Chapter 5

Funding & investment

1. Advice for your personal finances
2. Types of funding
3. How much should you raise and when
4. Other financial titbits

"Figure out how much money you think you need, then double it and go get that money."
– Marc Zornes, Co-Founder at Winnow Solutions

Chapter 5

Raising money is a key part of being an entrepreneur. Agrifood has some specific challenges around finance given the typically slower growth rates, the seasonality of cashflow and time needed for a return on investment. Whilst some businesses can grow organically and don't require any external funding, the majority need cash injection whether it's in the form of debt, equity or grant money. This chapter will take you through types of funding available, offer tips on pitching to investors and browse through everything related to the financing of your business. Before getting into that, we thought it'd be useful to talk about personal finances.

Advice for your personal finances

- **Figure out how much personal runway you have & what you will do to support yourself when things take twice as long as they should** (because they always do). Some entrepreneurs start working on their idea whilst still fully employed elsewhere and only take the plunge once they've saved up enough money or received some initial funding. You might consider working part-time in the first phases of your startup or consider whether there is other freelance work you can do to extend your runway.

- **Why does your personal runway matter?** The last thing you want is to build an awesome startup but have to quit because you've personally run out of money when things are about to kick off. Financial stress can also significantly impact your wellbeing, how productive you are and how you lead your team.

- **Important questions to ask yourself:** Can you handle not paying yourself for a month or two (or longer) to smooth out cashflow because you have to pay your team? Are you willing to sacrifice certain expenses or certain aspects of how you lived your life to run a startup?

Types of funding

The type of funding strategy you decide to employ will depend on the type of business you want to build. Some business ideas need little funding to get started whilst others require much more capital. An agriculture business such as an aquaponic farm will have heavy initial capital expenditure (cost of machinery, cost of physical location, scientific expertise etc) whereas a business making a food product can start on a small scale with little upfront investment, grow organically & only require more capital to scale. What type of funding you take on also depends on how much control you want to keep over your business and on your risk appetite. If you take on equity investment, you'll be giving a share of your business to investors whereas if you take on debt, you'll keep control but will be responsible for repaying it. Let's look at the different options in more detail.

Grant funding

If you can get grant funding, do it! The plus side? It's free money. Money you don't have to pay back and money you don't have to give equity away for. It's usually given out by governments, foundations, NGOs or large businesses. The downsides? Grant applications can be lengthy, complicated, take a long time to be processed and have relatively strict criteria to fit into, often tying you to delivering charitable objectives, not perfecting your business. To find sources of grand funding: look for charitable foundations in your country; attend philanthropy and startup events; see if other sustainable ventures or social enterprises have received funding that may apply to you; set up Google alerts with key words and search whether there are aggregate sites of grant funders in your country. Here are a few pan-European or global ones to get you started (we haven't included country specific ones):

- **EIT RIS Innovation Grants:** receive up to €10,000 of equity-free funding for your agrifood innovation, these grants reward the best entrepreneurs and startups in Southern and Eastern Europe who have an early stage business idea that can help EIT food on their mission. https://www.eitfood.eu/programmes/ris-innovation-grants

- **The Postcode Lotteries Green Challenge:** a yearly competition open to business solutions that contribute towards a more sustainable planet, the winner wins €500,000! https://www.greenchallenge.info/info/green-challenge-fund

- **Thought for Food** is dedicated to empowering the next generation of innovators to build new solutions that transform our food system https://thoughtforfood.org/challenge/
- **Barilla Centre for Food and Nutrition:** The 2018 BCFN YES! Research Grant Competition invites young PhD and postdoc researchers from any background and nationality to submit a research project to improve the sustainability of the food system (€20,000) https://www.barillacfn.com/en/
- **Eurostars:** If you are a small company in need of public funding for your innovative idea, then Eurostars has been carefully developed to meet your specific needs https://www.eurostars-eureka.eu/2019-cut-offs
- **The European Agricultural Fund for Rural Development:** Grants for the sustainable development of agricultural and forestry sector as well as rural territories https://www.welcomeurope.com/european-funds/eafrd-european-agricultural-fund-rural-development-713+613.html#tab=onglet_details
- **European Maritime and Fisheries Fund:** helps fishermen transition to sustainable fishing and supports sustainable aquaculture developments. https://ec.europa.eu/fisheries/cfp/emff_en
- **Funding and tender opportunities from the EU Commission and other EU bodies:** https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home
- **Nestle Foundation:** initiates and supports research in human nutrition with public health relevance in low-income and lower middle-income countries according to the World Bank classification http://www.nestlefoundation.org/

Crowdfunding

Crowdfunding has become widespread with startups in the last ten years as an alternative way of raising funds. There are two main types of crowdfunding: rewards based, and equity based.

Rewards-based crowdfunding offers people (often known as "pledgers" or "backers") a reward, usually a version of the product or service the company is trying to raise money for, in exchange for money. These types of crowdfunding campaigns tend to be for smaller fundraisers (the average size on Kickstarter is €18,000) though some campaigns have raised hundreds of thousands or even millions of euros. These campaigns are not free. Crowdfunding platforms charge between 3-7% - most charging more for a flexible campaign (one where you get the money regardless of meeting your target) than a fixed campaign (one where you only get the money if you reach your target). Rewards-based crowdfunding is a great way to raise initial funds for your startup and also has other benefits. It allows you to test the appetite for your idea, to create a community of loyal supporters likely to follow you along your startup journey, and to create a buzz around your brand and product/service.

Equity crowdfunding is similar to raising capital from investors (see section below of equity investment) except it is done through a crowdfunding platform such as Crowdcube, WiSeed, and FundedByMe. Individuals invest varying amounts for a share of the company with most platforms offering investment amounts as low as €10. Investors do this with the expectation of making a return within 5-10 years, either through a trade sale (the company is sold to another company), through a buy-back scheme (the company decides to buy back shares from investors) or through an IPO (an "initial public offering" whereby the company gets listed on the stock market). These campaigns require more thorough work than rewards-based ones as they require business plans, financial forecasts and valuations, whilst rewards-based campaigns do not. Equity crowdfunding falls under the country's financial regulations with platforms needing to be approved by relevant financial bodies.

Crowdfunding is not an easier way of raising funds than other types of fundraising activities and the amount of work that goes into them should not be under-estimated. They require a high level of sophisticated marketing work.

How to make crowdfunding a success:

- **Preparation is key:** plan what you need to do before your crowdfunding campaign kicks off, every step you will take it when it's live and how you'll manage things after. Your plan should the amount you're raising, your marketing strategy, PR strategy and contact lists. Pre-draft emails and communications to go out at key times. It's crucial to be prepared for the launch of the crowdfunding campaign but it's also important to be prepared for when the campaign ends. Backers are putting money and faith in you so make sure you can deliver what you promise.
- **Be creative & genuine:** make your campaign original and interesting for the people you're trying to get on board. This seems obvious but many crowdfunding campaigns fail because founders believe people will want to back their business just because it's "cool". Tell a story and appeal to people's emotions. Stir their imagination and make them feel that by backing your campaign they are part of something bigger.
- **Appreciate how much work it actually is:** crowdfunding isn't just about putting your campaign online and money rolling in. You need to be prepared to hustle and hustle some more. Once your campaign is live, it becomes a full-time job of managing social media campaigns and direct contact with people. You will need to contact everyone you've ever met whether personally or professionally.
- **Figure out how to start strong:** most crowdfunding campaigns that don't raise 30% in the first couple of days fail so make sure you have a plan to achieve that. You should have backers/investors lined up to contribute as soon as it's live. Create a sense of urgency, maybe an incentive for people to contribute early on (like a limited amount of rewards, a raffle they'll be entered to, the chance to win something special…). It's worth doing some basic calculations around how many people you need to approach in order to reach your target.
- **Build relationships:** try to foster a personal relationship with as many backers as you can. Backers believe in you so much they've invested in something that doesn't exist yet. Show them appreciation they deserve. If these relationships are managed well, it's likely these people will be spending more money with you in the future.
- **Learn from others:** look at successful campaigns and get inspiration. We've picked a couple to get you started.

Entrepreneur testimonials on crowdfunding

"We did it because we saw it as opportunity to share our mission and our success with our customer. For not much more than the price of ordering our product, people could invest in the vision to take things to the next scale. People were excited about that and it was really successful. We now have an army of people who not only believe in what we're doing but are also emotionally invested in what we're doing. And that's an incredible connection that is also very unique to crowdfunding. However, it's also a pain in the a**. There's a lot that goes into it. Especially on the equity crowdfunding – legal aspect of things…. it's expensive to set up."
– Dan Kurzrock, Co-Founder and Chief Grain Officer at Regrained

"I strongly recommend crowdfunding. But not as a way to raise funds, but to build a community. It is a great way to get the word out, reach media and bind people to your brand. But it takes a lot of time and effort. Only do this if you have the marketing power in your team."
–Chantal Engelen, Co-Founder at Kromkommer

Rewards-based crowdfunding Case Study: Toast Ale

- **Platform:** Crowdfunder (https://www.crowdfunder.co.uk/raiseatoast#start)
- **Target:** £20,000
- **Result:** £29,452 with 449 supporters in 28 days

Why it worked? Toast Ale took a serious issue (food waste) and turned it into something enjoyable and popular (beer).

- Got a serious message across positively with humour and gave backers a sense of providing real value (tackling food waste) by explaining tangible impact (how many slices of bread saved with each pledge).
- Clear explanation of what money would be used for.
- Smart and creative rewards to fit many different budgets.

Equity crowdfunding Case Study: Oppo Ice-cream

- **Platform:** Seedrs (https://www.seedrs.com/oppo-ice-cream)
- **Target:** £100,000
- **Result:** £353,811

In 2015, Oppo became the "most overfunded" offer ever through its initiative on Seedrs. They set out to raise £100,000 but secured more that £300 000. When they returned to Seedrs for a follow-up round in 2016, Oppo reached its £150,000 target in about 6 hours.

Why it worked? They didn't just sell a product but told a story of how Oppo came to be. We as humans tend to feel first and think second, so it pays off to capture people's imagination and play on emotion.

"Crowdfunding is the BEST marketing tool! Where else can you promote yourself, get your story out there, get your product into people's hands, get their feedback on the product, build brand ambassadors, and raise money at the same time?"
– Cheryl Clements, Founder & CEO of food + beverage crowdfunding site PieShell

Debt

Borrowing money at different stages of your startup can be an effective way of raising capital and maintaining as much control of your business as possible. Debt can be raised from banks though this is rare at the startup stage, startup focused debt lenders are much more likely. There are government schemes that provide debt facilities as well. The downside of raising debt is that you have to pay it back with interest (unlike crowdfunding, equity or grant money). Some startup loans may even require a personal guarantee meaning you are personally liable to pay the money back if the business fails.

Increasingly popular with startups are convertible notes. These are also loans, though instead of being paid back in cash, they are paid back in equity. These notes allow you to delay valuing your business (an often-tricky operation for startups) and do not require you to pay the money back. Through this mechanism, investors do not receive equity immediately but receive a share of your business in your next round of equity investment (see below). Sounds like a good deal? It certainly is, though remember the hard work of valuing your business and setting up all the proper legal frameworks for investments still need to happen, just further down the road. Have a look at this crash course on convertible notes for more detail on how to make them work for you.

Equity

This is the practice of raising capital from investors for a share* of your business. Equity investment takes many forms - you can raise money from private individuals (often known as "angel investors"), from groups of investors, venture capitals, from funds... There are categories of investors like sector specific investors (in this case look out for the ones focusing on food & agri-tech!), impact investors (who focus on environmental and social impact as much as a financial return). Equity investment is a great way of raising larger amounts of capital and finding people who can be instrumental to the growth of your business. Consider whether you want investors who invest and don't get too involved (generalist investors), or ones who take a bigger role in your business by acting as advisors and helping open doors (strategic investors). It's key you raise capital from the right investors. Finding people who align with what you want to do and how you want to do it means you'll have a more collaborative relationship. People with relevant experience will help you speed up your growth by providing key introductions and by helping you avoid mistakes they will have made already.

When building and running a sustainable business, there are advantages to working with impact investors. If you find people who believe in your mission, they will value the wider impact you're creating as much, if not more, than financial gains. This means they'll be less likely to push for returns and extracting value from the business early on.

*There are different types of shares you can issue. Investopedia provides a good overview of these but we highly recommend getting legal and financial advice to decide which will best suit your business.

Steps to raise equity investment

- **Identify your funding needs:** you should have an idea of how much money you need to raise now and in the future (investors will ask you how much you plan to raise at a later stage).
- **Figure out your business valuation:** this refers to how much your business is worth and will determine what percentage of your business you'll need to give away in exchange for investment. See more on this as the end of the chapter.
- **Nail your elevator pitch:** you should be able to explain your business in one sentence.
- **Create a pitch deck + an investment teaser:** see below for more detail on both.
- **Find opportunities to pitch to investors:** find investor networks (perhaps begin with the EIT Food Investor Community), pitching evenings, build on your personal network, ask friends & other startups if they have tips/can recommend people.

- **Learn how to pitch:** practice makes perfect. If you have the opportunity to pitch to investors, take it seriously by making sure you're always prepared. You should practice your pitch and know it inside out. You should also be prepared for potential questions they may ask you. It might be intimidating but remember you know your business better than anyone else so have confidence to defend your proposition. Investors aren't there to catch you out. If they're interested in your business, they'll want to make sure you've done your homework and have a great team and plan to execute your idea.

Here are some other useful tips:

- Keep it brief. The more concise and to the point you can be, the better. Make sure you stick to any time guidelines you're given if these are decided by someone else.
- Be enthusiastic and share your passion. Investors want to invest in people who give everything to grow their business. If you don't bring good vibes to the room, they won't either.
- Know your audience: if you're able to research your investors before you pitch to them (it's not always the case if you're attending pitching events), do so and tailor your pitch to them and their interests.
- Tell a story: share your big vision and sell the dream. Find a way to be relatable and tap into your audience's emotions. They can focus on the detail once they've bought into the idea.
- Once you've found investors: create a term sheet. You can find templates for term sheets online though it may be best to work with lawyers for this (and other investment documents) as the direct financial impact of doing this wrong could be very significant for you.
- Prepare legal documents with lawyers.
- Get money rolling in! And then the real fun begins.

Creating a pitch deck & an investment teaser

A pitch deck is a brief presentation which showcases key aspects of your business plan and is used to pitch to investors (or other parties you may want something from like accelerators or certain customers for example). Broadly speaking, your pitch should not have over 15 slides and should be concise and clear. Less is more! You won't have much time to make an impression on whoever you're pitching to so put a lot of thought and consideration into your pitch deck and how you present it. Make it visually engaging, not a list of bullet points and text you read off the screen! Make it exciting and tell a story to engage with your audience emotionally.

A good outline for your deck could be:

- What **problem** are you trying to solve?
- What's your **solution**?
- What **market** are you targeting and how big is it?
- How does your **product or service** work, or what does it deliver?
- Who's your **competition** and how are they solving the problem?
- What's your **USP**?

- How do you set yourself apart from your **competition**?
- What **traction** have you gotten so far? What are your sales, existing or potential customers?
- Who's on your **team** and why are they the right people for this?
- What are your **financial projections** for the next 3-5 years?
- What **investment** do you require? (or another ask if it's not used for investment)

An investment teaser, much like a pitch deck, is often the first thing potential investors see. Usually one or two pages in length and encompassing the same sections as a pitch deck though with more detail as you won't get a chance to present.

It's also important to remember that you should be careful on how you approach potential investors as there are laws protecting people from scams around fraudulent investment opportunities. It's best to check these regulations for your specific country and/or ask for legal advice.

Types of funding summary table:

Funding type	Pros	Cons
Grants	▪ Don't have to pay it back or give away equity	▪ Applications can be complicated and time consuming ▪ Can take a long time to be processed ▪ Usually have strict criteria to fit into
Crowdfunding (rewards-based)	▪ Allows you to test people's appetite for your idea and get feedback ▪ Gives the opportunity to build a community of loyal supporters and brand ambassadors ▪ Helps spread your brand story and create a buzz around your brand and product/service ▪ Don't have to pay it back or give away equity	▪ Requires a lot of work before, during and after the campaign ▪ Need to have supporters lined up before the crowdfunding starts, otherwise there's a small chance of succeeding ▪ Crowdfunding websites charge a fee of 3-7% ▪ Raised funds on the smaller side (average on Kickstarter 18000€) ▪ Less suited for B2B companies
Crowdfunding (equity)	▪ Potential to raise large amount of funds compared to rewards-based crowdfunding ▪ Helps spread your brand's story and create a buzz around your brand or product/service ▪ Gives opportunity to build a community of loyal supporters and brand ambassadors	▪ Require even more work than rewards-based crowdfunding (need to have a business plan, financial forecast and valuation) ▪ Need to give away a share of the business ▪ Need to be approved by relevant financial bodies
Debt	▪ Raise capital whilst maintaining control of your business	▪ Has to be paid back with interest ▪ Hard to obtain for startups with no traction ▪ Might require a personal guarantee
Equity	▪ Opportunity to raise larger amounts of capital ▪ Possibility to accelerate growth through collaborative relationships with investors	▪ You need to give away a share of your business ▪ You then have investors to manage and be accountable to (this can be good and bad)

Investor relations

Once you have investors on board, you'll need to figure out how you will manage them. Some investors will be more demanding than others. You might schedule regular meetings or calls with enthusiastic investors if you feel they can help you in some capacity. Overall, you'll need to develop a regular reporting method - this might be weekly, monthly or quarterly (longer than every quarter is likely to be too long).

Top tip from entrepreneurs on managing investors

"Over-communicate rather than under-communicate until you have balance so you can properly build trust."
– David, CEO & Co-Founder Aerofarms

"Investors aren't your bosses and if you treat them as such, you won't get the most out of them and you won't be a good leader. Before choosing your investors, we screened them for mission. We had a litmus test – if an investor didn't share a story or anecdote on how they felt about throwing food away, it was very unlikely that they would get the mission. Come up with a way to screen investors. Also understand that when an investor passes on your business, it's not personal, they just don't get it."
– Saasha Celestial-One, Co-Founder at Olio

How much should you raise and when

There is no straight answer to answer that and it will vary dramatically depending on the type of business in question and the different stages of the business. We thought it'd be useful to show the investment journeys of a couple of businesses.

Business 1: Brand making snacks with crickets

1. **Personal funds:** three co-founders each invest €5000 of own savings to put together a basic concept consisting of prototype snacks made at home and initial branding ideas with freelance designers. This MVP and initial brand is used for the next stage of fundraising.

2. **Grant funding:** 3 months later, the business obtains grant funding from a local social enterprise incubator and receives €10,000. This is used to fund further product and brand development.

3. **Crowdfunding campaign:** 6 months after their initial personal investment, the founders decide to raise their next chunk of capital through a rewards-based crowdfunding to start building a community. They raise €25,000 offering pre-sale of their bars. They use the money to conduct their first proper manufacturing run with a co-packer. They use the snacks made in this run to gain first customers and for their next fundraise.

4. **Angel investors round 1:** a year later, having won their first customers and proven sales on a small scale, the founders decide to raise a first round of angel investment to take their business to the next stage. They raise €160,000 and the funds to grow their team and on marketing to increase brand recognition.

5. **Angel investors round 2:** 19 months after round 1, having built traction with two major retailers and substantially grown their revenue and sales pipeline, the founders decide to raise a second round of angel investment (partly from existing investors, partly from new ones). They raise €400,000 and spend the money of new product development, further building the team, and refining their branding and marketing. This helps their business reach thousands of outlets and reach breakeven (the point where total revenues equal total expenses).

Business 2: Food tech company that creates solution to minimise water and pesticide use on traditional farms

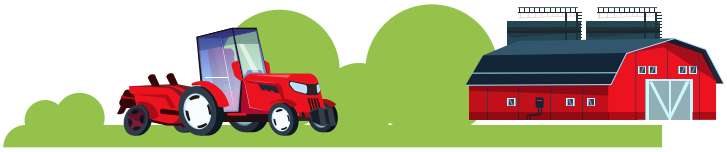
1. **Personal funds:** Two co-founders use personal funds to finance themselves whilst they develop a business plan and an investor pitch deck. They subsequently secure their first round of funding.

2. **Angel investors round 1:** 8 months after their initial idea, the company successfully raises €250,000 for product development, feasibility studies and to pilot their technology on two separate farms. In exchange, they give away 20% of the company, valuing their business at €1,250,000 post-money (see the financial jargon lexicon for more on this).

3. **Equity crowdfunding:** another 8 months later, confident with the progress they're making and seeing the potential benefit of crowdfunding, the founders decide to run an equity campaign raising an additional €600,000 in return for 30% of the company. This dilutes both the founders and angel investors. The funding is used to further develop the technology and bring the solution to market to a number of farms. Through contacts built during the campaign, they're also introduced to one of the largest agri-tech businesses in the world.

4. **Debt:** a year later, the founders realise they need a bit more cash before their next substantial fundraise whilst in discussion with venture capital funds, so they issue a convertible note for existing investors to act as bridging loan. This money acts as a "bridge" between two funding rounds. The investors who loan the money will get a discount when this is converted into equity when the next funding round is completed.

5. **Venture capital:** 17 months later, wow ready to scale, the company raises €1.5 million from a strategic venture capital partner with expertise in the sector. They give away a further 25% of the business diluting all existing shareholders. This venture capital puts a board member on and enables the business to have the resources to truly scale.



It's useful to ask yourself a few questions when deciding how much to raise:

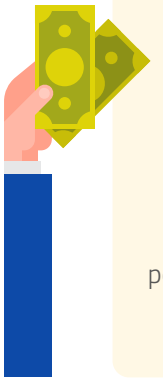
- What will we use this money for specifically?
- What do we want to have achieved before raising money again?
- What do we want to prove before raising money again?
- How much value will this fundraise add to our business?
- What's our plan B if things don't go according to plan before our next fundraise?

Top tips from entrepreneurs raising investment

"In the early days, be super scrappy in how you build your business. Make sacrifices. Be prepared not to take a salary, be prepared to hustle and sort of find a way. You're going to learn a lot by doing that. Once you raise money, expectations start. Before you raise money, it's your game. Then it's not a question of how I can get as much as I can… Raise enough money so you can have enough headspace to reach a bunch of milestones. Find investors you align with."
– Marc Zornes, Co-Founder at Winnow Solutions

"Funding can be very complex. You don't want to give up too much equity, but you want to be able to build your business. You want to build debt into it, but you need to be able to service that debt with sales. It all depends on your product and service… We're a very capex heavy business, we had to spend millions before having a product, so that influences your funding strategy/model. Once you start generating revenue, and you've got management accounts and have actual customers and have revenue, you can't sell dreams and rainbows to investors anymore. You're based in reality. When you're not revenue generating, you're selling the dream – it's much easier. That affects your funding strategy. If you can, raise as much as you can from the right investor with the right investment style with the right ethos but make sure they're coming on that journey with you."
– Steve Dring, Co-Founder at Growing Underground

"Take what you need in order to be able to deliver – product-to-market speed is critical so if outside capital is available, it becomes fundamental to the success of the business."
– Arturo, Co-Founder at Clara Foods



"I would recommend researching sources of non-dilutive capital early on, grant funding etc., but be specific and targeted for funds that apply to your business and approach start up competitions with some caution; they can be a great source of publicity, some funding and a bit of a dopamine hit but I would be disciplined about the time spent on applications, pitches etc. Regarding venture capital funding, again be specific about the investors you target, food and agriculture is a niche sector, but growing, with a number of funds dedicated specifically to technologies in these areas. A warm intro is a hundred times better than a cold email (…). Fundraising is exhausting and the advice given is to focus on it entirely while doing it. I personally have always found this difficult as CEO of an early-stage company but do set goals of i.e. 50 meetings in one month and try to schedule a few a day in a concentrated period."
– Abi Ramanan, CEO & Co-Founder of Impact Vision

Financial jargon lexicon

There are lots of financial terms that get thrown around in business discussions, and if you've not been involved in raising investment or started a business before, it may be that you're finding yourself a bit lost. Here are some concepts you should be familiar with:

- **Business valuation:** the process of determining the economic value of a business or company. This can be used to determine the fair value of a business for a variety of reasons, including sale value, establishing partner ownership or for raising investment (investopedia.com). The latter is probably the most relevant for you at this stage as you'll need to figure out a business valuation when raising investment. Investopedia provides a few different ways of coming up with your valuation, it's worth remembering it is not an exact science and is very subjective.

- **Pre-money vs post-money valuation:** this refers to valuing your business before (pre) or after (post) investment. The value of your business goes up after you have raised funding.

- **Cap table:** or capitalisation table shows ownerships stakes of your business. If you are two co-founders who haven't raised investment and have split ownership, the table just shows the two of you with a 50-50 split. As you take on investment, this changes. The cap table simply shows the different percentage ownerships of different shareholders.

- **Term sheet:** it's the initial document drafted and agreed upon between two parties before completing investment. For example, if you're taking on equity investment, the lead investor (the one who is putting most money in) may suggest certain terms and conditions which other investors have to follow. Term sheets then provide the basis for drafting more legal documents.

- **Shareholder agreement:** A shareholders' agreement is an arrangement among a company's shareholders that describes how the company should be operated and outlines shareholders' rights and obligations. The agreement also includes information on the management of the company and privileges and protection of shareholders. (investopedia.com)

- **Articles of association:** a document that specifies the regulations for a company's operations and defines the company's purpose. The document lays out how tasks are to be accomplished within the organization, including the process for appointing directors and handling of financial records. (investopedia.com) Both the shareholders' agreement and the articles of association tend to be drafted by lawyers. They may seem a bit tricky and inaccessible but do spend time trying to get to grips with them as they are important in setting how your business operates and will operate in the future.

Investopedia is a great resource if you're ever searching for investment/financial related information.

Chapter 5 Wrap-up

Key take-aways

- Don't forget your personal finances – Plan how you're going to support yourself when things take twice as long as they should (because they always do). Consider holding on to your full-time job or working part-time in the beginning and working on your business idea in your free time.

  Time to stop and think: How much personal runway do you have? What sacrifices are you willing to make if/when things get tough? Are you willing to give up certain expenses or certain aspects of your lifestyle to run a startup?

- There are many types of funding (grants, crowdfunding, debt and equity) with pros and cons, so think carefully about your funding strategy.

  Time to stop and think: are you willing to give up a share of your business in exchange for investment? If yes, do you want generalist or strategic investors?

- To raise equity investment, you need to define your funding needs and business valuation, nail your elevator pitch and pitch deck, master your pitching skills and find opportunities to pitch to investors. Be prepared to sort out legal documents with lawyers and figure out how to manage investor relations.

  Time to stop and think: how much capital are you looking to raise? What will you use the funds for? What do you want to achieve and prove before raising money again? How much value will the fundraise add to your business? How will you manage investor relations?

- In addition to raising funds, crowdfunding is a great way to share your story, create a buzz around your brand and get your product in consumers' hands. However, crowdfunding is anything but easy. It requires a lot of work and preparation. To reach your target, you need more than a great story.

Now, let's get active!

1. **Figure out your personal finances.** How will you support yourself at the beginning of your startup journey, especially when things take longer than expected?

2. **Come up with a funding strategy.** Are you going to apply for grants, rely on crowdfunding, raise debt and/or raise capital from investors for a share of your business?

3. **Create a pitch deck** of 15 slides showing key aspects of your business plan. Be creative and use the deck to tell a story that engages your audience emotionally.

Additional resources

To learn about EU funds and support, check out these websites:

List of EU funding programmes
https://www.welcomeurope.com/list-european-funds.html

EU funds and support
http://startupeuropeclub.eu/eu-funds-and-support/

Thinking about turning to the crowds for capital? Read these articles for more information on crowdfunding:

Crowdfunding 101: The Basics
https://www.forbes.com/sites/chancebarnett/2012/08/02/crowdfunding-101-the-basics/#77b382b2cb4c

Crowdfunding 101 for Entrepreneurs
https://www.huffingtonpost.com/steve-mariotti/crowdfunding-101-for-entr_b_4598741.html?guccounter=1

Top 10 equity-based crowdfunding platforms in Europe
https://www.eu-startups.com/2017/11/top-10-equity-based-crowdfunding-platforms-in-europe

Useful information and advice for raising money and nailing your pitch:

Startup investment guide
https://www.boardofinnovation.com/guides/startup-investment/

How To Raise Money
http://paulgraham.com/fr.html

Five tips for presenting your business ideas
https://www.bl.uk/business-and-ip-centre/articles/five-tips-for-presenting-your-business-ideas

How to Effectively Pitch Business Ideas To Investors
https://medium.com/swlh/how-to-effectively-pitch-business-ideas-to-investors-dd76661b02f1

13 Tips on How to Deliver a Pitch Investors Simply Can't Turn Down
https://www.entrepreneur.com/article/251311

8 tips for successfully pitching an investor
https://www.wework.com/creator/grow-your-business/marketing/8-tips-successfully-pitching-an-investor/

These resources will help you create an awesome pitch deck so you can go get that money:

What Is A Pitch Deck
https://pitchdeck.improvepresentation.com/what-is-a-pitch-deck

How To Create A Pitch Deck
https://www.forbes.com/sites/alejandrocremades/2018/03/02/how-to-create-a-pitch-deck/#12c77c9356c0

30 Legendary Startup Pitch Decks And What You Can Learn From Them
https://piktochart.com/blog/startup-pitch-decks-what-you-can-learn/

What is an Investment Teaser?
https://corporatefinanceinstitute.com/resources/knowledge/deals/what-is-an-investment-

6 Keys to Writing Great Investment Teasers
https://www.axial.net/forum/6-keys-to-writing-great-teasers/