

FUNDING OPPORTUNITIES FOR STARTUPS

According to a recent study, over 94% of startups fail during the first year of operation because of lack of funds. Finance are the bloodline of any business. In India there is a well developed financial system, comprising financial institutions, banks, non-banking financial companies and also venture capital companies. All these institutions cater to the diverse financial needs of the startups as well as existing businesses. The common ways available to funds startups:

1. **Self Funding:** If the entrepreneur's intention is to have full control over the startup, then self funding through own saving is the best option. This is the most preferred form of financing as it prevents the risk of equity dilution.
2. **Friends and Family:** The next best option of having easy financing is to tap into the friends and family members who believe in the new venture. At the early stage of startups, this act as a chief source of non-personal funds. In addition to funds, this option also guarantees entrepreneur's credibility to professional investors who might be interested in financing in future.
3. **Crowd Funding:** Now a days it's quite popular to raise small funds by means of crowd funding campaigns. Under this general public make online pledges to finance new startup during a campaign, either by pre-buying the product for later delivery, or giving donations. Crowd funding offers the best alternative to fund a new venture, without accumulating debt or giving up equity.
4. **Angel Investors:** Angel Investors are wealthy individuals who willing finance new startups in exchange of convertible debt or ownership equity. Nowadays almost all metropolitan cities have groups of local high-net-worth individuals interested in supporting startups, and willing to offer amounts up to a million dollars for qualified startups. The network members are industry leaders having strong operational experience who are capable of offering funds as well as advice to young entrepreneurs.
5. **Venture Capitalists:** Venture capitalists are professional investors, who invest institutional money in potentially rewarding startup opportunity.

They typically look for big opportunities, having proven business model, ready to scale and requiring huge funds. They have the power to influence major decisions of the companies they are investing in as it is their money at stake.

6. **Equity Financing:** Equity funding is the most common way of raising capital to develop the new business faster. This is achieved by selling stocks in the form of part ownership of the startup to investors for their investment. The liability of shareholders is limited to the face value of shares, and they are also easily transferable. This gives the startup the flexibility to grow at a faster rate instead of paying cash out each month.
7. **Debt Financing:** Debt financing is in a form of a loan which must be paid back within a fixed time. An entrepreneur is required to pay interest on the funds raised through debt financing. This source is most commonly used during Seed Investment Rounds in order to lessen dilution of the company's founders and existing investors. This also prevents the startup to do away with valuation of their venture at pre-mature stage.

MARKETING AND ORGANIZATIONAL PLAN

Planning is as much vital for a startup business as it for established ones. Plans pave the way for smooth transition of the business idea to a full-fledged commercial entity. Every startup should recognize the significance of plans whether broader organizational plans or specific like marketing plans. Plans facilitate accurate defining of organizations overall objectives and suggest the most suitable means to achieve these objectives. Though, a comprehensive business plan would comprise of plans belonging to all vital areas like financial, strategic, operational, organizational, human resource, marketing etc. But marketing and organizational plans are most significant as they form the foundation of any commercial entity.

1. **Marketing Plan:** Every budding entrepreneur needs a rock-solid marketing plan to ensure successful implementation of his unique business idea. But for startups venturing into the market for the first time, it can be hard to know where to start? Which marketing strategy to go for? What

tools should be used? How to build brand's image? Here comes the role of a marketing plan which defines the means and methods to successfully capture market and achieve impressive sales. A sound marketing plan ensures full exploitation of new opportunities along with enhancing the customer base. It helps in clearly defining the strategies to be adopted in all areas of marketing from identifying the target customers to 4Ps (Product, Price, Place and Promotion). However, the marketing plan should be drafted keeping in mind the competitors.

2. **Organizational Plan:** Organizational plans are very wide in scope, they encompass overall organizational goals and the means to accomplish them. Organizational plans provide a clear, compelling vision that the entrepreneur identifies with and works towards achieving it. Despite the fact that the specific elements of an organizational plan vary from business to business, the critical "strategic" elements remain common. The organizational plans are comprised of –

- The mission (the reason of current business existence).
- The vision (the desired future).
- The organization's strengths and constraints (the business's USPs and limitations).
- The critical internal/external challenges and opportunities faced by the organization.
- The goals to achieve the organization's mission.