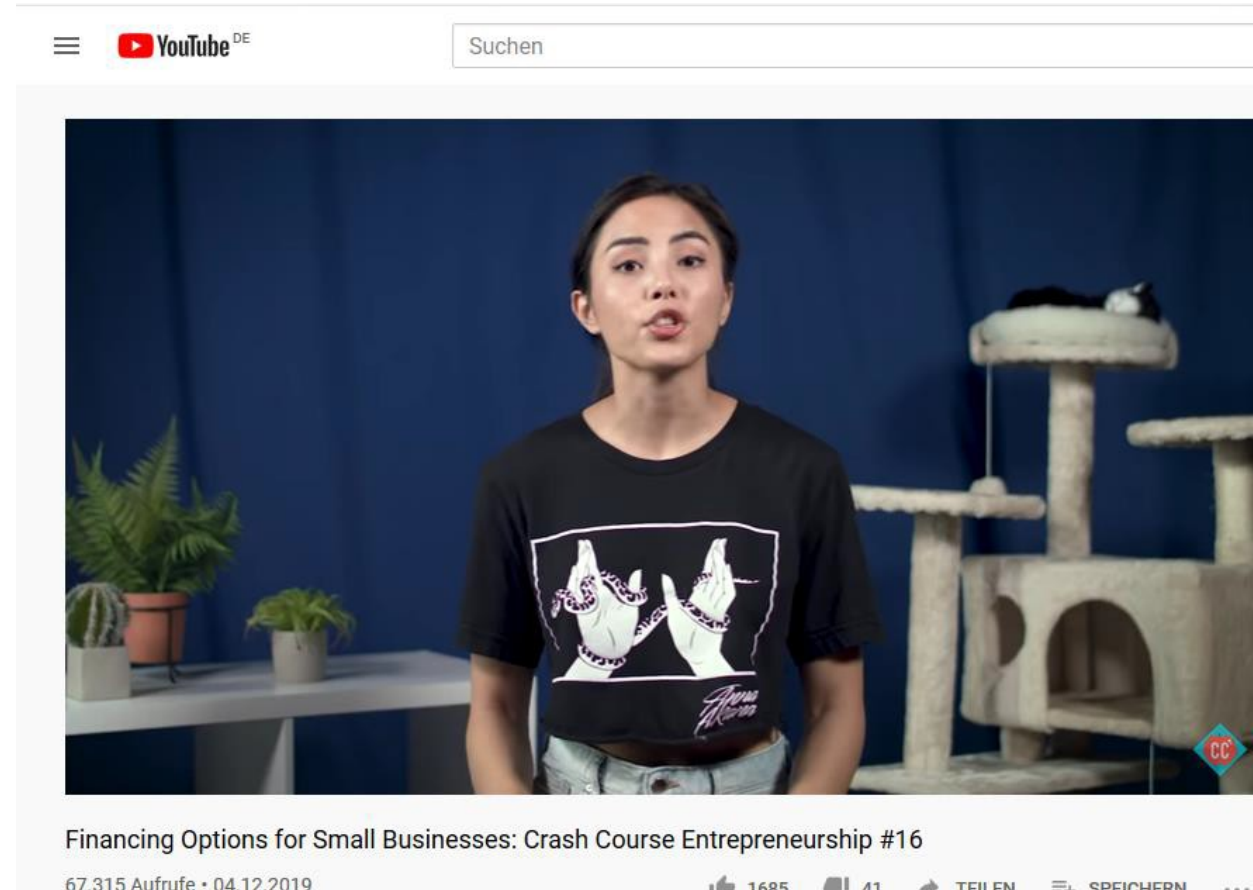


Finance_basics_introduction



<https://www.youtube.com/watch?v=MYVL1XHeB74>

Types of financing by time

Early Stage

- Pre-Seed Phase
- Seed Phase
- Start-up Phase

Emerging Stage

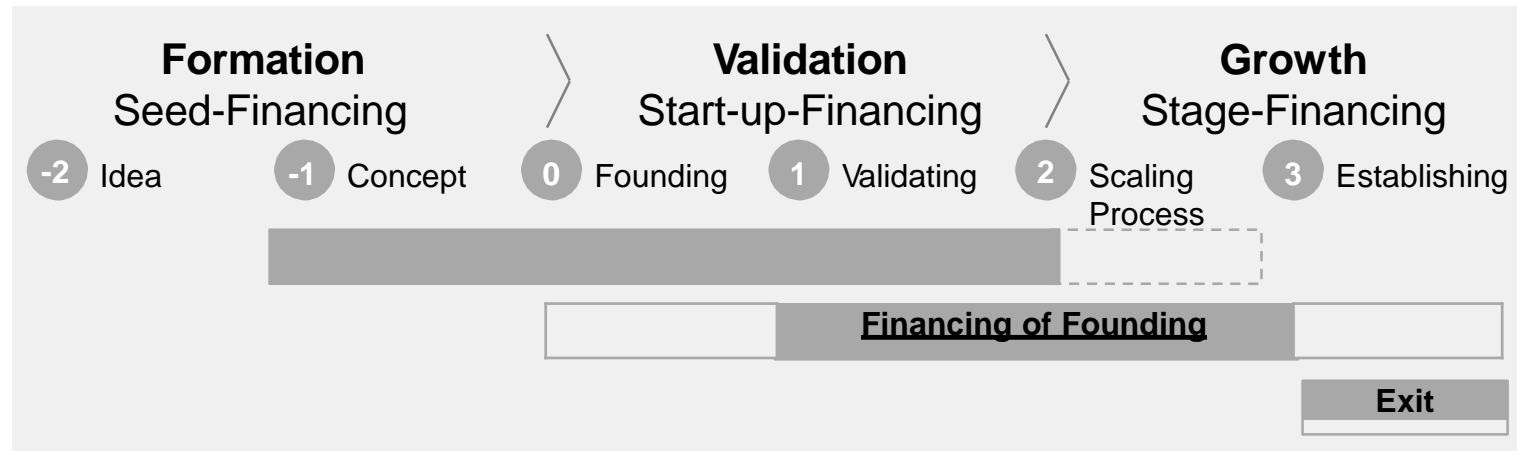
Idea

Planning

Realization

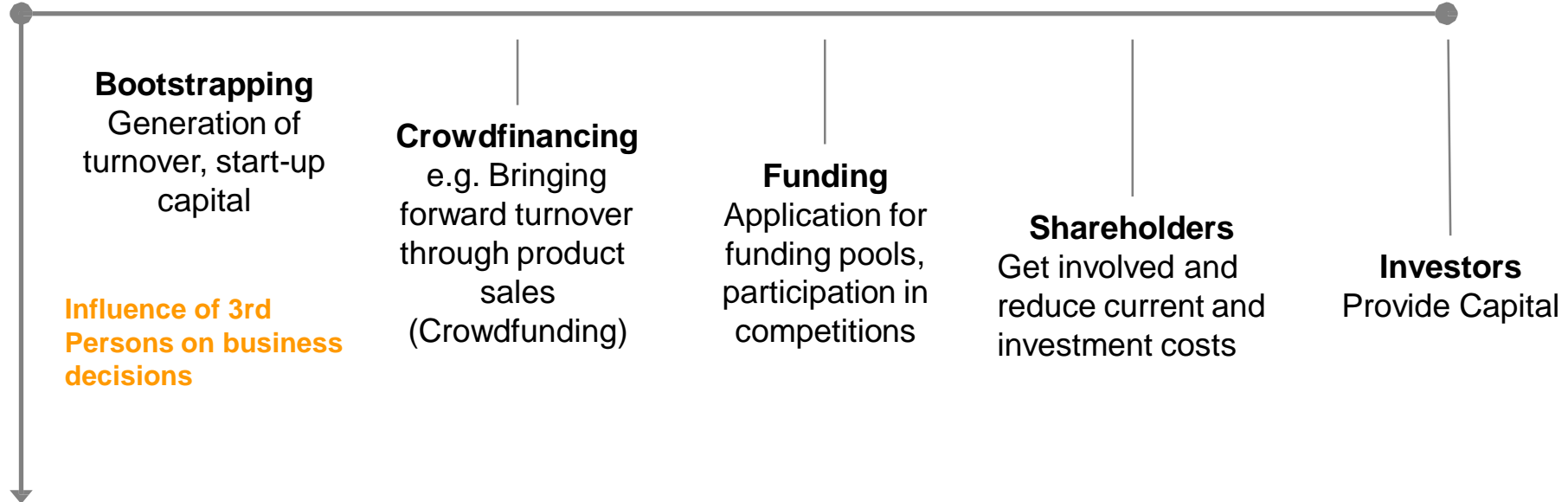


Types of financing by Phase



Quelle: Prof. Dr. Fabian Dittrich / FH Dortmund

Strategies for Financing



Quelle: Prof. Dr. Fabian Dittrich / FH Dortmund

Basic Thoughts

- Sources for **Revenue**:
 - Private Sponsorship (e.g. Family)
 - savings
 - Personal income (Freelance job, funding, ...)
- calculation of **expenditures** (also pensions and insurance)
- Necessity of a personal **Cash Flow-Planning**:
 - Definition of expected or needed monthly income
 - Time horizon for Startup
- taking **Opportunity costs** in mind

Source	Phase	Typ	Advantages	Disadvantages
Income	②①①①②③ 0 - 100 t€	EK	No share levy, no expense	Double load, no focus on startup, low volume
Savings	②①①①②③ 0 - 100 t€	EK	No share levy, no expense	Limited, personal risk perception
Incubators	②①①①②③ 0 - 10 t€	EK	Affordable access to resources, networking, mentoring	Locally bound
competitions	②①①①②③ 1 - 50 t€	EK	Publicity, Development of business idea, network, coaching	Unplanned, non-continuous, limited, labour-intensive
Friends and family	②①①①②③ 5 - 200 t€	FK (EK)	Simple, even non-monetary support, no/low interest	Limited, unpleasant, possibly. negative impact on private life
Fundingfoerderungsbank.de	②①①①②③ 10 t€ - 2 m€	EK	High volume, publicity, market access, network, little operational interference	Low probability of success, non-continuous, tight participation criteria, labour-intensive
Crowd-financing	②①①①②③ 10 - 200 t€	FK	Limited testing and regulation, reaching first users and fans, publicity	Amount uncertain, administrative expenses, high interest/fees, negative image

Quelle: Prof. Dr. Fabian Dittrich / FH Dortmund

Quelle	Phase	Typ	Advantages	Disadvantages
Accelerators	②①③①②③ 10 - 200 t€	EK	Access to finance, reputation, operational support (management and resources), market access, network	Competitive application, low volume, distribution of shares (5-10%), limited duration (3-6 months), operational influence, locally tied
Business Angels	②①③①②③ 10 - 500 t€	EK	Investing in visions, support with expert knowledge (operational and strategic)	Low valuation of the company, limited volume
Venture Capital	②①③①②③ 500 t€ - 100 m€	EK	High valuation of the company, high volume, network, strategic support	Influence, reporting, focus on success, exit pressure
Venture Debt	②①③①②③ 1 - 50 m€	FK (EK)	No/poor share contribution, high volumes	High interest rates (10+%) only in selected situations
Private Equity	②①③①②③ 25 m€ - 200 m€	EK	High ratings of the company, exit for old investors	Only stable business models, management exchange

Quelle: Prof. Dr. Fabian Dittrich / FH Dortmund

Bootstrapping

- full control of the company
- Waiver of external funding
- Benefits of gains or reserves already made
- Keep operating costs low and quickly generate positive cash flow
- Not suitable for a large amount of investment
- High for work and cost savings

-> **most favourable form of financing**

Part-time start-up

- Start-up as a “Start Up light”
- Benefits from Coverage Social Security
- Conflicts with main acquisition must be resolved

-> **riskless form of financing**

Credit

- Home banking principle
- Reserves and collateral necessary
- Equity share
- Support programmes

-> **classical form of financing**

Crowdfunding

- Financing Creative Ideas
- No participation in the company
- Reward-based crowdfunding based on the reward principle – but legally binding performance promise!
- No major profit intention necessary

-> **creative short-term form of financing**

Crowdfunding

- Financing of long-term ideas
- (profit) shareholding in the company
- Higher sums are awarded
- Return expectation

-> **long-term form of financing**

Business Angels

- Network of successful entrepreneurs, investors or former founders
- Shareholding in the company
- Know-how, contacts and networks
- Return expectation

-> **long-term form of financing or perquisite**

Venture Capital

- Venture or risk capital from external investors
- Higher investment than business angels
- Less know-how, contacts and networks
- Higher return expectation

-> **mid-term form of financing**