1. Incubators and accelerators
Incubators and accelerators are programs that aim to speed up the growth and success of a startup company by mainly providing the necessary resources and giving focus and direction for a few months. Entrepreneurs usually go to them at the micro-seed stage to seek small investments between 25k-100k. The founders are benefitting from very skilled advisors and mentors, which they could not afford without the program. When incubators invest, they offer also office spaces and a group of peers. The goal is to create a minimum viable product. During the Airbnb case, Paul Graham’s Y Combinator was shown to be a unique and famous business incubator focusing on early stage Startups. They have very successful community of founders, provide unique networks and offer a specific 12-week program. In 2008, Airbnb was on the verge of failing before being accepted to YC. Through the community standards, the expertise of mentors, the creation of the company image as well as the customer interaction, Airbnb managed to become successful after all. Ultimately, the program provides the network for further investors.

2. Financing options
There are several ways to raise financial capital for further growth. First, the entrepreneur has to decide on how much capital is necessary at this time, when to start raising the capital and ultimately from whom it should be raised. The options to raise capital are personal funds, equity capital, debt financing and other creative sources.

2.1. Personal Funds & Bootstrapping
Often founders contribute their personal funds for their Startups, alongside sweat equity. The latter represents the value of the time and energy that the founder has put into his business. Personal funds may either come straight from the founder or via friends and family.

Bootstrapping is a common way of personal financing. Bootstrapping is used to describe an entrepreneur who is building up a company from scratch only using personal funds and the income generated through the first sales. In the bootstrapping approach, the founder generally tries to evade the need for external funding and financing. In order to get the business running, the founder is limiting the expenses. There are several ways of saving money during the early stage of the venture. Instead of buying new equipment, the founder purchases used equipment for a cheaper price. Instead of buying machines, the founder may sign a leasing contract, reducing the expenditures. Instead of renting an office, the entrepreneur may use

shared office spaces. Generally, all expenses are cut down to the minimum in order to spend as little money as possible.

2.2. Crowdfunding Types
Crowdfunding has become a popular way of financing. Via the internet, a large number of people are able to invest each a relatively small amount of capital into a venture, usually in return for some sort of amenity rather than loan. There are various sub groups of crowdfunding, such as donation-based, reward-based, equity-based and debt-based funding.

In donation-based crowdfunding, founders ask for donations from people in order to grow a venture or a project. Usually, the donors are willing to give their money because they care about the project or belief that they are donating for a good cause.
On the other hand, in reward-based crowdfunding the donors are rewarded according to the amount of capital they have provided. Often, donors are the first ones to receive the product for free once the business has started.

Equity-based crowdfunding describes a process where investors are providing capital to small or medium sized companies in return for a percentage ownership in the business. By receiving equity, the donors could benefit directly from the potential growth and profits of the business in the future.

Debt-based crowdfunding, also called peer to peer lending, is the last form of crowdfunding. The entrepreneur receives capital from a donor under the premise of paying back the capital at a later point in time. Thus, the founder is in debt with the donor. Compared to the equity- based approach, the entrepreneur does not have to give away potentially valuable equity of the venture and still collects the required capital.

2.3. Commercial Banks
Commercial banks have not proven to be a practical source of financing for Start Ups. Banks are risk averse when granting loans. Usually, Start Up companies are viewed as a very risky business by the banks, as they often have no revenue streams or capital available at the start. Banks will not have a validation and thus risk losing their money. Banks are good financing partners for established companies with strong cash flow. Therefore, later in the business cycle, Start Ups might reconsider this option.

2.4. Angel Investors
Angel investors are part of the equity funding options for Start Up entrepreneurs. They are usually wealthy individuals that invest a specific amount of money into a Start Up venture. In return for providing the capital, the angels receive ownership equity in the business or in some cases convertible debt. An angel, or a syndicate of angels, generally invest between 100k-1M into the business. In some cases, so-called super angels might be able to invest even higher sums into a business. In the stages of financing, angels are found during seed-funding stage, where the risk for investors is high and the available information about the venture relatively low. Angels receive equity in return for their investment, either through convertible notes or preferred stock. Founders may create incentives by offering a discount to angels.
In further financing rounds, Venture Capital firms invest higher amounts of capital.

2.5. Venture Capital Firms
Venture Capital Firms (VC’s) are part of the private equity financing options for a venture. Usually these firms have a high fund size that is invested in ventures. In many cases, VC’s invest large amounts of capital into companies to generate aggressive growth. VC’s invest from one million and more into ventures, depending on the series round. As the financing series continue, the invested capital increases. In return for the amounts invested, VC companies receive equity ownership in the business and ultimately increase their value as the business grows. VC’s help with the infrastructure, scalability, market share and distribution. Sequoia Capital is a VC company that was mentioned in the Airbnb case study, having invested over 7 million dollars into the company. Another example of VC investing was the “Coupa” financing rounds between 2009 and 2012 where the company has raised a total of 61.5 million dollars in three series (C, D&E) from VC’s.

3. Quantitative & Qualitative Factors of Investors
When seeking an investment for a venture, an entrepreneur should analyze quantitative as well as qualitative factors of the investors. Quantitative factors include the company’s valuation and the degree of dilution. Qualitative factors involve fund size, experience, knowledge as well as commitment.

3.1. Valuation
The valuation of the company is important to know. Pre-money valuation describes the valuation before a certain sum was invested, whereas post-money valuation describes the

company value after the investment. The higher the valuation of the company, the better for the entrepreneur. Valuation depends on different factors such as sales, profit, market, cohesion of the team as well as the scalability of the product. When looking at the WebTracker case, the two term sheets provided show a different valuation of the company. Bantam has valued the company higher at 12.070.445$ , whereas Regent valued at 11.622.000$. Regent, however, would demand an equity of 25,8%, valuing their equity at 2.998.476$, whilst Bantam’s 20.7% equity would be valued at 2.498.584$. Each term sheet would also result in a different price per share, 2$ at Regents versus 2.27$ at Bantam.

3.2. Dilution
The degree of dilution describes the decrease of ownership of the shareholders when the firm is issuing new shares. In each new series of financing, companies invest money and according to the current valuation of the company change their stake in the business. Usually a Start Up company possesses 1 million shares in the beginning. With each round of financing, the company issues more shares for angels or VC’s. Consequently, the founder’s ownership percentage decreases every round, causing dilution. However, each round the business usually gains value and thus the value of the shares increases. When a company is worth 100 Million at Series D with a total of 5 million shares issued, the owner’s 1 million shares make up 20% of all shares, therefore worth 20 Million dollars. Dilution has been 80%, as he owns only 20% now instead of 100%. The less dilution occurs, the better for the entrepreneur.

3.3. Experience of Investor
A more qualitative factor is the experience of the investor. An angel may have experience with the product or the market and could therefore offer valuable input for the business. In this case, the investment would be smart money, as it brings additional benefits such as connections, skill sets and knowledge. When looking at the WebTracker case, the VC Regent offered higher levels of experience and knowledge than Bantam, thus benefitting WebTracker.

3.4. Fund size
The fund size of a Venture Capital matters when a company is planning multiple series of financing. A VC’s small fund size may become problematic in later series. As the rounds continue, the valuation of the company increases and more capital is required by the VC at

each series. If the VC’s fund size is small, they might struggle to continue the large investments in the future. Hence it is important to choose a VC with a sufficient fund size.
In the case of WebTracker, both VC’s Regent & Bantam presented their term sheets with their fund sizes. A key issue for WebTracker was to find a VC that would continuously invest capital over several rounds. If a VC’s is only able to invest in one round, this could send a very negative image of WebTracker to other investors in further rounds. The public could falsely believe that WebTracker is not worth an investment. Therefore, a sufficient fund size to part spade over several series is vital. The smaller fund size of Bantam posed a serious issue for WebTracker.

3.5. Commitment
Commitment plays an important role as well. In the case of WebTracker, it could be seen that the level of commitment can vary between the investors. Regent’s Jim Jones might not be sufficiently dedicated, as he sits on 12 different boards and frequently interacts with other founders. Furthermore, a conflict of interest with other investments might occur in the future. On the other hand, Bantam’s Paul Ronan struggles with the separation of ownership and control as he tries too hard to help with investments, also creating an issue for the entrepreneurs.

4. Growth Options
Once the Start Up has created streams of revenue & income, it has different possibilities to achieve further growth, each with their advantages and disadvantages for the company.

4.1. Organic Growth
When analyzing the case of ScoreBig, organic growth was one of the possibilities. Organic growth refers to strategy where the business is seeking to expand operations within the business. This can be achieved by expanding the product range, sell more business units or, like ScoreBig, start expanding to new cities and territories with their product. The business is attempting to build on their own resources and abilities. ScoreBig was aiming to offer their ticketing platform in additional cities across the United States, thus increasing their revenue. The advantages of this type of growth are as follows. Firstly, the company can build on their existing strength such as the customer base as well as the brand reputation. ScoreBig has benefitted hugely from their good reputation among their current customers as they were able to offer their service consistently in a high quality. Secondly, the business may grow at a more

sensible rate in the long run. In this case, the business is more likely to sufficiently implement the steps they are planning and thus keeping their promises and level of quality. ScoreBig was risking to plan more than they could implement when moving to many different cities at once. Thirdly, the company is able to finance their growth from internal funds such as retained profits. Therefore, the company is not relying on external funding and a potential loss of equity to an outside investor. The drawback of organic growth may be the time it takes. Usually, organic growth is slow growth and often shareholders would like to see a company growing rapidly. Additionally, there might be competitors in the market that could grow faster and therefore gain more market share more quickly, thus outperforming the others. Lastly, organic growth also depends on the overall market of the business. When the market is relatively saturated with a little potential to grow, the company will struggle to grow massively in the long run.

4.2. Accelerated & Inorganic Growth
A company has the ability to have accelerated growth. This can be achieved in different ways. One way to grow would be mergers & acquisitions. By acquiring existing companies in the market, a company is able to integrate new processes, skills, knowledge and working capital into their existing business. Therefore, the company may grow very rapidly, gain market share and develop at a quick pace. In the beginning of 2015, ScoreBig had announced a multiyear partnership with the company Ticketmaster, in which it will become directly incorporated with the industry primary ticketing system at the time. ScoreBig has seized the opportunity to merge with Ticketmaster in order to develop their business through this partnership. The main advantages of inorganic growth are the additional skills, work force, knowledge, market presence, market share as well as revenue streams. The main disadvantage is the additional management capacity to keep up with the big changes. Also, the costs of obtaining other companies produce high costs. Lastly, there is always the risk of a merger or partnership not working out as planned, ultimately resulting in a fail.

4.3. Exit & IPO
At some point an entrepreneur may decide to exit. This can be done either through an initial public offer or by selling the shares of the company. An IPO describes the moment where a private company is going public, thus offering tradable stocks to the general public. At this point, the founder’s equity in shares can be sold and their value become real. Secondly, the

founders may agree to an acquisition, selling their shares at a specific price and thus exiting the company.

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