22/12/2022 Lecture 1

Type 1 capital personal funding.

Type 2 Debt Financing.

Type 3 Equity Financing

Objectives,

1. Self fund or external sources, such as family. investors are not here, because that is equity. Two sub types.
    1. Debt and
    2. equity financing **When to seek capital?**

Introduction, capital is most needed here. Growth, profits are more, customers are coming in, Maturity, revitalize, innovation is needed or market will push to decline. You will need to make changes if you want to go back to the growth area. you don't need funding here mostly Decline, funding is needed here

Entrep. usually use a combination of self funding as well as equity funding.

how much to seek? Depends on your goals.

Only this is zaroori. Rest of the chapter is not necessary..

THIS: types of finances, when to seek, how to seek?

Chapter 9,

some concepts,

page 219,

Market penetration strategy.

Penetration, agressive marketing, agressive selling, How many times will you show an ad in a day? if funding is available, number of mediums need to be selected, TV, Online,

Agressive selling, whereever your audiance is available, Provide the product in marts in those areas.

First mover advantage,

whoever launches the MVP first in the market.you can claim that you are the person keeping the know how so the customer should stay with you. Here something to consider is switching cost. Switching cost is when the customer finds it difficult to switch its brands.

Less competition,

Knowledge and experience curve.

3rd advantage, suppplier and disrtributor advantage. You know your suppliers., wholesalers,

Economies of scale,

We can only know the output after we have the product.

Efficiency and effectiveness,

Effective is the process. the right method to achieve it.

Efficincy is the less time, more output, less cost more output. less input more output.

> lean manufactoring. less wastage.

Value chain analysis.

designing a value chain,

v1, v2, v3. v4,

e:g mobile, battery, screen, scree size, processor, all of these are values.

depends on two things, 1. Competitors 2. market segments.

Segments > affordability, (lets se 30k to 50k). the VC will be designed according to that. > if you give them a VC of 80k segment, you will fail.

If you will increase VC you will increase cost, hence your segment will change.

You compare your VC with the competitors VC. If you want competitve edge, you will do the above.

You will also see if this VC applies to economy of scale. If the operation is efficient or not. > you might have to **untangle** your VC VC analysis you will untangle your RISK.

IF you VC is not competitve with your competitor, its a RISK.

IF YOUR segment is wrong, selling 100k in 50k market.

ECONOMY OF SCALE, if you could make something in 5 rs you are making in 10rs.

Assignment #3. First mover advantage, 5 points apply to a real life example.