



Types of Capital

Paul Juffer

Partner

LWBJ Financial





Company Evolution and Funding Sources

- **Idea phase – self funded or customer funded**
- **Proof of concept phase (initial research)**
 - Self funded
 - Friends & Family
 - Angel Investor
 - SBA – debt
 - State of Iowa – debt





Company Evolution and Funding Sources

- Development stage phase (product development)
 - Angel Investors
 - State of Iowa
 - Seed Funds
 - Regional Venture Capital firms





Company Evolution and Funding Sources

- **Expansion stage phase (generating revenues)**
 - Angel Investors
 - State of Iowa
 - Seed Funds
 - Regional & National Venture Capital firms
 - Investment banking firms
- **Growth stage phase (generating profits/cash flow)**
 - All above +
 - Commercial banks





Equity Capital

- **What is it?**
 - Money invested in a business in return for **ownership**
 - Permanent capital





What it Means to Have Investors

- **Ownership**
 - Partner in your business
 - Give up some ownership and future profits
 - Funding to expand, thus increasing value of your business
- **Operations**
 - Management Assistance / New “Bosses”
 - Operational performance expected and return on investment
 - Board of Directors / Steering Committee oversight
- **Added risks**
 - Loss of control
 - Dilution

