Exercise: Choosing the Right Funding Strategy for a Startup

- Summary of sources of funding

- Blank worksheets (optional)

? Steps:

Part 1: Scenario (5 minutes)

Startup A: A tech company with a very innovative idea, high risk, no cash flow yet, but a strong, experienced team.

Startup B: A small local coffee shop with predictable revenue, already profitable, looking to expand.

Startup C: A university student team creating a mobile app with limited personal funds, needs $5,000 for prototype development.

Part 2: Individual Reflection (10 minutes)

Each student answers the following:

1. Which type of funding is most suitable for each startup? (Personal, Equity, Debt, Creative)

2. Suggest a specific method (e.g., Angel Investor, Crowdfunding, SBA Loan, Bootstrapping).

3. Why did you choose this funding source? (Brief explanation for each startup.)

Part 3: Group Discussion (10 minutes)

Students form small groups (3–4 members).

Share and compare choices.

Discuss:

- Differences in funding choices.

- Which startup might face the most difficulty raising funds? Why?

- How an elevator pitch could help each startup (brief group brainstorm).

Part 4: Quick Wrap-up (5 minutes)

Instructor asks 1–2 groups to briefly share their ideas.

Conclude by reinforcing:

- Matching funding types to startup characteristics.

- Importance of preparation and elevator speech when seeking funds.