Raising funds for Startup

Every Startup needs money to fund its initial business. It is necessary to finance initial implementation activities, purchase of equipment, materials and payments for employees already employed. Most entrepreneurs think first of bank loans as the primary source of money, only to find out that banks are really the least likely benefactors for startups. The purpose of this poster is to present selected methods of financing Startups.

Self- funding

- Self- funding is an effective way of start up financing, especially when you are just starting your business. The great thing about using your own money to start up is you don't have ask anyone for help and not starting out in debt.

Friends and family loans

- Family and friends will probably help you and lend you money. However, in order not to cause conflicts, you should ask these people for help when you have a ready-made business plan and financial forecasts for the future. In this way, your family and friends will believe in your possible success.

Crowdfunding

- Crowdfunding is the use of small amounts of capital from a large number of people to finance a new business venture.The most well-known crowdfunding websites for startups are Kickstarter, Seedrs and CrowdCube. All these sites charge a fee of 5–7% of what you raise, but these fees are only deducted if you reach your funding target.

Business Angel

- Angel investors are individuals with surplus cash and a keen interest to invest in upcoming startups. They can also offer mentoring or advice alongside capital. Angel investors have helped to start up many prominent companies, including Google, Yahoo and Alibaba.

Grants

- A grant is an award, usually financial, given by one entity (typically a company, foundation, or government) to an individual or a company to facilitate a goal or incentivize performance. Grants are essentially gifts that do not have to be paid back, under most conditions. Grants tend to be very industry-specific.

Government programs

- Governments often offer the financial support for people who are eager to set up their own business. You just need to make yourself aware of the various Government initiatives. And if you comply with the eligibility criteria, Government grants as a funding option could be one of the best.

Microloans

- There are many private companies and non-profits that offer small loans, up to $35,000, carrying interest rates between 8% and 13%, and term lengths not to exceed six years. Traditional funding with these desirable rates and terms are rarely, if ever, available to brand-new businesses.

Peer-to-peer lending.

- It is a loan not from a financial institution but from individuals who want to financially support an idea that they think can be successful. Often, the investor in this case is a successful entrepreneur who supports new ideas similar to his idea.

Vendor financing

- A supplier lends money to a customer and the customer buys products or services from this supplier. This method is usually aimed at extending the payment period for products, for example until the customer sells these products. Sometimes the supplier-lender takes up some of the shares of a company that borrows money.

Asset finance

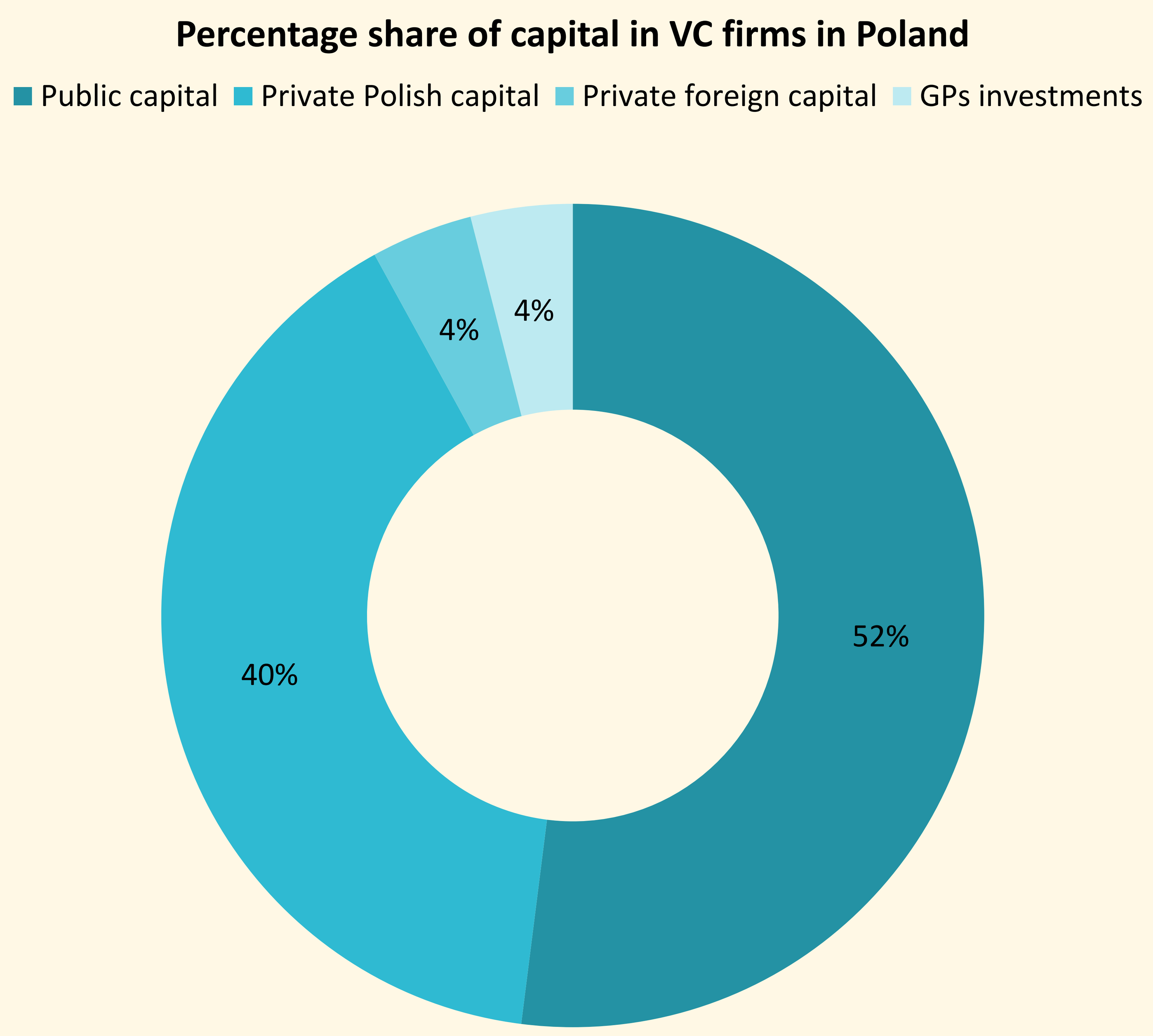
- An asset-based loan works the same way as a mortgage. You borrow money against an existing possession, and, if you can't meet your obligations, the asset is repossessed. Assets which can be used as collateral include property, accounts receivable, inventory and equipment.

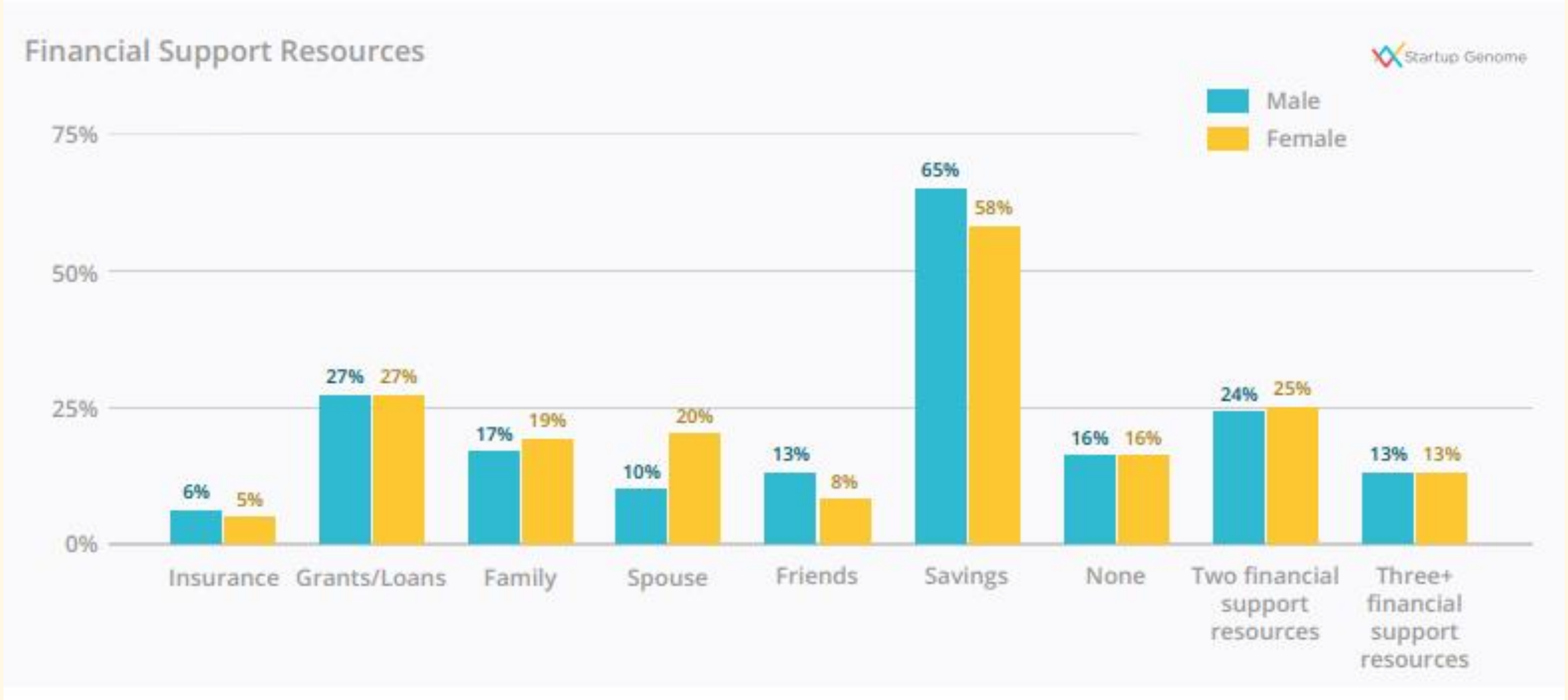
Invoice factoring

- Invoice financing is a way for businesses to borrow money against the amounts due from customers. Invoice financing helps businesses improve cash flow. Businesses pay a percentage of the invoice amount to the lender as a fee for borrowing the money.

Equipment financing.

- Equipment financing. A lender lends money to a customer to purchase business-related equipment. This debt is repaid later in installments with interest. Lenders usually require a lien on the equipment. Pledged equipment makes it easier to get a loan even if you are in business for a short time.





There is many ways of financing that entrepreneurs can take into consideration during setting up their business. All of the mentioned ways require lots of consideration. The important thing is to go with a funding option with which you are comfortable and confident so that you can focus on turning your business idea into a success.

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