

Funding and Financing for Startups

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1. Bootstrapping

- Self-funding a business using personal savings or revenue generated by the business itself, retaining full ownership and control.

2. Friends and Family

- Often an early source of funding, though it carries the risk of straining personal relationships if the venture fails.

3. Angel Investors

- Wealthy individuals who invest their own money in early-stage startups, often in exchange for equity, and may also provide mentorship.

4. Venture Capital (VC)

- Professional investment firms that fund high-growth-potential startups in exchange for equity, typically at later stages than angels.

5. Debt Financing

- Bank loans or microfinance, which must be repaid with interest regardless of business performance, without diluting ownership.

6. Grants and Crowdfunding

- Non-repayable grants (often for social ventures) and crowdfunding platforms that raise small amounts from many backers.

7. Choosing the Right Source

- Depends on the stage of the business, growth ambitions, willingness to give up equity/control, and ability to service debt.