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### **Finance Sources**

Entrepreneurs find it problematic to raise money to launch a business or a product idea in multiple stages of business continuity. There is money out there, but entrepreneurs must know how and where to get it. Also, entrepreneurs tend to preoccupy one source of capital to the detriment of their businesses. According to Cumming et al. (2019), there are multiple sources of funds, and entrepreneurs should keep all the available sources of funding open for the success of their ventures.

During this activity, I learned a lot about funding sources, where to target, and the available options that entrepreneurs should put on the table. One of the methods is crowdfunding that involves raising funds via the collective effort of different stakeholders like family, friends, individual investors, and clients. This strategy enlists many individuals' help, primarily via social networks and crowdfunding sites. It makes use of their connections to expand their reach and awareness. Another option is venture capital that offers capital to startups and emerging firms with promising potential for growth in exchange for equity. In essence, venture capitalists invest in promising ventures, but they own part of the companies via equity purchase (Cumming et al., 2019). In addition to that, entrepreneurs can raise capital via an initial public offering (IPO). An IPO is a technique of raising funds for major corporations in which the company offers its stocks to the public for the first time. The equity assets are financial securities after the IPO.

Alternatively, entrepreneurs can raise funding from an angel investor, typically a private entity with a high net-worth and is keen on investing in small startups in exchange for equity. Also, to obtain funding through equity, one needs investors eager to create more value. Asking relatives or friends for money is the most effective technique to raise money through equity. A business

can also raise capital via debt financing, which happens when a company sells debt instruments to people or investment firms to raise money for working capital or capital expenditures.

In a real-world case, I can be looking for funds to launch a product idea, and I must consider all the available options. For instance, I will use a crowdfunding platform and describe my business and the product I intend to launch. I will also mention the goals of my business and the projected plans on how I will make profits once the product gets to the market, the amount needed to launch the product, allowing investors and consumers to review. Those willing to give their money will make online pledges, promising to purchase the product or give their donations. In addition to that, I can seek funding from an angel investor who is always ready to mentor entrepreneurs. However, if, as an investor, I fail to raise money via IPOs (which may not work effectively for my small venture) or from a venture capitalist, I can opt to sell by business assets to finance the short-term goals of the business involving product launch.

### Reference

Cumming, D., Deloof, M., Manigart, S., & Wright, M. (2019). New directions in entrepreneurial finance. *Journal of Banking & Finance*, *100*, 252-260.

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