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# Start-up your idea!

Nurturing entrepreneurship  
in Poland, Slovakia and  
the Czech Republic





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CAMP 3

# How to finance a project



# Contents

- 1. Financing options**
- 2. Useful documentation**
- 3. Steps in requesting a loan**

# Now your project needs to be financed

What are the most common business financing options?

What do you need to know when asking investors for money?

# 1. Financing options



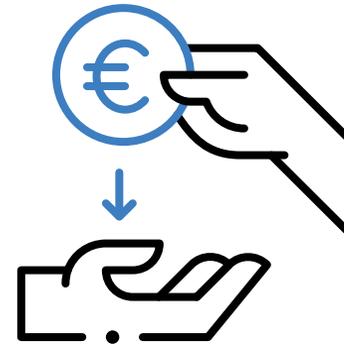
# Financing options for a small business



## Equity financing

Usually owner or family savings

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## Debt financing

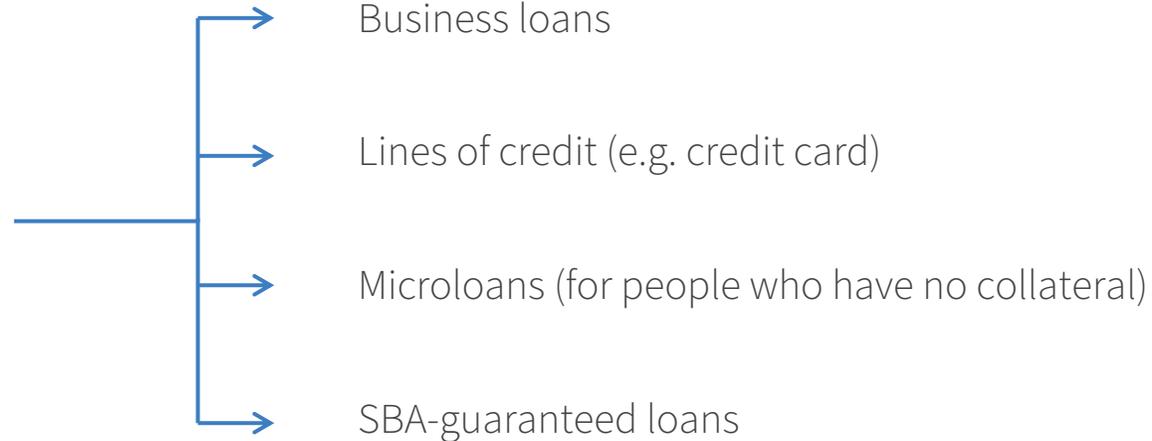
Borrowed funds that will be paid back  
in the future with interest

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# Debt financing (1)



## Banks



01

Ask your bank for information on their options

02

Ask your accountant or other business owners for bank suggestions

03

Find out what types of business financing your bank offers

04

Make an appointment with your bank to discuss the products offered

# Debt financing (2)



## Regional Lending Organisations



Development organisations that have loan programmes to help businesses in their region

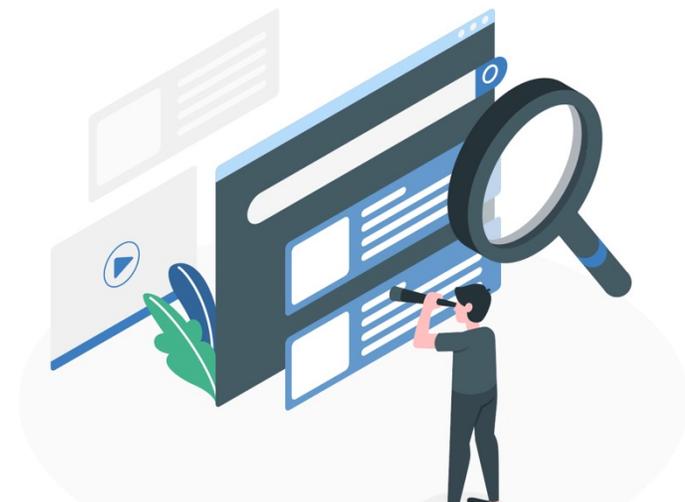
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### Look for:

CDFIs (Community Development Financing Institutions)

SBA (Small Business Administration)

Your city, county, state, or community economic development department



# Some tips for small business financing



01

Invest **your own money** to show commitment

02

Demonstrate that **you are good at managing debt**

03

Show the **profitability** of your business

04

Buy as few **fixed assets** as possible

05

Match **sources and uses** of funds

06

Understand the **financial statements** you will present to lenders

07

Be prepared to discuss **collateral** options

08

Understand the **risks and costs** of loan types

09

Look around for the **best loan**

# Other tips for start-up financing



## Angel investors

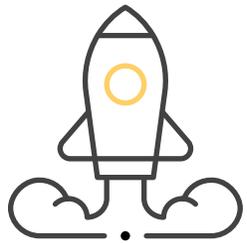
provide early-stage financing to the start-up, together with operational support, “know-how” and contacts, in exchange for convertible debt or ownership equity



## Venture Capital (VC)

form of private equity that investors provide to start-ups with long-term growth potential, in addition with technical expertise, mentoring, strategic partnership, etc.

# Other tips for start-up financing



## Startup accelerators

mentor-based programs that provides guidance, support and limited funding in exchange for equity. They can be either privately or publicly funded



## Crowdfunding

collecting small sums of money from a large number of private investors that want to contribute to a cause

## 2. Useful documentation



# Useful documents when talking to investors...



## Business Plan

detailing how your business idea could turn into a profitable operation



## Personal financial statement

showing your personal assets and liabilities



## Personal tax return

up to the past 3 years



## Equity contribution

How much will you invest in your business?  
Where will the money come from?

# Useful documents when talking to investors...



## Credit Report

make sure you don't have any credit issues



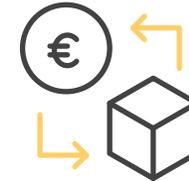
## Collateral

include some options for collateral in your application



## Agreements & contracts

include them to document the costs you will have



## Cash flow projections

used to see if cash inflows will be sufficient to cover cash outflows

# Use a Pitch Deck

A short PowerPoint presentation to illustrate your idea to investors and/or clients and get them intrigued



## 01

Present the problem you want to solve and your solution

## 02

Show your product, how and why it differs from the competition, and how big the market is

## 03

Illustrate your financial needs and expectations

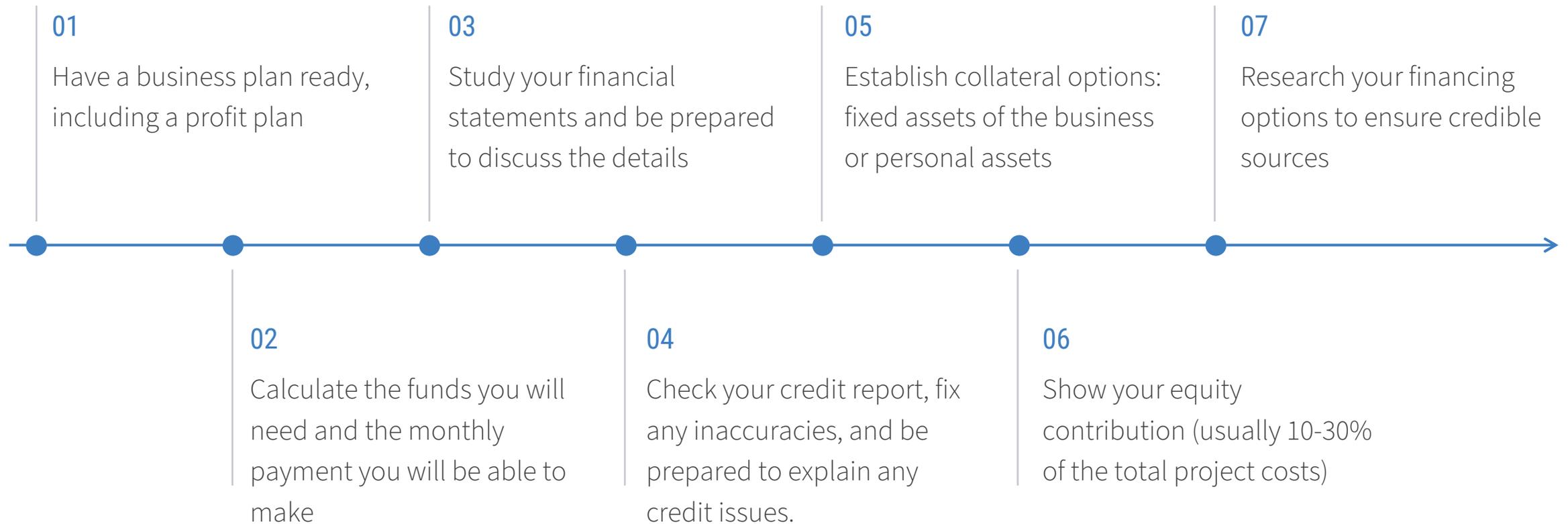
## 04

Why should they invest in your idea?  
What's your plan to make a profit and repay the loan?

# 3. Steps in requesting a loan



# Steps to ask for a loan



# Thank you!



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