



Sources of Finance

Discover the various sources of finance for businesses, from equity financing to bootstrapping. Explore the pros and cons of each option.

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Equity Financing

1 Ownership Share

Investors exchange funding for a portion of ownership in the company.

3 Considerations

Potential loss of control and diluted ownership.

2 Advantages

Access to expertise and networks of equity investors.

Debt Financing

1

Loans & Borrowings

Companies borrow money from financial institutions or individuals.

2

Advantages

No loss of ownership and potential tax benefits.

3

Considerations

Interest payments, collateral requirements, and repayment obligations.

Grants and Subsidies

1

Free Funding

Government or non-governmental organizations provide financial support.

2

Advantages

No repayment required and support for specific industries or projects.

3

Considerations

Eligibility criteria, competition, and reporting requirements.

Crowdfunding

1

Collective Funding

Individuals contribute small amounts to finance business ventures.

2

Advantages

Opportunity for market validation and building a loyal customer base.

3

Considerations

Effort required for campaign creation and fulfillment of rewards.

Venture Capitalists

1 Professional Investors

Investors provide funding to early-stage and high-growth companies.

2 Advantages

Access to expertise, networks, and follow-on funding opportunities.

3 Considerations

Loss of control and dilution of ownership.

Angel Investors

1 Individual Investors

High-net-worth individuals provide funding and mentorship to startups.

2 Advantages

Flexible terms, industry connections, and hands-on support.

3 Considerations

Reliance on individual investor's availability and personal preferences.



Bootstrapping

1 Self-Funding

Founders use personal savings and revenue to finance the business.

2 Advantages

Complete ownership and control, no debt or equity obligations.

3 Considerations

Limitations on scale and slower growth potential.