

# Is an MCA Right for My Business?

A Strategic Checklist for Business Owners

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**Before taking a Merchant Cash Advance (MCA), run through these 5 critical questions.** An MCA can be a powerful tool when speed and revenue momentum matter more than long-term lowest-cost financing—but it's not right for every situation. Use this checklist to ensure it's a strategic move rather than a stressful one.

## 1. What is the "Cost of Waiting"?

**The Goal:** An MCA is high-speed, higher-cost capital. It only makes sense if the opportunity cost of *not* having the money is greater than the cost of the advance.

✓ **Check:** If I wait 30–60 days for a traditional bank loan, will I lose a major contract, a bulk inventory discount, or a key piece of equipment? If yes, the speed of an MCA is a value-add.

## 2. Is My Gross Margin Healthy Enough?

**The Goal:** Since MCA payments are typically daily or weekly debits from your sales, you need enough "breathing room" in your margins.

✓ **Check:** After the daily payment is deducted, do I still have enough left over to cover my core operating expenses (payroll, rent, utilities)? If your margins are under 10-15%, an MCA might be too tight.

### 3. Is My Revenue Consistent?

**The Goal:** MCAs are based on future sales. They work best for businesses with steady daily or weekly credit card/bank deposits.

✓ **Check:** Does my business have "dry spells" where we go 5+ days without a deposit? If so, a flexible Line of Credit might be safer than a fixed-payment MCA.

### 4. Do I Have a "Short-Term" Exit Plan?

**The Goal:** MCAs are designed to be bridge capital, not 5-year debt.

✓ **Check:** Can I pay this back within 6 to 12 months? If you need the money for a long-term project that won't see a return for 2 years, a Business Term Loan is a better fit.

### 5. What is the "ROI" on This Specific Capital?

**The Goal:** Use the funds for "Revenue-Generating" activities.

✓ **Check:** Am I using this to buy inventory I know I can flip for a profit? Am I using it to hire a sales rep who will bring in new contracts? Using an MCA to "fix" a fundamentally broken business model is a red flag; using it to "fuel" a growing one is a green light.

**Pro Tip:** If you answered "no" or "unsure" to 2 or more of these questions, an MCA may not be the best fit right now. Consider exploring other funding options like a Business Line of Credit, SBA Loan, or Equipment Financing.

**Other Funding Options Through Loanable**

## Business Line of Credit

- Credit limits from \$10K - \$250K
- Only pay interest on what you use
- Great for managing cash flow and unexpected expenses
- Revolving credit you can draw from 24/7

## SBA Loans

- Government-backed loans with competitive rates
- Funding up to \$50 million
- Low interest rates and terms up to 25 years
- Ideal for long-term growth projects

## Equipment Financing

- Finance the equipment you need to grow
- Competitive rates and flexible terms
- The equipment itself serves as collateral
- Preserve working capital for operations

## Invoice Financing

- Get paid on outstanding invoices immediately
- Improve cash flow without taking on debt
- Great for B2B businesses with net-30/60 terms
- Fast approval and funding

## Why Choose Loanable?

**Loanable is a lending marketplace** that connects small businesses with a network of 100+ lending partners. We make it easy to compare multiple offers and choose the best funding solution for your unique needs.

- ✓ Apply in minutes — get funds as soon as 24 hours later
- ✓ No hard credit pulls during the application process

- ✓ \$500M+ delivered to 10,000+ businesses since 2016
  - ✓ Funding options from \$5K to \$50M
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**Ready to Explore Your Funding Options?**

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