



Excerpted from
FastTrac® GrowthVenture™



TAKE CHARGE OF YOUR BUSINESS®
A program of the Kauffman Foundation

Funding Goals Worksheet

Step 1 Funding Requirements. Some entrepreneurs raise capital through investors who take an equity position in their businesses. Others borrow from a lender. Some do both.

Identify specific funding need:

Amount – What amount of money is required?

Use of funds – How will the funds be used?

Costs – What interest rate or return on investment is your business willing and able to pay?

Consequences – Which risks are you willing to assume—those associated with debt financing (loss of the business through liquidation) or those associated with equity financing (loss of control)?

Step 2 Match with Funding Sources. Based on your needs and preferences, as identified above, and your knowledge of the requirements and preferences of debt and equity funders, place a check mark in the appropriate column to indicate if your funding needs would most likely fall in the debt category, equity category, or could be both.

Match of Business’s Funding Needs with Funding Sources

Criteria	Source Type Debt	Equity	Both
Amount – Funding sources have minimum and maximum amounts they wish to invest or loan to any one business. Banks may offer loans in lesser amounts while investors may be looking for larger amounts.	_____	_____	_____
Use of funds – Different uses of funds require different kinds of money. For example, funds to purchase fixed assets typically come from debt sources. Funds for research typically come from equity sources.	_____	_____	_____
Costs: Interest (debt) or Dividends (equity) – Bank interest rates range from 1–5 percentage points over prime. Equity investors look for much higher returns, possibly 25 to 100 percent per year for the use of their funds.	_____	_____	_____
Consequences – Failure to repay the debt may result in the borrower losing the business. Failure to provide investors adequate returns may result in loss of control of the business.	_____	_____	_____



Step 3 Potential Type of Funding. Based on responses to Steps 1 and 2, what category of financing is most likely to meet your needs?

Check one: Debt Equity

Step 4 Potential Funding Contacts. From the list below, checkmark the funding sources you plan to use. Then select two check marked categories from the list above and record specific names of institutions, individuals, or contacts within that category below.

Internal and Personal Sources	
<p>Debt</p> <ul style="list-style-type: none"> <input type="checkbox"/> Friends and family <input type="checkbox"/> Credit cards 	<p>Equity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Personal savings <input type="checkbox"/> Friends and family <input type="checkbox"/> Current earnings (profits) <input type="checkbox"/> Home equity loans

External Sources	
<p>Debt</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lines of credit <input type="checkbox"/> Short-term notes payable <input type="checkbox"/> Long-term notes payable <input type="checkbox"/> SBA-backed loans 	<p>Equity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Angel investors <input type="checkbox"/> Venture capital investors <input type="checkbox"/> Other investors <input type="checkbox"/> Initial public offering (ipo) <input type="checkbox"/> Private placement

Other Sources: Debt and Equity
<ul style="list-style-type: none"> <input type="checkbox"/> New owner/partner, customers, professional advisers, business acquaintances, leasing companies, factoring, joint ventures / strategic alliances, sale of distribution rights

List of Potential Funders
<p>Record specific names of institutions, individuals, and contacts.</p>



Step 5 Funding Plan. Develop a plan to approach the list of funders identified in Step 4.

In what order will you approach funders and why?

Based on your knowledge of the potential funder and their needs, which of the materials below would be of most interest to them? Check all that apply.

- | | |
|---|---|
| <input type="checkbox"/> Cash Flow Report | <input type="checkbox"/> Statement of net worth |
| <input type="checkbox"/> Income Statement | <input type="checkbox"/> Business Plan |
| <input type="checkbox"/> Balance Sheet | <input type="checkbox"/> Marketing brochures and materials |
| <input type="checkbox"/> Aging of accounts receivable | <input type="checkbox"/> Officers' resumes |
| <input type="checkbox"/> List of all business assets | <input type="checkbox"/> References |
| <input type="checkbox"/> Corporate and personal tax returns,
typically for three years | <input type="checkbox"/> Articles from newspapers and magazines
mentioning company |
| | <input type="checkbox"/> Other |

Step 6 Funding Proposition. Choose one contact from your list above and identify below the specific goals of this funder and the way in which your business will be able to reach the goals of that funder. (Answer the question, "What's in it for me?" from the perspective of the funder.)