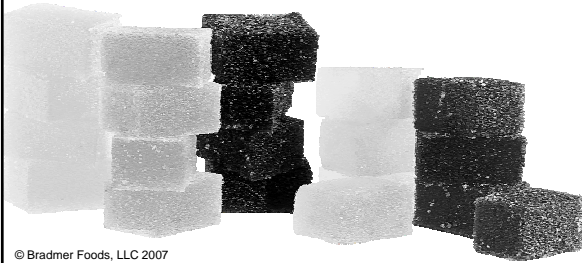




Taking Your Products to the Marketplace: Financing Your New Venture

Adam Borden
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Overview

- Reasons for Funding
 - Tangibles
 - Intangibles
- Sources of Funding
 - You
 - Friends & Family
 - Angels
 - Bank/SBA
 - Venture Capital
- Advice



Reasons for Funding

- **Tangibles**
 - Real Estate
 - Furniture, Fixtures & Equipment
 - Vehicles
- **Intangibles**
 - Start-Up Expenses
 - Working Capital
 - Sales & Marketing

Benefits

- Easily Liquidated
- Defined Value

Drawbacks

- High Upfront Expense

Benefits

- Lower Upfront Expenses (sometimes)
- Flexibility on Timing

Drawbacks

- Low Liquidation Value
- Guestimates?

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Sources of Funding

- **You**
 - Personal Savings
 - Home Equity Line
 - Credit Card Debt
- **Friends & Family**
 - Equity
 - Debt (low interest)

Benefits

- Control+++

Drawbacks

- Personal Risk
- Potentially High Interest

Benefits

- Control++
- Great Terms

Drawbacks

- Strategic Help?
- Limited Funds
- Thanksgiving

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Sources of Funding (Part II)

- Angel Investors
 - Equity
 - Convertible Debt
 - Debt (high interest)

Benefits

- Control+
- Helpful to business
- External validation
- Patient

Drawbacks

- Lower valuation/more expensive
- Potentially High Interest
- Hard to find
- Need to manage relationship
- Small \$\$

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Sources of Funding (Part III)

- Bank/SBA
 - Debt

Benefits

- Low interest
- Control++
- Potential for introductions

Drawbacks

- Need for collateral
- Personal Guarantee
- Restrictive Covenants

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Sources of Funding (Part III)

- VC
 - Equity
 - Convertible Debt

Benefits

- Helpful to business
- External validation
- Potential for introductions
- Can bring \$\$\$

Drawbacks

- Loss of Control
- Restrictive Covenants
- Low valuation/
more expensive
- Hard to find
- Need to manage relationship

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Advice for Getting Started

- MBA Student Business Plan Writing Courses
- Board of Advisors
- State Economic Development Agencies
- Food Innovation Centers

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