business for sale

Good Debt, Bad Debt, and the Money Sitting Idle

Not all debt is bad. Discover the difference between good debt and bad debt, and learn how smart business funding can help you grow, improve cash flow, and unlock new opportunities for your business.

Published on: **24th July 2026**
Author: **Inika Pieters**

Ask ten business owners how they feel about debt and most will tell you they want less of it. It is an understandable instinct, but it is not always the right one. Debt itself is neither good nor bad. What matters is what you do with it and whether it earns more than it costs.

What Good Debt Looks Like

Good debt buys something that puts money back in your pocket. A loan that funds stock you will sell at a healthy margin, a machine that lets you take on bigger orders, or a vehicle that opens a new delivery route can all pay for themselves and then some. You are using money that is not yours to grow faster than your own cash would allow, and the return is greater than the interest.

What Bad Debt Looks Like

Bad debt does the opposite. It funds things that do not earn, or it plugs holes that keep reopening. Borrowing to cover a shortfall you have not fixed, or to pay for lifestyle rather than the business, quietly pulls you under. The warning sign is simple. If you are borrowing to survive rather than to grow, the debt is working against you.

What the Right Funding Can Unlock

Used well, funding does more than keep the lights on. It lets you buy stock in bulk at a better price, open a second site while the first is still strong, or acquire a competitor and their customers in one move. Many good businesses stay small not because the owner lacks ideas, but because they are waiting to fund every step out of profit alone. That patience can cost far more than the interest would have.

The trick is to borrow with a clear plan and honest numbers. Know exactly what the money will do, what it will earn, and how you will repay it if things run slower than hoped. Lenders back owners who can show that thinking, and the right structure protects your cash flow while the investment does its work.

Debt used with a plan is one of the most powerful tools an owner has. If you want to understand what the right funding could unlock for your business, let us point you in the right direction.