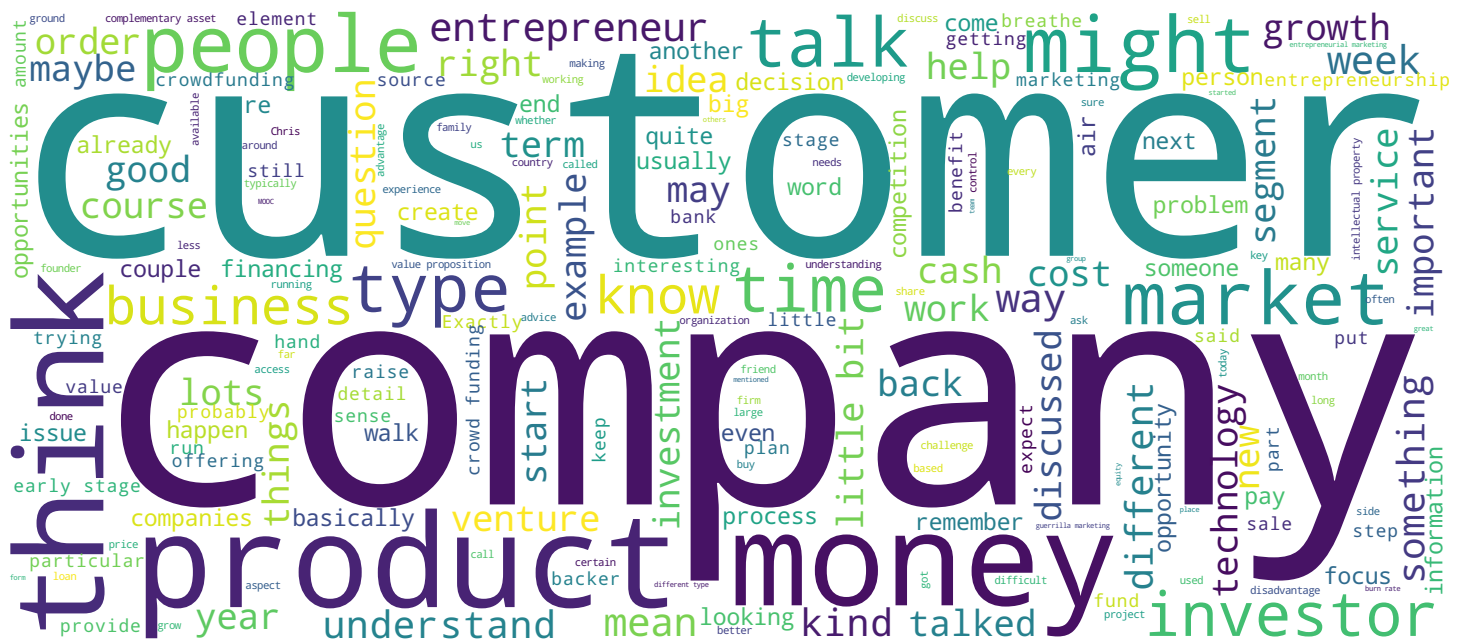


# Raising and managing money



EPFL



# Introduction to Raising & Managing Money

Launching New Ventures: Entrepreneurship & Strategy for Technology-Driven Startups

Prof. Chris Tucci and Prof. Marc Gruber

(swooshing sounds) ♪ (eclectic downtempo music) ♪ ♪ (music continues) ♪ Welcome to Week 4: Raising and Managing Money.

Notes

Summary



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# What we've covered so far

## Week 2

- Identifying and evaluating business opportunities
- What is an opportunity?
- Evaluating multiple opportunities
- Developing an exploitation plan



## Week 3

- Entrepreneurial Marketing
- How to develop a marketing strategy
- Understanding your customers
- Your value proposition
- Guerilla marketing

Launching new ventures

And just to recap what we did so far: we are already in Week 4 and the course has only five weeks so remember this, we are almost done. But in Week 2 we did talk about entrepreneurial opportunities, how you identify multiple opportunities based on your technology. Remember that term *technological fungibility* sounds fancy but it actually means that you can apply your technology to multiple ends, you know, multiple customers' ends. We talked about evaluation of opportunities and developing a road map to exploit your multiple opportunities over time. Right, then in last week, Week 3 we talked a lot about entrepreneurial marketing, we helped think about developing a marketing plan, we wanted to know who your customers are, what your value proposition is, and we talked about guerrilla marketing. Which is actually quite an exciting form of marketing, it's more on the operational side. It should be aligned with your overall strategy. But the underlying logic was that you actually should say, "OK, I have to be smart because I do not have so many funds" "like the larger corporations to run my marketing campaign." Perfect.

Notes

Summary



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## 4.1 How much money do you need?



So let's look and see what we're going to cover in the next week. So, as Mark just said, you may be running a guerrilla marketing campaign and a very lean operation, but it's still going to cost you to get your company off the ground. So in the first part of this week we're going to study: How much money do you need? That's going to involve making some financial projections for the next few years and trying to understand how much cash you're spending and how much you're bringing in. Therefore, what your overall financing needs are to get your company launched.

Notes

Summary



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## 4.2 Navigating the funding universe

- Types of financing

- Gifts / donations
- Debt
- Equity
- Convertible debt



- Investors

- Bootstrapping
- Friends and Family
- Crowdfunding
- Foundations
- Startup competitions
- Angels
- Banks
- Angel Groups
- Family Offices
- Venture Capital
- Strategic Partners

Launching new ventures

So in addition to doing the financial projections, you also have to know which type of financing is available and from whom you could get the money that you need. So in terms of type of financing, you can think about debt financing, you might even get gifts, you might get equity financing, there might be convertible debt. This might sound technical to some but we're going to walk you in detail through each of these types of financing in segment 4.2. In addition we look at the types of investors. Right, so there'd be a big laundry list here of investors. Which is good news because people who have money and want to invest-- Yes, there are lots of sources for you. So what we'll do is we'll just walk through the big picture on the types of investors and then we'll break it out by stage which we'll discuss right now.

Notes

Summary



2m 09s

## 4.3 Seed funding



### Investors

- 
- Bootstrapping
  - Friends and Family
  - Crowdfunding
  - Foundations
  - Startup competitions
  - Angels
  - Banks
  - Angel Groups
  - Family Offices
  - Venture Capital
  - Strategic Partners

Launching new ventures

So in 4.3, we'll focus on the early stages of your company, before you're making any money and you're really launching your company and getting it off the ground. So what kind of investors are going to be most appropriate for those early stages? It could be your friends and your family because they believe in you, they want to support you. It could also be crowd-funding campaigns and that's quite an important element especially in this MOOC today. It could be also startup competitions, it could be angel investors and all these types of venture capitalists at some points.

Notes

Summary



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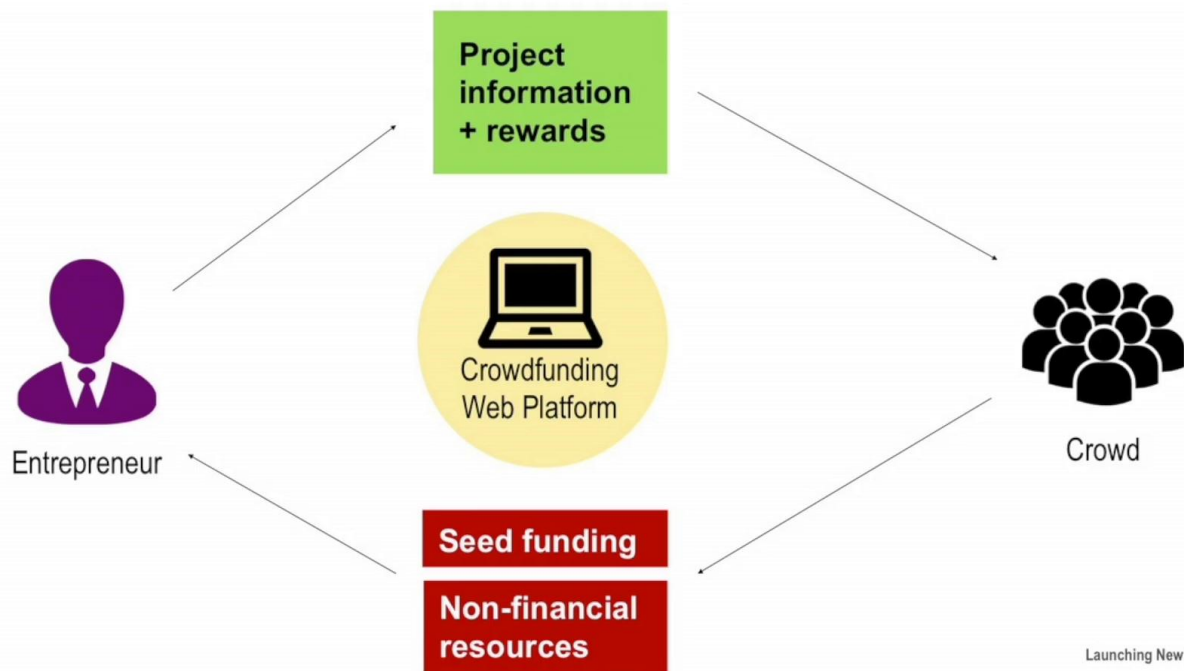
So in 4.4, we'll focus more on the later stages of the venture process when you've already got a product when maybe you've already got some sales and you're basically growing the company and we have the expansion financing and there's a whole new set of actors that are available to help finance your venture. So think about family offices, think about banks, etc. because these are actors that want to see that you have proof of technology and the proof of market, that there are customers out there who are willing to pay for your products and that your technology actually works, it does the things you promise it does. Because then a lot of risk is taken off the table for these types of investors and that means that these investors would be looking at companies that have different risk profiles and the investors that we just discussed on the previous slide which would be more of the investors that look at early stage companies and are ready and available to actually invest in companies that are less mature and have more risk. So what we'll do is for all of these we'll walk through how much money you'd expect to raise, what the time horizon is, and lots of different psychological aspects of working with different types of investors.

Notes

Summary



## 4.5 Crowdfunding Part 2



And the bottom line is that we want to give you a very good understanding of the funding universe that is out there because without the funds of other people you probably will not get far with your technology venture. So one important way of getting funding nowadays is *crowdfunding*. You remember that from the marketing module; we introduced you to this concept because it has important marketing elements to it. It helps you in launching your product, it helps you in getting visibility with your company, but that's one aspect. It has also a very important financial aspect to it. That's right, I mean entrepreneurs now can, via internet platforms, reach out to investors who happen to be all over the whole world. What we'll do in this particular segment is we'll walk through how that works, we'll talk a little bit about some of the legal/financial implications of having lots of investors all over the world and how you can expect to raise money from them, going into details about how some of the crowd-funding platforms work.

Notes

Summary





## 4.6 Cash management



Launching new ventures

Exactly. And that, it think, is a wonderful opportunity for each and every one of you to get your venture off the ground and to make your first steps as an entrepreneur. So these crowd funding campaigns give you access to potential investors across the globe but never forget that you actually need to manage your cash because this is more like an operational issue but it's highly important. It's like the air that you breathe; the cash is the air that you breathe. Because if you run out of cash, it's like running out of air that you breathe. And what happens if you run out of air that you breathe? You fall over and you die. And if this were to happen to your company it would just go bankrupt, you know, so managing your cash is our focus in module 4.6. And this has a couple of other issues that are related to it. We'll talk a little bit about the *burn rate*, so how much you're spending relative to how much you have. We'll talk about having bank accounts, how to look for a bank, keeping your accounts separate.

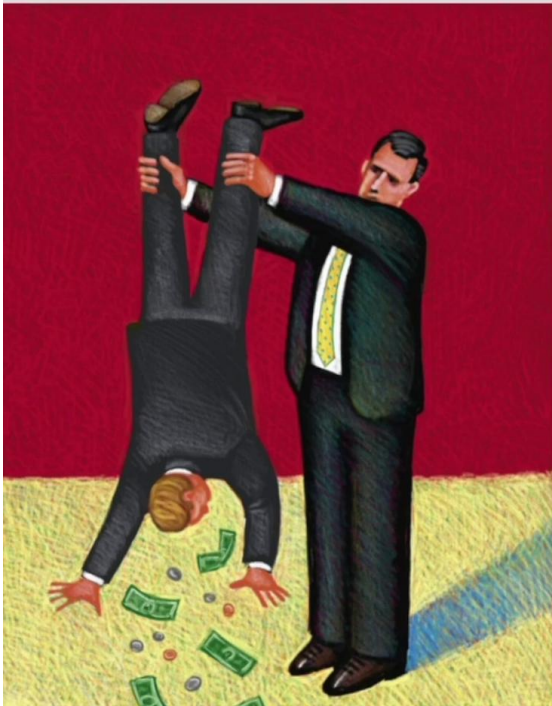
Notes

Summary



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## 4.6 Cash management



Launching new ventures

We'll talk a little bit about shrinkage, or your employees stealing from you or you stealing from yourself by mixing your funds, and we'll go through a lot of details on how to manage your cash. And conserve your air in that way. - Conserving your air. - Conserving your air. So that's what's in your future for Week 4 in Raising and Managing Money. - Don't go away. - Stay tuned.

Notes

Summary



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