

Raising Money

Part 1

✓ Friends and Family

Exactly what it sounds like. Money you take from your family and/or friends to fund your business- either to start it or grow it. Typically this type of money only comes once, unless you happen to have really rich family and friends with deep pockets, which would be awesome.

✓ Accelerators and Incubators

Can be extremely helpful in the early stages of starting and running a business. These groups are going to provide money and access to services and resources like mentors, advisors, accountants, lawyers, consultants, etc. They are highly competitive and less than 1% of all businesses that apply for these accelerator and incubators actually get accepted to them. Typically these investments will not exceed \$250,000 for which you have to give up equity (or part of your ownership).

✓ Angel Investors and Angel Networks

Wealthy individuals who invest their own money in start-ups. Will typically invest up to \$1M either solo or within a group of Angel investors (networks).

✓ Venture Capital (VC's)

Institutional investors and though there are many different types of VC's the two things to know about anyone looking at your company or anyone you are pursuing is if they are an early stage fund or a growth fund. These funds can usually fund you for the long term or have access to networks that can help you find more money down the road. If you are seeking this kind of capital, start early. Due diligence can take weeks to months.

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✓ Accredited Investor Crowd Funding

Typically found online, they pool together groups of investors to make larger investments in start-ups. These are equity deals, you will be giving up a percentage of your company.

✓ Consumer Crowdfunding

Kickstarter and Indiegogo. Consumers pre-buy your product mainly to fund your inventory and operating expenses. Plus side is that you don't have to give up any equity. Downside is that these campaigns have to be very engaging because there is an extremely competitive landscape for consumer crowdfunding- it's another thing in an already over stimulated market place- so you need to come out with a great campaign. This can be very time consuming and even expensive.

✓ Grants

Can work in certain industries. Hire a grant writer if applicable and if you have no experience writing them.