There are many ways to fund a new company

Last week I delivered the keynote address at the first Crowdfunding Made Simple conference in Salt Lake City, sponsored by the Crowdfunding Professional Association (CfPA). The CfPA plans another Salt Lake City event within the next several months. The first event was well received by more than 200 attendees. The slides from my presentation are available at http://www.slideshare.net/cconner01/crowdfunding-made-easy-conference-may-31-2012-slc.

I was asked to give the audience a high level overview on the various sources of money for aspiring entrepreneurs. I began with the questions an individual should ask himself before deciding to seek funding. These are:

- How much money is needed?
- Why is the money needed?
- How will the money be spent?
- What will be the results?
- Are you willing to give some equity?
- Can you pay back a loan?

In order of progression, the funding options are:

- Self – what personal assets do you have for your endeavor?
- Family and friends – do they have money to loan or invest?
- Crowd funding – are there people from across America who might invest in your company?
Angel investors – will sophisticated, accredited individuals invest in your business?

Banks and credit unions – can you qualify for an SBA loan?

Private equity/venture capital, Strategic partners, IPO – can you engage with major funding entities?

As an angel investor, venture capitalist and entrepreneur, I have had numerous lessons on investing and receiving investments. Please note several key findings:

1. **Great ideas have no value until they’re commercialized.** Value begins the moment a customer buys the product.
2. **It’s all about the revenue and the profit.** A business will not exist, survive or create wealth without excellent revenues, with good margins and low costs; all yielding profits.
3. **Experienced management is critical.** Entrepreneurs who succeed are exceptional managers and leaders. Those who distinguish themselves have had experience in operating a growing a business.
4. **There must be customers who will buy.** No business will grow without customers who buy products that meet a specific need.
5. **Execution is the key.** The ability to execute a business plan with perfection will yield results and success.
6. **Deal with honest people.** Carefully evaluate the integrity of companies and individuals. Avoid at all cost people who are dishonest.
7. **It takes twice as long to achieve success and twice as much money as you are likely to be estimating you’ll need.** Plan accordingly.
8. **Invest in lots of companies to play the odds.** Wise investors know that most companies fail. To overcome this consequence, they invest in numerous companies with a hope that a few will achieve greatness.

I recognize that funding is critical to growing a company. With this in mind, I will publish this Fall a complete guide on sources of money for entrepreneurs. If you have questions I can answer in the meantime, please visit my website at www.AlanEHall.com.

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