

NAVIGATION

ADMINISTRATION

## Raising Finance for Startups

Your progress



This module is designed to help entrepreneurs understand what is involved in raising finance from venture capitalists and other investors. The venture capital business model is introduced, and students the process by which investors evaluate investment opportunities. Students learn how venture capital, angel and other forms of investments are negotiated and structured.

Students should complete the courses on Finance, Planning & Company Navigation and IPO & Securities Regulation before taking this course.

- Video ~ How to Take SVBS Courses
- Video ~ Welcome to our Course on Raising Finance
- Download Zero-to-IPO Book PDF
- Read Pages 325-351 Zero-to-IPO (eBook can be downloaded from link above)

### When is a Startup Ready to Raise Funding?

- Video ~ Top 10 Tips for Forming a Fundable Startup
- Slideshow Handout ~ Top 10 Tips for Forming a Fundable Startup
- Video ~ When To Raise Money & How Much To Raise
- Video ~ Common Seed Round Fundraising Mistakes
- Video ~ Is There a Good Time to Raise Capital?
- Video ~ How to Bootstrap a Company
- Q & A ~ Raising Finance ~ Forming a Fundable Startup
- Quiz 32

### Understanding Venture Investors

The venture capital business model, the structure of VC funds, how investment decisions are made, modern portfolio theory, syndication among investors and other issues entrepreneurs should understand about venture investors.

- Video ~ Finance & Investing
- Video ~ How Venture Capital Works
- Slideshow Handout ~ How Venture Capital Works
- Video ~ Venture Capitalists: Getting Investments For Main Street Businesses
- Video ~ How Venture Capital Works PT1
- Video ~ How Venture Capital Works PT2
- Video ~ How Venture Capital Works PT3
- Video ~ How Venture Capital Works PT4
- Video ~ How Venture Capital Works PT5
- Video ~ How Venture Capital Works PT6
- Reading ~ Venture Capital: The Good, Bad, and Ugly
- Video ~ Exits Elusive for Venture Capital Backed Startups
- Video ~ Interview with Paul Dal, Silicon Valley Venture Capital Investor
- Video ~ Q&A with Ann Winblad, Leading Venture Capital Investor
- Video ~ Interview with Wu-Fu Chen, Entrepreneur & Investor
- Q & A ~ Raising Finance ~ Understanding Venture Investors
- Quiz ~ Understanding Venture Investors

### Understanding Angel Investors

Understanding angel investment, the angel business model and the process of raising finance from angel investors.

- Video ~ Angel Financing--How Angel Investment Works
- Slideshow Handout ~ How Angel Investment Works
- Video ~ What Entrepreneurs Should Know About Angel Investing
- Video ~ A Guide to Getting Angel Investors
- Video ~ 4 Things Angel Investors Look for in an Investment Opportunity
- Quiz ~ Understanding Angel Investors
- Q & A ~ Raising Finance ~ Understanding Angel Investors

### Winning an Audience with a Venture Investor

Which investors do you approach, how do you approach them, when is the company ready to talk to them? Before an entrepreneur is ready or able to present to investors, he/she must have reached a certain point of maturity in the business, prepared the business plan, identified suitable investors, approached them and successfully survived the screening process.

- Reading ~ Pages 325-350 Zero-to-IPO
- Video ~ 3 Tips for Choosing Your Investors
- Video ~ Interview with Alberto Savoia, Silicon Valley Entrepreneur
- Video ~ Q&A with Jeff Ready, Entrepreneur
- Video ~ Winning an Audience with a Venture Investor
- Slideshow Handout ~ Winning an Audience with a Venture Investor URL
- Q & A ~ Raising Finance ~ Winning an Audience with a Venture Investor
- Quiz ~ Winning an Audience with a Venture Investor

### Pitching to Venture Investors

How to present your story to venture investors.

- Reading ~ Pages 338-340 Zero-to-IPO
- Video ~ Q&A With Tim Draper, Venture Capital Investor
- Video ~ Startup Pitch
- Watch a startup pitch a venture investor.
- Video ~ 10 Things To Know Before You Pitch A VC
- Video ~ The Business Plan Deck
- Video ~ 4 Qualities Venture Capitalists Seek in Entrepreneurs
- Video ~ The 10 Pieces Of A Successful Pitch Deck
- Video ~ Ways to Pitch Your Idea to Venture Capitalists
- Video ~ How to Impress Potential Investors
- Video ~ How to Pitch without an NDA
- Video ~ Tips For Fundraising
- Q & A ~ Raising Finance ~ Pitching to Venture Investors
- Quiz ~ Pitching to Venture Investors

### Preferred Stock and Investment Terms

How are venture investments structured? What are the most significant terms? What can entrepreneurs expect? Who handles the negotiations?

- Video ~ Negotiating Terms with Venture Investors
- Slideshow Handout ~ Negotiating Terms with Venture Investors
- Video ~ Preferred Means Standing in Line
- Video ~ The Most Important Points in a VC Term Sheet
- Video ~ Negotiating a Term Sheet
- Reading ~ Trados Shareholder Case
- Q & A ~ Raising Finance ~ Preferred Stock and Investment Terms
- Reading ~ Beware The Trappings Of Liquidation Preference
- Reading ~ The Terms Behind the Unicorn Valuations
- Reading ~ Silicon Valley Venture Capital Survey
- Quiz ~ Preferred Stock and Investment Terms

### Valuation of Startup Businesses in Venture Capital & Other

#### Financings

Note: See our SVBS course on Valuation for more information on this topic.

- Reading -- Pages 301-323, Zero-to-IPO
- Reading ~ Dollar Value ~ Pages 36-45
- Video ~ Valuation ~ Return on Investment
- Video ~ Startup Valuation
- Video ~ Pre-Money Post-Money
- Video ~ Valuation ~ Early & Seed Stage Startups
- Video ~ Valuation ~ Later-Stage Funding
- Video ~ Valuation ~ Depends on Transaction

#### Convertible Notes

Loans that convert to stock upon certain triggers.

- Video ~ Convertible Notes Explained
- Video ~ Convertible Notes
- Q & A ~ Raising Finance ~ Convertible Notes
- Quiz ~ Convertible Notes

#### Startup Bonds

Startup Bonds can offer an alternative to preferred stock financial instruments for early-stage startup companies. Convertible notes have been used in seed stage startups for years, but they are usually used as a bridge to a preferred-stock round of funding. The concept behind the concept of the Startup Bond is that this form of financial instrument can be used in place of the preferred stock structure--and can be used to provide all the funding a startup needs.

- Video ~ Startup Bonds
- Reading ~ Can Startup Entrepreneurs Retain Control when Raising Smaller Rounds of Funding?
- Reading ~ Startup Bonds
- Q & A ~ Raising Finance ~ Startup Bonds
- Quiz ~ Startup Bonds

#### Funding Considerations for Spin-Outs

Transformation of patents and ideas into raising ventures. Commercialization via technology transfer involving forming a new corporation, preparing a business plan, raising finance, etc. Explores spin-outs of existing product lines well as the commercialization of new products and technology.

- Video ~ Transformation of Technology to a Startup Company
- Slideshow Handout ~ Transformation of Technology to a Startup Company
- Q & A ~ Raising Finance ~ Funding Considerations for Spin-Outs
- Quiz ~ Funding Considerations for Spin-Outs

#### The Startup Business Plan

Note: see the SVBS course on Entrepreneurship for more information on business plans and business planning.

- Video ~ The Business Plan
- Slideshow Handout ~ The Business Plan
- Video ~ Target Big Markets

#### Innovation in Incubation & Financing

How finance and incubation services are being combined to help launch fledgling startup companies.

- Video ~ The Future of Venture Capital and High-Tech Entrepreneurship
- Video ~ Innovation is Plug & Play
- Video ~ Cyberport Hong Kong
- Quiz ~ Innovation in Incubation & Financing

#### Expansion Funding

- Video ~ Checklist for a Company to Seek Growth Capital
- Video ~ Important Criteria for Companies Seeking Growth Capital
- Video ~ Scalability
- Video ~ Addressable Target Market
- Video ~ Monetization Mechanism
- Video ~ Raising Growth Capital: Defensibility of IP
- Video ~ Traction (Momentum)
- Video ~ Team

#### Raising Finance Via Brokers & Other Intermediaries

Note: see the SVBS course on IPO & Securities Regulation for more on this topic.

#### Securities Regulations & Startup Financing

Note: see the SVBS course on IPO & Securities Regulation for more on this topic.

- Video ~ Are you Selling Securities?
- Video ~ "Securities" Definition
- Why raising finance from investors triggers securities regulation.

#### Crowdfunding for Startups

Note: see the SVBS course on IPO & Securities Regulation for more on this topic.

- Reading ~ Newly Legal: Buying Stock in Start-Ups Via Crowdfunding
- Reading ~ Crowd Funding for Startups
- Video ~ The Hidden Costs of Startup Funding Sources
- Video ~ What Kind of Business Is Crowdfunding Best For?
- Video ~ Equity Crowdfunding
- Video ~ Why Crowdfunding Is About More Than Just Funding
- Video ~ What Does It Take to Actually Succeed in Crowdfunding?
- Video ~ What to Include in Your Crowdfunding Pitch
- Video ~ The Anatomy of a Crowdfunding Campaign
- Video ~ Why and How to Prepare for a Crowdfunding Campaign
- Reading ~ How iCrowd Satisfies the Requirement to Have All Transactions Go Through a Registered Broker Dealer
- Video ~ Should Every Startup Do A Kickstarter Campaign?
- Reading ~ Equity Crowdfunding Websites For Startups
- Reading ~ Perspective: Ignore the Hype -- Regulation A+ is NOT Crowdfunding

#### Small Business Administration (SBA) Loans

- Video ~ Understanding SBA Loans
- Video ~ Qualifying For An SBA Loan
- Reading ~ SBA Loans

#### Optional Recommended Reading

Venture Capital, Private Equity, and the Financing of Entrepreneurship  
 eText: ISBN-10 1-118-32698-9, ISBN-13 978-1-118-32698-5  
 Print: ISBN-10 0-470-59143-9, ISBN-13 978-0-470-59143-7  
 Author(s): Lerner, Josh, Leamon, Ann ; Hardyman, Felicia  
 Publisher: John Wiley & Sons  
 Copyright year: © 2012 Pages: 464  
 Entrepreneurial Finance  
 Leach/Melicher  
 © 2009 South Western, Cengage Learning  
 ISBN: 0324561253, 9780324561258, 0324749724, 9780324749724, 1133457681, 9781133457688

#### Certificate of Completion

.