

Module 4 – Orientation in the field of Green Economy

Information on Financial Opportunities

FROM BOOTSTRAPPING TO ACCELERATING YOUR BUSINESS





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MAIN OBJECTIVES :

- ◆ To learn about the initial stages of financing and the bootstrapping concept
- ◆ To give information about the EU Funding Opportunities available for startups
- ◆ To learn about the National Funding Programmes which you can utilize within your country, having Cyprus as an example
- ◆ To give information about the accelerator programmes at local and EU level



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Stages of Funding

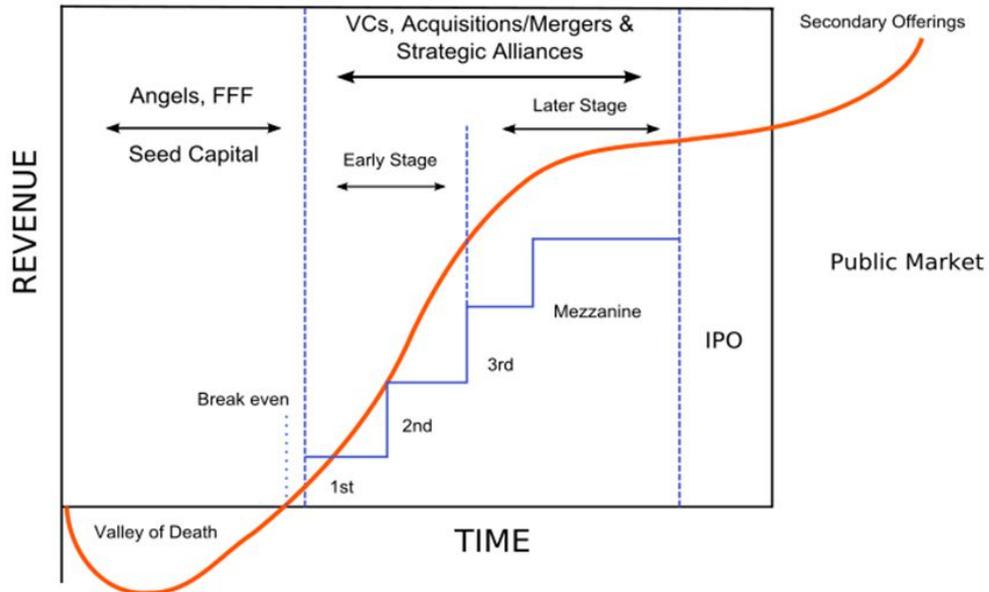
***No money to start a business?
No problem! TRY THESE 5 OPTIONS***

- ◆ 1st stage: Seed Money /Seed Capital – <https://www.investopedia.com/video/play/seed-capital/>
- ◆ 2nd stage: Angel Investor Funding
- ◆ 3rd stage: Venture Capital Financing
- ◆ 4th stage: Mezzanine Financing & Bridge Loans
- ◆ 5th stage: IPO (Initial Public Offering)





Startup funding cycle





Financing a start-up in different phases

◆ 1st Phase-Seed:

- ◆ Capital: provided by (family, own savings, business angels, crowdfunding reward based)
- ◆ Destination: Prototype, demos, marketing and buzz creation

◆ 2nd phase- Early stage:

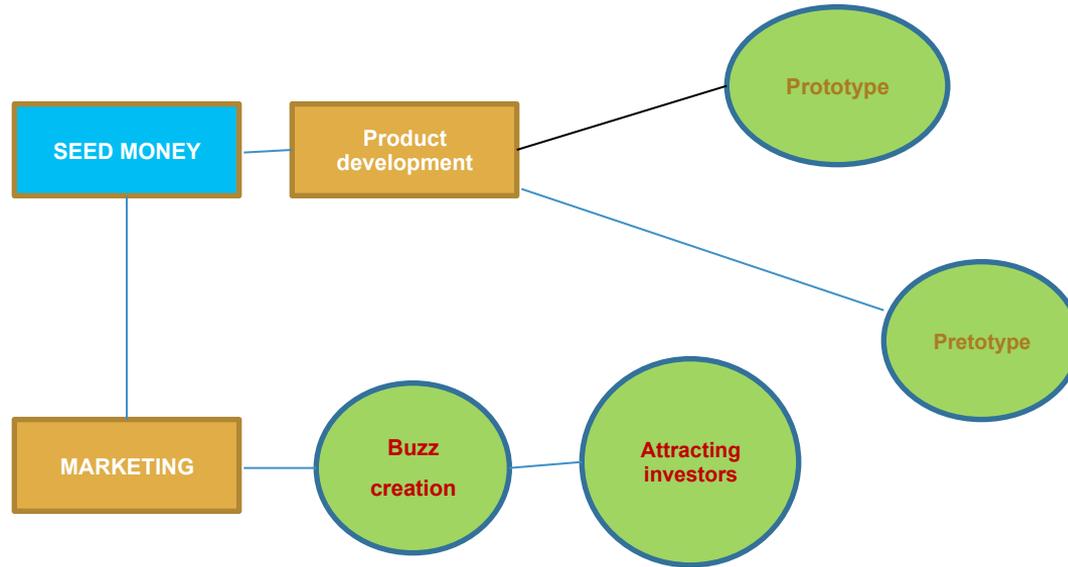
- ◆ Capital (business angels, own saving, early stage investors)
- ◆ Destination: MVP, Pretotyping, Marketing (customer base, early adopters, test and validation)

◆ 3rd phase -Equity:

- ◆ Capital: venture capitalists, Equity crowdfunding
- ◆ Destination: R&D, human resources, marketing, internationalization

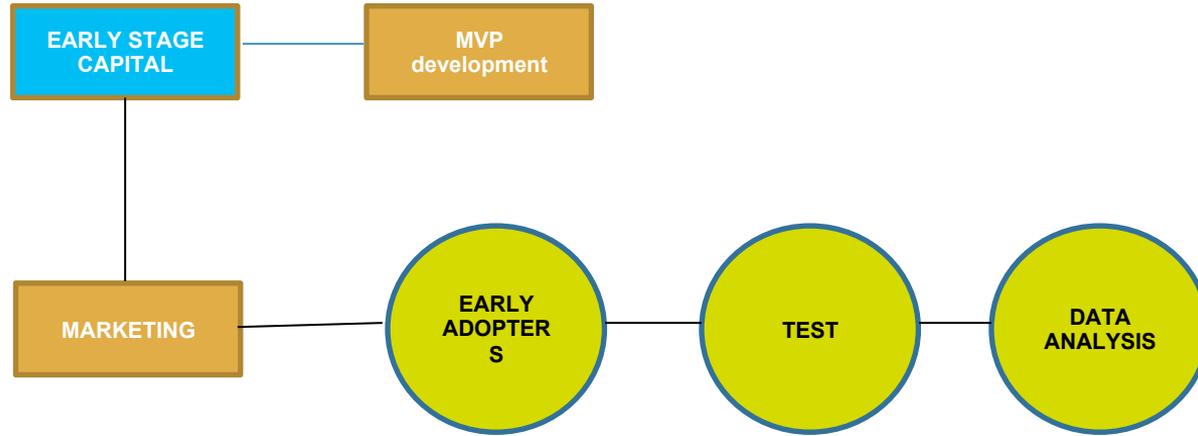


FIRST PHASE: SEED MONEY



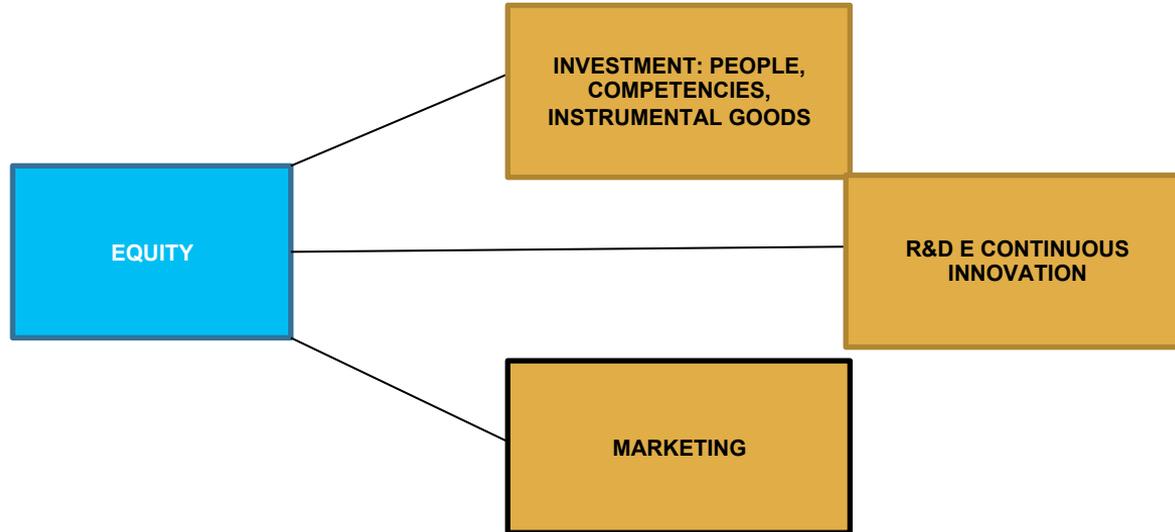


SECOND PHASE: EARLY Stage





THIRD PHASE: EQUITY



BOOTSTRAPPING



A situation in which an entrepreneur starts a company with *little capital*.

An individual is said to be bootstrapping when he or she attempts to found and build a company from *personal finances or from the operating revenues of the new company*



PROS AND CONS OF BOOTSTRAPPING



PROS: Compared to using business angel or venture capital funds, bootstrapping can be beneficial because **the entrepreneur is able to maintain control over all decisions.**

Also **no external pressure** for quick and big financial results.

CONS: this form of financing may place **unnecessary financial risk** on the entrepreneur.

Also it may not provide enough investment for the company to become successful at a reasonable rate.

For more on how to bootstrap, check out ***Bootstrap Business*** by Rich Christiansen, who has launched nearly 30 companies by that method.



TOP 10 SOURCES OF FINANCING A STARTUP!

- Bootstrapping
- FFF
- Small business grants
- Crowdfunding
- Loans or lines of credit
- Incubators
- Angel investors
- Venture capital
- Bartering
- Form a partnership
- Commit to a major customer





Bootstrapping Rules

1. Do not buy used what you can lease.
2. Do not lease what you can borrow.
3. Do not borrow when you can barter.
4. Do not barter when you can beg.
5. Do not beg what you can scavenge.
6. Do not scavenge what you can get free.
7. Do not take for free what someone will pay you for.
8. Do not take payment for something that people will bid for.



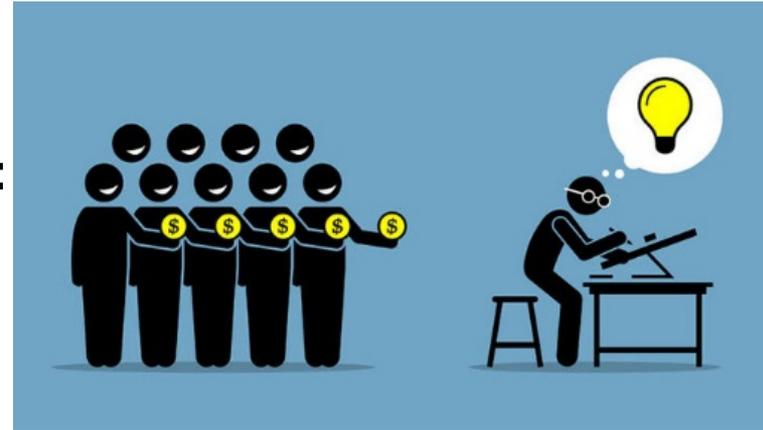
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Crowdfunding

◆ It's the process whereby a number of people provide money to a business in return for something.

◆ We slightly investigate two types of crowdfunding:

- Reward-based
- Equity crowdfunding

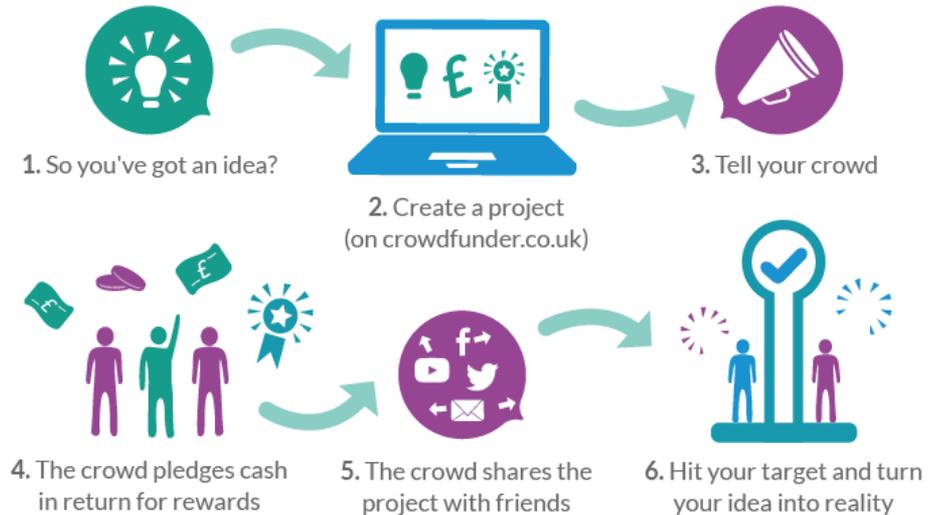




REWARD-BASED CROWDFUNDING (1)

◆ Reward based crowdfunding involves individuals contributing comparatively small amounts of money to projects in return for some kind of reward.

◆ Rewards can range from something simple such as a thank-you postcard to a production version of the crowdfunded product.





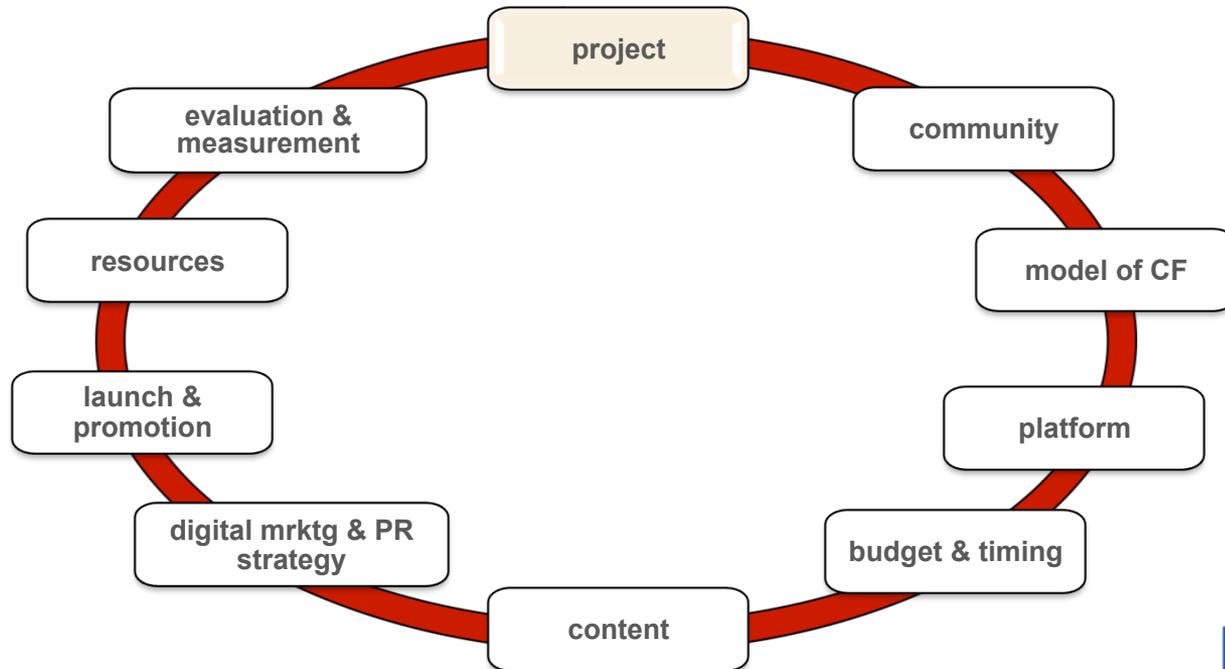
REWARD BASED CROWDFUNDING (2)

◆ Why to use crowdfunding (CF)? Why to start a CF campaign?

- it is a new way to launch a new product on the market and to pre-sell it (positive financial balance)
- It is a market analysis that allows you to find a position within the market. You can do it with less risks for your company.
- It is also a good way to wider your stakeholders network and to find new partners and sponsors or investors
- It is a good way to conduct a market validation
- Communication and marketing strategy (useful to create a customer base and define the buzz around your product)



Crowdfunding strategy



Equity Crowdfunding

◆ Equity crowdfunding is the process whereby a large number of people provide money to a business in return for shares in the company





Platforms for start-ups with investors

◆ There are platforms that allow people to invest in promising start ups, giving all the insights and numbers they need to settle the investment

◆ Top ten platforms:

- Companisto
- Crowdcube
- FundedbyMe
- Invesdor

- MyMicroInvest
- Seedmatch
- Seedrs
- Symbid
- SyndicateRoom
- Wiseed

◆ All platforms are backed by professional investors



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EU FUNDING PROGRAMMES





Startup

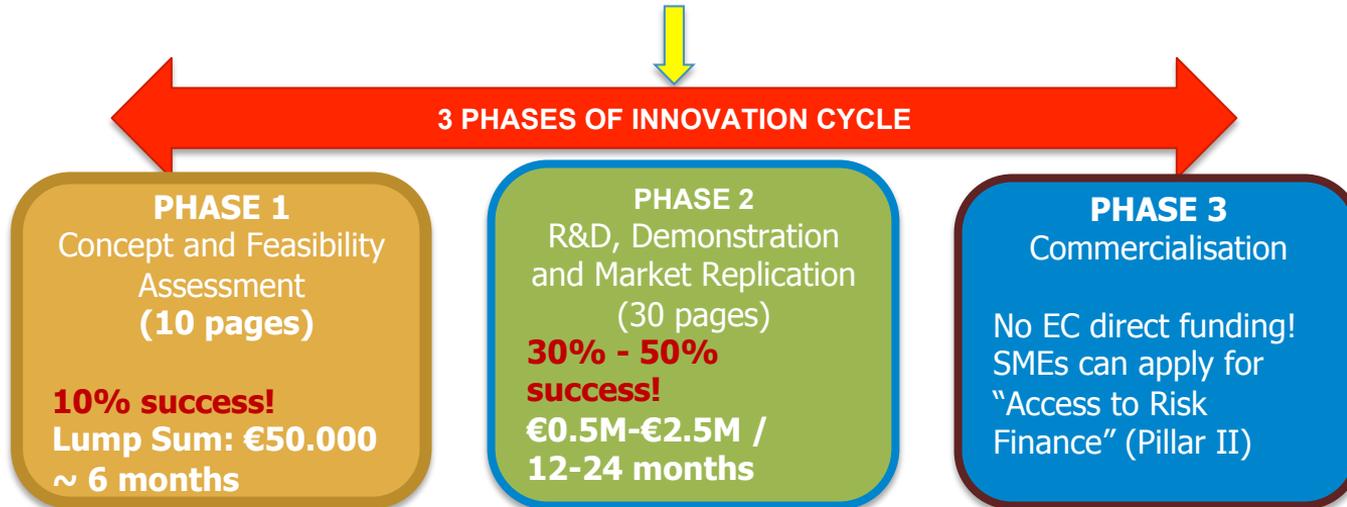
- HORIZON 2020 PROGRAMME
- STARTUP EUROPE INITIATIVE
- ERASMUS FOR YOUNG ENTREPRENEURS
- FIWARE PROGRAMME
- Startup Europe's Accelerator Assembly





The New SME Instrument

◆ Horizon 2020 brings the promise of creating opportunities to SMEs of all kinds, including those that are high tech, research driven, social and service oriented





TOP ACCELERATOR PROGRAMMES

EU

1. Seedcamp,
2. TechStars,
3. Founder Institute,
4. Startbootcamp,
5. Startup Weekend,
6. Launch48,
7. GameFounders,
8. Garage48
9. StartupBus Europe

Wauters Robin (2013), "It's getting crowded: With roughly 100 startup accelerators, how many are enough?", tech.eu, <http://tech.eu/research/29/there-are-roughly-100-active-startup-accelerators-europe/>

USA

1. Y Combinator,
2. TechStars,
3. AngelPad,
4. LaunchPad LA,
5. MuckerLab,
6. AlphaLab,
7. Capital Innovators,
8. Tech Wildcatters,
9. Surge Accelerator,
10. The Brandery,
11. Betaspring,
12. Boomstartup,
13. Entrepreneurs Roundtable Accelerator,
14. Jumpstart Foundry
15. DreamIt Ventures.

PRACTICAL EXERCISE:

- ◆ Aim: Learn how to prepare a catchy paragraph in order to promote and
- ◆ present your idea according to the specifications of an accelerator
- ◆ programme.

- ◆ Give to the participants printed some useful tips
- ◆ Then ask them to work with their team and prepare a short description of their idea.
- ◆ They need to follow the specification of the accelerator programme.
- ◆ Then they should present their idea to the other participants.

- ◆ Duration: 25 minutes



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Horizon 2020

Important online resources for further reading

◆ Official Horizon 2020 website:

<http://ec.europa.eu/programmes/horizon2020/en>

-International Cooperation:

<http://ec.europa.eu/research/iscp/index.cfm?llq=en&pg=policy>

-Europe 2020: http://ec.europa.eu/europe2020/index_en.htm

-Innovation Union: http://ec.europa.eu/research/innovation-union/index_en.cfm

-Digital Agenda for Europe: <http://ec.europa.eu/digital-agenda>

-A Resource Efficient Europe: <http://ec.europa.eu/resource-efficient-europe>

◆ National Programmes: http://www.mcit.gov.cy/mcit/mcit.nsf/dmlpublic_gr/dmlpublic_gr?OpenDocument

◆ Startup Europe Club Website <http://startupeuropeclub.eu/>

◆ Accelerator programmes in EU:

<http://tech.eu/research/29/there-are-roughly-100-active-startup-accelerators-europe/>

◆ Activity: **Search for this type of funds in your country:**

Protecting Intellectual property (IP)

◆ IP rights facilitate the free flow of information by sharing the protected know-how critical to the original, patented invention. In turn, this process leads to new innovations and improvements on existing ones.

◆ General definition of intellectual property rights (IPR)

◆ Intellectual Property (IP) is divided into two categories: **Industrial property**, which includes inventions (patents), trademarks, industrial designs, and geographic indications; and **Copyright**, which includes literary and artistic works. Intellectual property rights (IPR) refer to the **general term for the assignment of property rights** on these assets (see [Types of IPR](#)). The rights allow the holder to exclude other agents from the commercial exploitation of their intellectual property for a predetermined period.





TEST Questions:

1. Which are the major 8 parts of the Business Model Canvas!
2. Which is the major difference between licences and permits in green entrepreneurship?
3. What are the two categories of IPR?
4. Calculate the break even in the following case:

Average Solar panel Sell price \$12, Raw Materials are \$4, Production labour \$8/hour, 15min for each solar panel.

Salaries= \$2500/week, Insurance=\$1200/quarter, Rent= \$1500/month, Utilities=\$800/month.



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Thanks!