Startup Funding

Name

Professor

Course

Date

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Start-up funds are the capital that is required to start a business or company for various purposes such as permits, office space, inventory, new product development, and marketing among others. The start-up capital may come in various ways but mostly, the start-up owners are usually required to give a certain percentage stake from their ownership in order to get an equivalent amount of money. Endeavors such as non-governmental organizations and charities, often get grants to aid in their start-up. Debt is another way of getting start-up funding where one is required to pay back the money including interest.

Working capital is referred to as the money that a business requires for its daily operations. This is calculated as current assets minus current liabilities. The working capital is a good way to measure the well-being of a business. The business should be able to meet its own short-term operational costs. There are many options to get funding for the business. The most effective ways of raising money are by boot-strapping (Barrette, 2018). This basically means that I will invest my own money into the business. This is good as it also reflects my confidence in the business.

The second way of funding my business is by using investors. Investors have large pools of money and control large assets. They often exchange money for shares in the business and some bring their expertise on board. By investing my own money, I will be able to win the confidence of the investors. The third way is by using accelerators at the beginning about the first 2-4 months. The will give funding in exchange for shares while providing programs such as mentorship.

 References

Barrette, A. (2018). A Beginner’s Guide to Funding a Startup. Available at <https://foundr.com/funding-a-startup/>