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Funding Source?

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Here's an interesting way to fund your next expansion or acquisition (or invest in one): Start your own bond offering. You don't even need a finance or legal team to do it (although it would probably be wise to consult with your money expert).

There's a website I just learned about called SMBX (thesmbx.com), started by a team of "recovering bankers, financial engineers and technologists working around the clock to democratize small business finance." Their goal: build a dynamic small business marketplace network that unlocks wealth for business owners and the communities that invest in them.

It's like a loan—except instead of borrowing and repaying a bank, you borrow and repay a community of investors who like your business idea and want to support it.

I learned about it because a garden center I know, Flora Grubb Gardens in California, signed up to raise \$500,000 to buy a second location. As of press time, they raised more than \$530,000, which gets paid back to the investors over 84 months at 7.5% interest.

As an investor, I could put in as little as \$10. That's right, \$10. If I did that, I'd get repaid 15 cents a month for 84 months, grossing \$12.88 for my \$10 investment. But if I got generous and decided to lend Flora Grubb \$100k (the maximum allowed), I'd receive monthly payments of \$1,533.82 for a total of \$128,841.52—a profit of more than \$28,000 for my seven-year loan.

Seems simple—I can only assume SMBX gets a piece of the action, meaning Flora Grubb pays more than 7.5% interest on its loan. **GP**