible. The loan comes from private lenders. Go to [Creative Industry Finance website](#)

*Advantage:* You will keep full control of your business and receive business support to get you ready for investment. The maximum you can apply for is £15m.

*Disadvantage:* This is a loan that must be paid back.



#### 4) *The Bank*

A classic source of funding, but can be difficult to obtain when a business has no track record, particularly in the creative industries.

*Advantage:* You don't have to sell a stake of your business.

*Disadvantage:* It may need to be secured or guaranteed. Interest rates also vary and can potentially be set quite high.

#### 5) *Crowd Funding*

There are different types of funding including crowd equity or reward based funding.

*Advantage:* You might raise the required finance and also gain fans in the process.

*Disadvantage:* It can be difficult to convince a large number of investors to contribute, you may have to deliver to the subscribers (reward based funding), or you may need to sell a part of your business to a large number of individuals (crowd equity). You also generally only get one chance at this before you have used up the goodwill of your friends and fans.

Here are some of the most popular crowdfunding platforms. Please note that PledgeMusic is exclusively for musical projects.

[Kickstarter website](#)

[GoFundMe website](#)

[PledgeMusic website](#)

#### 6) *Equity Funding*

Many businesses each year are funded through various types of equity funding. The entrepreneur sells a portion of their business in return for investment in it.

*Advantage:* You are unlikely to pay monthly interest, and the investor may provide other support for your business.

*Disadvantage:* If your business is successful, it can be very expensive as a portion of that success goes to the investor.

Find out more: [British Private Equity & Venture Capital Association](#)