VENTURE CAPITAL FINANCING *from the* ENTREPRENEUR PERSPECTIVE

WHAT IS VENTURE CAPITAL?

Venture capital is investment funding that typically comes from high net worth individuals and institutional investors and is pooled together and managed by dedicated investment firms (”VCs”). The typical range of investment from a VC is usually between $500,000 and $10,000,000 but can vary depending on the Company.

As an entrepreneur, there are many things to consider before accepting investment funds. It’s your idea and you have a vested interest in making sure you are able to keep as much ownership of your idea/company as possible. Major shareholders, such as VCs, offer valuable funding and expertise to help turn ideas into reality but it comes at a cost...

CONSIDERATIONS

BE PREPARED

Know your product/service and the industry well: you must be prepared before approaching a VC, or any investor. Understand your strengths and weaknesses and competitive advantages. Articulate this message to the VC in a clear, concise manner and include financial projections with realistic expenses and future revenue growth/earnings. Before releasing proprietary information or detailed financial analyses, make sure potential investors sign an NDA (non-disclosure agreement).

VALUE YOURSELF

Assess what you and your team bring to the table and recognize what skills and support you need to be successful. Be realistic and watch out for “founder’s syndrome”, for example, many entrepreneurs are very creative people but may not be the suitable candidate to take the company to the next level.

RISK IS A FOUR LETTER WORD

While early stage companies are riskier investments, they offer more potential rewards to investors willing to take these risks. Be aware of the details in the agreements and terms you enter into with these sophisticated investors, particularly specific terms tied to performance, preferred status etc., so that your interests are protected.

IDEAS ARE WORTH MONEY

By understanding what you have and the industry you are in, you are then able to assess the potential worth of your idea. Know that bringing in sophisticated investors at an early stage can dilute your ownership value more than if you wait until later in your development stage.

BE IN CONTROL

Understand where you are going and research what business and share structure should be implemented to keep control. The sooner you go to a VC, the more ownership you will have to give up.

LOOK AROUND YOU

Before going to a VC, you may be able to raise the funds you require at an early stage from friends and family or through your personal network or network of close associates.

MONEY ISN’T EVERYTHING

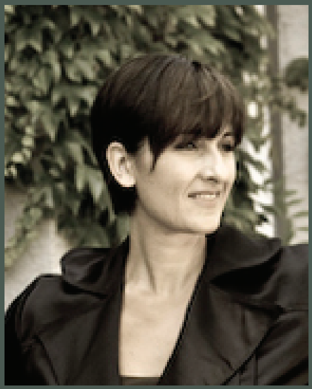
Often sophisticated investors will demand decision-making influence. Sometimes accepting VC funds too early can compromise your ability to implement your business strategy. The other side of this influence can also be positive. Sometimes these investors will add tremendous value and insight that you can benefit from, such as strategic connections, credibility, business expertise & industry experience.

EXPECT THE UNEXPECTED

A general rule of thumb is that you will need more money than you think and it will take longer than intended to implement your business strategy and begin to generate revenue. Make plans to allow for uncertainty and look for ways to keep costs down. Having a committed team that also have a vested interest in your success can be the saving grace in difficult times.

GET ME OUT OF HERE...

Sophisticated investors will want to know how and when they will be getting their money back. As the founder of the Company, you will most likely not know exactly how and when, but you should understand the importance of knowing what the end goal is. Never make a promise that you are not 100% sure you can keep. Often entrepreneurs are so excited about getting the investment, they are not realistic about the potential legal or financial consequences of what they are agreeing to.



Connie Linder, MBA
Vice President Communications

Connie's education and experience has given her valuable knowledge that can assist early-stage companies. She has more than 10 years experience working at the board and executive levels of many high growth companies in various industries, including clean-tech, green energy, sustainable real estate development and technology, through ICC, her business strategy and communications firm founded in 1999.

Previously, she worked as an investment advisor and financial planner and was co-founder of an award-winning business venture.

Connie has been nominated for Canadian woman entrepreneur of the year and is identified as a leader in sustainability by the University of British Columbia. She is the founder of Greenpages Directory Inc., a search engine/directory helping to bring sustainability mainstream.

Connie holds an MBA from the University of British Columbia, licenses for securities and insurance, and a certificate in integrative personal counseling. She also studied at universities in Umea, Sweden, Freiburg, Germany, and at the prestigious HEC in Paris, France.

clinder@telus.net T: 604.314.3390

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