

Identify the suitable funding for you

A guideline activity for your business!

ABOUT THIS ACTIVITY



This activity is designed to equip entrepreneurs with the necessary tools and insights needed to navigate the complex field of green growth. It delves into the intricacies of scaling strategies, offering a comprehensive analysis tailored specifically for green growth businesses. Whether you're an established green business looking to expand or a budding entrepreneur stepping into the green sector, this activity offers valuable insights to help you on your journey.

OBJECTIVES



First, this activity aims to explain the various types of funds available for green growth businesses. This will provide entrepreneurs with a comprehensive understanding of their funding options. Second, the activity guides entrepreneurs in analyzing their specific funding needs and matching these with the appropriate type of funds. This will enable entrepreneurs to make informed decisions about securing the right kind of funding for their business. Ultimately, the goal is to empower entrepreneurs with the knowledge and tools to effectively navigate the funding landscape in the green sector.

HOW TO DO THIS ACTIVITY?



Understanding Types of Funds

1 In this step, you'll learn about the various types of funds available for green growth businesses.

Analyze Funding Needs

2 Once you have a good understanding of the types of funds, the next step is to analyze your business's specific funding needs. Consider factors like the stage of your business, the amount of funding needed, and the purpose of the funding. This will help you identify which type of fund is most suitable for your business.

Interpret Funding Needs Score

3 After analyzing your funding needs, you'll interpret your funding needs score. This score is a reflection of how well your funding needs match with the types of funds available. Use this score to guide your funding decisions and to identify areas where you might need to adjust your funding strategy.

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STEP 1. UNDERSTANDING TYPES OF FUNDING NEEDS



There are several types of funding needs that a business might have, and various sources to meet these needs. Here are some examples:

- 1. Grants:** These are funds that are given by government bodies, foundations, or corporations and do not need to be repaid. They are often given to businesses that meet certain criteria or operate in certain industries.
- 2. Government Support:** This can come in the form of tax incentives, subsidies, or low-interest loans provided by government agencies to encourage businesses in certain sectors or regions.
- 3. Equity Financing:** This involves selling a portion of your business to investors in exchange for capital. The investors become shareholders and have a claim on future profits.
- 4. Crowdfunding:** This involves raising small amounts of money from a large number of people, typically via the Internet. It's often used by startups or for product development.
- 5. Venture Capital:** This is a type of private equity financing that is provided by venture capital firms to startups and early-stage companies that have been deemed to have high growth potential.
- 6. Angel Investment:** This is a type of equity financing where individual investors provide capital for a business startup, usually in exchange for convertible debt or ownership equity.
- 7. Bootstrapping:** This involves funding your business out of your pocket. This is a common method for small startups where the entrepreneur uses their savings, low-interest credit cards, or home equity loans to finance the business.

Each type of funding has its advantages and disadvantages, and the best choice depends on the specific circumstances of the business. It's important for businesses to carefully consider their options and possibly seek advice from a financial advisor before making a decision.

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STEP 2. DEFINE YOUR FUNDING NEEDS



Start by clearly defining your funding needs. Having a clear understanding of your funding needs will help you identify the right type of investors and craft a compelling pitch. To evaluate your funding needs, answer the following questions. Each 'Yes' is worth one point, and each 'No' is worth zero points.

Funding Needs Checklist

Do you have a clear business plan that outlines your financial needs?	Yes	No
Have you considered all potential costs, including initial setup costs, operational expenses, marketing, and future expansion?	Yes	No
Have you factored in potential risks and unexpected costs?	Yes	No
Have you considered non-monetary resources you might need, such as mentorship, industry connections, or technical expertise?	Yes	No
Have you explored all potential sources of funding, including self-funding, loans, grants, investors, and crowdfunding?	Yes	No
Do you have a contingency plan in case your primary funding source falls through?	Yes	No
Have you considered the impact of different funding options on your business's equity and control?	Yes	No
Do you have a clear understanding of the legal implications of your chosen funding method?	Yes	No
Have you considered the tax implications of your chosen funding method?	Yes	No
Have you sought advice from a financial advisor or mentor?	Yes	No

Funding Needs Score ____ / 10

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STEP 3. INTERPRETING FUNDING NEEDS SCORE



Now that you've completed the steps of understanding the types of funds and analyzing your funding needs, it's time to interpret your findings. The scorecard you're about to see is a reflection of how well your funding needs align with the types of funds available. It will provide a clear picture of your current funding strategy and highlight areas for improvement. This is a crucial step in your journey towards identifying the right funding for your green business.

Funding Needs Scorecard and Follow-up Actions Table

Total Score	What should you do next?
0-2	You need to spend more time defining your funding needs. Consider creating a detailed business plan and budget, and researching potential sources of funding. The best funding options for you could be Personal Savings, Friends and Family, or Business Credit Cards.
3-5	You have some understanding of your funding needs, but there are significant areas you need to work on. Consider creating a detailed business plan and budget, and researching potential sources of funding. The best funding options for you could be Bootstrapping.
6-8	You have a good understanding of your funding needs, but there are areas you could improve. Consider seeking advice from a financial advisor or mentor. The best funding options for you could be Government Support and Grants, or Crowdfunding.
9-10	You have a comprehensive understanding of your funding needs. You're ready to start looking for investment. The best funding options for you could be Equity Financing, Venture Capital, or Angel Investment.

Congratulations on completing the final activity! You've now explored all aspects of green growth, from planning your business to finding funding. Reflect on how these activities are interconnected and contribute to your overall understanding of the green growth ecosystem.