



FASHION BRAIN ACADEMY

Top 5 Ways to Finance Your Apparel Brand

This is a guest article from Avi Levine of STAR Funding and MyFashionFinance.com

Funding a clothing line is easier said than done. With the creation of 100s of new clothing brands each year it's no wonder that fashion entrepreneurs may be under the impression that the abundance of fashion capital is readily available. The money is out there should you want it, but securing it requires developing your brand in a way that compliments your strengths and taking into consideration how those strengths relate to the following funding options.

Crowd funding

I am sure you have seen the hype around the crowd funding sites that have recently hit the web. When exploring your crowd funding options you should "interview" the crowd funding sites like you are interviewing an employee. This doesn't mean to call each one but you should review the types of campaigns that were successful and consider why they were successful. Are you innovative? Try Kickstarter.com Are you art driven? Try Indiegogo.com. Do you have a social mission? You belong on RocketHub.com

Once you determine which site best matches your brand and concept you need to figure out how to tell the most compelling story as to why you are doing what you are doing. A few points you absolutely cannot miss include why you are different, and what your value proposition is. A visitor browsing the site's campaigns should have an idea of who you are and what you are looking to accomplish in less than 5 seconds. To spread the word you will need to utilize a mix of social media, press, and shameless self-promotion. If your campaigns are not active, engaging, and consistent you will not reach your goals.

Friends and Family

Raising money from friends and family can either be a blessing or a curse. On one hand friends and family will typically loan you money or invest in your company without doing tons of due diligence, annoying legal contracts, and wanting to watch you through every step of the way. On the other hand raising money through friends and family can create a lot of tension when things don't go quite as planned. My advice here is to plan for the best but expect the worst, or vice versa.

While it may seem more informal than raising money from other sources you will still want to put together an in depth business plan that explains your objectives, goals, and how you plan on getting there. It is also important to set a VERY clear expectation as to the relationship you are looking for with your investor. Are you looking for a mentor or a silent partner? The largest issues I see with friends and family supported companies often arise from vague expectations being set

early on. It is important that each participant knows his or her place as the company grows or even goes out of business.

Self-Funding

The easiest and scariest method of funding the growth of your apparel brand is funding it yourself. This method keeps you 100% in control and provides you the ability to do whatever you want when you want. Even though you are the boss and the owner and everything else it is still important that you seek feedback from honest and experienced people. I see too many “passion projects” empty out bank accounts because one person had an idea or passion to do something that wasn't quite marketable.

If you are self-funding your brand you need to build and follow a plan that includes budgets, timelines, goals and strategies. If you cannot clearly define your plan than don't get started just yet, it's not a race. Draft your plan, seek honest feedback, and make sure it's a business plan that makes sense and not just an idea that sounds good at the moment.

PO Funding

Unless you are in your 2nd season of production, have founded a clothing line before, or have the ability to pre-sell a significant amount of your collection from samples than you should stick to the previous three ways of raising money to start your clothing line. PO funding is a type of loan that will provide you the capital to produce your pre sold items. There are a number of other details that go into PO Funding including making sure your customers are credit approved by the lender, you personally have some equity in the business, and you can prove that your suppliers can perform without a doubt.

Professional Investors

Last but certainly not least, Investors are a great way to raise the necessary capital to start your clothing line. These groups include angel investors, family offices, strategic partners, etc. The key here is developing a product that is innovative or disruptive to the industry in some way. Often times you will hear them talking about investing in entrepreneurs and not ideas. This is very true, but having a new and exciting concept to introduce to the market can certainly help.

If you have experience in the industry and have demonstrated success in the past, you may have a good chance with professional investors and investment groups. They don't typically look for risky investments and new fashion brands are VERY risky investments. If you can convince investors that you are a safe bet, then you can secure funding from them.

Considering the type of funding early on can help make sure you have a successful launch. Organizations like [Fashion Brain Academy](#) and [MyFashionFinance.com](#) can help you determine the right source of financing that fits your strategy but it's up to you as the entrepreneur to build a product that investors and finance companies are willing to get behind.

Avi Levine is the VP of Business Development at STAR Funding and founder of [MyFashionFinance.com](#). He works with small and medium sized companies to help them secure funding to grow their brands. He can be contacted at MyFashionFinance@gmail.com.