**Instructions:** Read through this entire document before working through the steps. Then, complete each step and type your responses directly into this document, which you will submit as the Project deliverable.

**1. Explore the topic of raising capital**

Do some internet searching on the general topic of raising capital for start-up organizations or businesses, and other new ventures of existing organizations. You can look at products or services, for-profit or nonprofit; however, to limit the scope of your research, do not focus on charitable fundraising done by individuals or organizations. Look for current issues and trends. This will help you with the introduction to your final article, in which you will explain the importance of raising capital for new ventures and provide context for your research focus.

|  |
| --- |
| Note three to five important issues you have found:  -The biggest challenge for any startup is finding investors willing to back your business. However, there's a big difference between finding investors and finding investors that are the right fit for your company(Matt D’Angelo, 2018).  -You must put at least some of your own money into the business. If you don’t have enough personal capital, then your first business sale will be selling a lender or investor on your proposal (Jim McConnon, 2008)  -Not having enough capital is the cause of many small business failures. Adequate capital is needed to start up the business, operate through hard times, and provide a good chance to become a profitable enterprise (Jim McConnon, 2008). |

**2. Choose a research category**

Choose one of the three categories (and an option within the category when there is a choice) below to explore through your research. You may want to do some internet searching to learn more about the categories and options within them before making your choice. As you explore, make a note of different terms used for the same concepts so that you can experiment with a variety of keyword searches when looking for sources.

**Category 1: Crowdfunding as equity versus crowdfunding as a loan**

**Category 2: Crowdfunding as equity versus another form of equity investment**

Choices for the other form of equity:

* Equity investment (selling interest in the ownership of the business) from the general public by issuing and selling shares
* Equity investment from a formal investment company/individual including angel investors (typically, these are wealthy individuals who provide seed money in exchange for a stake in ownership or stock)
* Equity investment from friends and family
* Paid-in capital from the owner(s)

**Category 3: Crowdfunding as a loan versus another form of loan**

Choices for the other form of loan:

* Business loans (loans made to a business rather than an individual) from a financial institution such as a bank or credit union
* Business loans through a nontraditional lender, such as a microfinance institution
* Loans from family and friends that may be made to the owner personally or to the new business
* “Bootstrapping” (personal loans from a traditional lender, which can include the business owner’s credit cards, second mortgage, etc.)

|  |
| --- |
| Write down the category/choice for your research:  Category 1: Crowdfunding as equity versus crowdfunding as a loan |

**3. Develop a focused research question**

Watch the video resource named Developing Research Questions. Follow the guidelines in this video to create a focused research question related to the category you chose in step 2 above.

The research question that you develop will help you zero in on one very specific issue within your research category. With the question in mind, you will be able to target your research toward finding support for an answer, or answers, to the question. Make your focus narrow. For example, you could focus on a certain industry or compare how successful the two types of funding are according to specific criteria. You also want the focus to be relevant to a wide audience.

In addition, make sure your choice can be explored in depth and is a topic currently being studied and written about since you will be gathering evidence from articles, other research and data to create an argument supporting your answer. You don’t want a question that has an obvious answer. Look instead to uncover information that is useful to readers and will give them food for thought.

|  |
| --- |
| Write your focused research question:  Is crowdfunding equity better than crowdfunding loan? Is crowdfunding loan easier to get than crowdfunding equity? Can crowdfunding equity raise more funds for business than crowdfunding loan? What are the major differences in both? |

**4. Identify preliminary sources**

Find at least three credible sources that might be used in your research, including at least one scholarly source and at least one source containing data that is relevant to your research question. The SNHU Library Business Guide resource will help you evaluate the sources you find.

***NOTE:***

* Your individual sources do not have to address or answer your research question exactly or completely—what’s important is that each resource contributes some kind of significant and relevant information and/or data.
* When searching for sources, it pays to experiment. Try a variety of search terms and combinations. Also, think of different ways of breaking down your topic so you can dig deeper into specific areas.

|  |
| --- |
| For each source, provide:   * An APA reference * A direct web link (if not already needed for the APA citation) * A brief explanation of how the source relates to your research question   1. Nakamura, Galen (2018) Choosing debt or equity financing. Retrieved from  <http://bi.galegroup.com.ezproxy.snhu.edu/global/article/GALE%7CA139836751?u=nhc_main&sid=ebsco>  When seeking financing, you typically have two choices, debt (borrowing) or equity (selling an ownership interest in your company). Each has its benefits, and your situation will determine the best solution for you.  Crowdfunding loan or Debt Crowdfunding allows business to borrow money from an online platform funded by many different investors. These platforms use the internet to reach thousands – if not millions of potential fundraisers. Once the bids submitted and you’re happy with the result, the loan goes ahead then you begin to pay back your investors in regular monthly instalments with interest. In equity crowdfunding, different people come together to invest in your business. But this time they’re doing it in return for equity, a small stake in the company (Nakamura, Galen 2018)  2. Gould, Marie (2017) Funding New Ventures. Retrieved from  <https://eds-a-ebscohost-com.ezproxy.snhu.edu/eds/detail/detail?vid=2&sid=626de489-dc0b-4de8-b5a2-bc47cc888da2%40sdc-v-sessmgr01&bdata=JnNpdGU9ZWRzLWxpdmUmc2NvcGU9c2l0ZQ%3d%3d#AN=89163727&db=ers>  One of the greatest challenges for new ventures is the ability to secure capital for investments that will allow the company to grow. Business must develop a customized plan that will meet its unique needs. Securing capital is a choice made after weighing the pros and cons of various options. All financing options can be classified into one of two categories: debt financing or equity capital (Gould, Marie 2017).  3. Zheng Haicho, Wang Tao, Gao Yiwen , Kang Minghui, (2016)Understanding the determinants of funders’ investment intentions on crowdfunding platforms.Retrieved from  <https://search-proquest-com.ezproxy.snhu.edu/docview/1826442400?accountid=3783>  Crowdfunding comes with risk to the investors. According to a poll taken by Kickstarter in 2013, the number one reason why Americas do not donate more is because of a fear that the money that they give will not be used wisely. This concern reduce the funder’s trust in both crowdfunding projects and platforms.  Bootstrapping is employed to analyze data collected from respondents with investment experience on equity crowdfunding projects. Structural equation modeling techniques are adopted to examine the factors that influence trust between funders and crowdfunding as well as the outcomes of this trust.  (Zheng Haicho, Wang Tao, Gao Yiwen , Kang Minghui, 2016) |

**5. Explain your strategy for conducting the rest of your academic research**

|  |
| --- |
| My hope is to find out the differences between crowdfunding equity vs crowdfunding loan. Also to find out whether crowdfunding equity is better than crowdfunding loan. This research will help me to determine the best crowdfunding choice for a startup business (equity or loan). I will look for the information on the web to get more information on crowdfunding equity vs crowdfunding loan. Another plan I have if I can’t find the information or data that I need is to reach out to someone that I know started a business and get his/her opinion on this topic. After all this, I will be able to have all the information and data I need on crowdfunding equity vs crowdfunding loan. |

**6. Identify two people to interview**

Choose two adults who you think can inform your overall research and add interest to your feature article. They do not need to be experts in the topic you are researching, but their interests or experience should somehow connect with your topic. For example, you might interview someone you know or someone in your community who has owned or considered starting a business, or someone who has experience with business owners, banks or other lending institutions. If you can’t find anyone with this type of experience, plan to share some basic information about your research topic and ask the person for impressions and opinions on the topic.

|  |
| --- |
| - Who do you plan to interview?  I plan to interview a co-worker and a friend  - Why did you choose each person?  My co-worker owned a family business, and my friend owned his own business.  - How do you expect your interview(s) to support your topic?  I believe that having their own business will make them aware of crowdfunding because they received funding from outside when they started their business. I will ask them their opinion on crowdfunding equity vs crowdfunding loan.  - What key questions and topics do you plan to cover in the interview?  I plan to ask their opinion on crowdfunding equity?  I plan to ask their opinion on crowdfunding loan?  I plan to ask the process they go through starting their own business?  I plan to ask the financing option they choose and if that is they right one for their business?  I plan to ask the financing option they prefer?  I plan to ask about their current growth like?  I plan to ask what their funder’s goal is?  I plan to ask the culture and work environment like?  I plan to ask their sales strategy?  I plan to ask them who are their investors? |

References

Matt D’Angelo, (2018) Startup financing challenges and how to overcome them. Retrieved from

<https://www.businessnewsdaily.com/10963-startup-financing-challenges.html>

Jim McConnon, (2008) Bulletin #3008, Capital Sources for Your Business. Retrieved from

<https://extension.umaine.edu/publications/3008e/>