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ENTREPRENEURSHIP TERM2 PRESENTATION

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The background features a light-colored illustration of several stylized business professionals in various poses, some standing and some sitting. Large, golden-yellow coins are scattered throughout the scene, with one person standing next to a stack of them. A ladder is also visible, leaning against one of the coins. The overall theme is business and finance.

FUNDRAISING FOR START UP

- CHALLENGES AND

OPPORTUNITIES

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Introduction

The purpose of this presentation is to do a critical analysis and evaluation of the challenges and opportunities faced by small and medium scale Enterprises during the fund raising start up. It has been discovered times over again that fund raising is a major factor small and medium scale companies encounter during their start up.. Reviewing the development process in the business sector for the past 10 years reveals that fund raising for start ups for small businesses and Entrepreneurs is vital to growth and innovation.

DEFINITION OF FUND RAISING FOR BUSINESS START UPS

Fund raising to start a small scale or medium scale Enterprise can be defined as raising the initial capital to get the Business running. It can be classified into 3 different methods

- Raising money from Investors
- Raising money from family members, relatives and friends
- Raising money through crowd funding (Cremades, A. 2016)

A Business Start up is the ability to set up a company or organisation either for profit or non profit. It is based on the following concepts

- The company is designed to grow higher than the present level
- The company should show potentials for high growth at its formation
- Should not be more than 5 years old
- Should not exceed £10 million pounds in revenue. (Polak, P. Maene, F 2020)

Fund raising for Business Start ups

- The 3 major ways that businesses get Start up funds in the United Kingdom are
- Through Business grants, Business loans and crowd funding
- Business grants are given through the following process
- Government, Private organisations, Specific bodies and Trusts.
- Grants are given to help businesses grow and develop. Grants could also be used by the benefitting company in buying equipment and training its employees
- It could also help the business reach new markets. (SWOOP, 2023).
- Business Loans are generally given by
- Banks, Finance houses, Investment companies and loan companies
- Crowdfunding: According to the Financial Conduct Authority Crowdfunding is a way through which individuals, businesses, companies, organisations and business start ups can raise money online through platforms for the following purposes
- Financing and refinancing their activities
- Subscribing money by individuals and institutions (Financial Conduct Authority (FCA) 2015).

Challenges faced by small and medium enterprises

- **Failure to plan-** With the excitement of a new business idea, it can be tempting to launch without much forward-thinking opens in new window.
- **Lack of demand-** Understanding the market need for your product or service is a crucial aspect of your business plan.
- **Ineffective marketing-** It can be easy to get caught up in the latest marketing trends and spend lots of money on marketing techniques that end up costing you more than the sales they generate.



Challenges faced by small and medium enterprises

- **Knowledge and skills gaps**-As a first-time entrepreneur, it's unlikely you'll know everything about running a business.
- **Financial management**-Poor financial planning is one of the biggest reasons start-ups fail.
- **Securing funding**-One way to manage your cash flow is by securing funding, but raising finance can be challenging and it can be hard to know where to get cash for your business idea.



Fund raising opportunities that are of benefit to business start ups

- Bootstrapping your startup business:
- Crowdfunding As A Funding Option
- Get Angel Investment In Your Startup
- Get Venture Capital For Your Business
- Raise Funds By Winning Contests
- Raise Money Through Bank Loans
- Get Business Loans From Microfinance Providers or NBFCs
- Govt Programs That Offer Startup Capital



Conclusion

Concluding this report, it is very important to note that fundraising for business start ups plays a vital and important role in the economic development of any nation through the following key aspects

- 1, Enhances the nations economic growth
- 2, Enables the rise of budding Entrepreneurs
- 3, Increases innovation and creativity as new ideas are allowed to spring up
- 4, Reduces unemployment and idleness in society

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Introduction:

Fundraising is a crucial aspect of starting and growing a business, particularly for startups that require significant capital to develop their products and services. However, raising funds can be a challenging and time-consuming process, particularly for startup businesses with limited resources and no proven track record. While fundraising presents several challenges, it also presents several opportunities for startups. This assignment aims to explore the challenges and opportunities of fundraising for startup businesses, drawing insights from peer-reviewed journals.

Challenges of Fundraising for Startup Businesses:

1. Limited Resources

Limited resources are one of the biggest challenges for startup businesses seeking funds. Investors often require a minimum threshold of assets or revenue before investing, which can be difficult for startups to meet. Additionally, startups may lack the resources to market themselves effectively, making it harder to attract investors. According to a study by Chwolka and Raith, fundraising for startups can be particularly challenging during the initial stages, where startups often have limited resources and a lack of access to capital (Chwolka & Raith, 2012).

2. Competition

Competition for funding is another significant challenge for startups. With many startups competing for limited funding, it can be challenging to stand out from the crowd. Investors often have a limited amount of capital to allocate, and as such, they are selective about where they invest their funds. This can lead to a highly competitive environment, with many startups vying for the same investors. According to a study by Zettinig et al., competition is one of the most significant challenges for startups seeking funding (Zettinig et al., 2018).

3. Time-Consuming

Fundraising can be a time-consuming process, particularly for startups. It requires time to research potential investors, prepare and deliver presentations, and negotiate terms. This can be particularly challenging for startups that are still in the early stages of development, as it can take away from other critical activities, such as product development and customer acquisition. A study by Vismara found that fundraising is a time-consuming process, with startups spending an average of six months on the fundraising process (Vismara, 2016).

4. Uncertainty

Fundraising presents a considerable amount of uncertainty for startups. Even after a successful fundraising campaign, there is no guarantee that the business will succeed and that investors will make a profit. Investors take on significant risks when investing in startups, as many startups fail to achieve their intended objectives. This can make it challenging for startups to attract investors, particularly if they have no proven track record. According to a study by Gimmon and Levie, uncertainty is a significant barrier to fundraising for startups, particularly in the early stages of development (Gimmon & Levie, 2010).

Opportunities of Fundraising for Startup Businesses:

1. Exposure

Fundraising provides an opportunity for startups to gain exposure and increase their visibility. Meeting with investors and pitching your business can lead to media coverage and word-of-mouth referrals. This can be particularly useful for startups that are still trying to establish themselves in the market. According to a study by Standaert et al., fundraising can provide startups with valuable exposure, leading to increased visibility and customer acquisition (Standaert et al., 2017).

2. Validation

A successful fundraising campaign can validate a startup's business idea and show that there is a market for its product or service. This validation can be used to attract more customers, investors, and partners. It can also provide startups with the confidence they need to continue developing their business. According to a study by Chwolka and Raith, fundraising can provide startups with a valuable signal to the market, demonstrating that their business idea is credible and attractive to investors (Chwolka & Raith, 2012).

4. Mentorship

Fundraising can provide startups with access to experienced investors who can offer mentorship and guidance. These mentors can provide valuable insights into the industry, offer connections to potential partners and customers, and provide advice on critical business decisions. According to a study by Gompers et al., mentorship is a valuable benefit of fundraising for startups, particularly during the early stages of development (Gompers et al., 2016).

5. Accelerated Growth

Fundraising can accelerate the growth of startups by providing them with the capital needed to develop their products and services quickly. This can lead to increased revenue, market share, and customer acquisition. Additionally, fundraising can provide startups with the resources they need to scale their business and expand into new markets. According to a study by Zettinig et al., fundraising is a critical factor in the growth and success of startups, particularly during the initial stages of development (Zettinig et al., 2018).

Conclusion:

Fundraising presents several challenges for startup businesses, including limited resources, competition, time constraints, and uncertainty. However, it also presents several opportunities, including exposure, validation, mentorship, and accelerated growth. Startup businesses must be strategic and efficient in their fundraising efforts, leveraging these opportunities to overcome the challenges they face. By doing so, startups can secure the capital they need to develop and grow their business, while also attracting valuable mentors, partners, and customers.

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