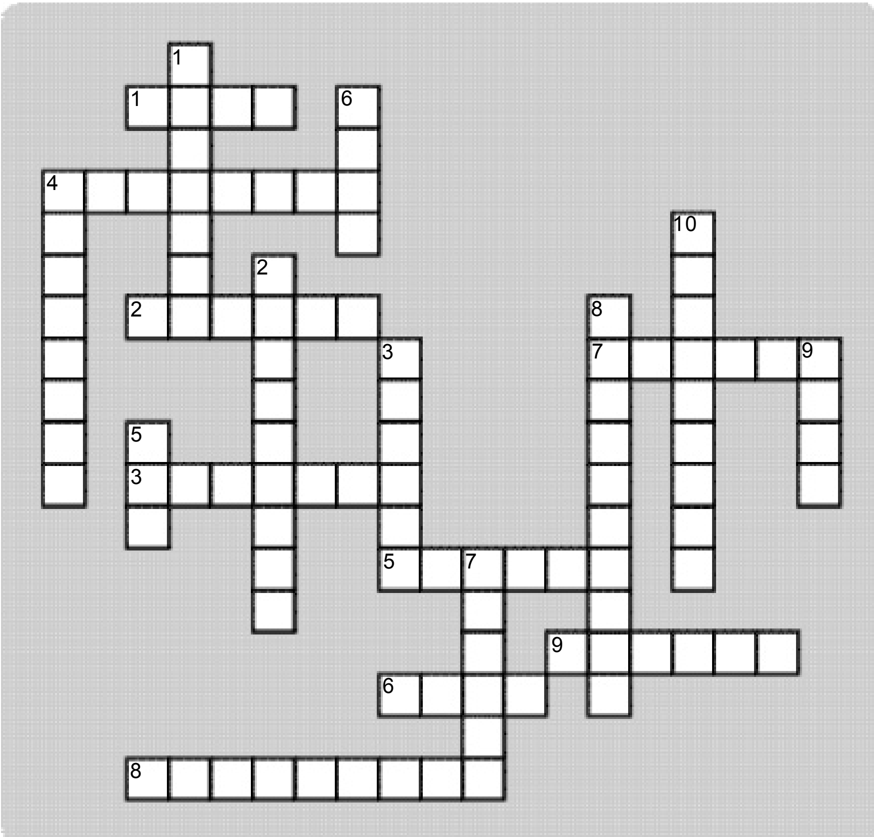
GoVenture Activities

Contributed by MediaSpark Inc

Crossword



ACROSS
1. Startup Financing
2. Market Pull
3. Accounting Method
4. “Always Right”
5. Deferred Payment
6. Advertising: Direct ___
7. Dress Code: Business ___
8. Something Owed
9. Net Profit

DOWN
1. Type of Investor: ___ Capitalist
2. Receivables Financing
3. Initial ___ Offering
4. Money In/Out
5. Payment to Government
6. Dismiss
7. Ownership
8. Bookkeeping
9. Business Symbol
10. Company Boss

Cryptogram

1.

______ ___ ______

V C F F W X N J A A K E N J A

2.

_________ ____

U Q S J C X T R L E I Q R

Word Search

M	Q	Z	E	J	Y	L	O	V	E	Z	A	B	Z	N
Y	A	V	H	E	V	N	Y	J	X	T	S	O	X	O
S	S	E	L	L	Y	T	B	B	C	R	B	O	F	I
Z	Q	L	S	E	I	O	C	C	H	G	U	K	T	T
W	I	B	B	U	S	K	L	A	Q	W	X	K	I	I
D	D	O	Q	B	X	T	C	P	S	E	C	E	D	T
N	J	E	S	F	V	A	A	G	M	H	S	E	E	E
A	T	P	C	X	X	X	E	R	U	E	H	P	R	P
M	S	S	F	C	A	A	C	H	T	L	P	I	C	M
E	M	P	S	E	I	T	X	D	J	U	K	N	H	O
D	J	A	C	O	R	S	Q	E	R	S	P	G	D	C
K	C	I	G	P	L	P	N	C	Q	Q	V	T	K	Z
C	F	G	W	E	E	U	N	E	V	E	R	Y	Y	T
T	E	N	T	R	E	P	R	E	N	E	U	R	G	U
I	N	V	E	S	T	M	E	N	T	X	F	T	Z	O

BOOKKEEPING
CASH
COMPETITION
CREDIT
DEMAND
EMPLOYEE
ENTREPRENEUR
EQUITY
INVESTMENT
LOSS
REVENUE
SELL
STARTUP
TAX

“Experience is the name everyone gives to their mistakes.”
Oscar Wilde

GoVenture Lesson Plan

Business Financing

Learners will be introduced to the primary types and sources of financing available to a business.

Outcomes

Learners will be able to:

- List the two primary types of financing available to businesses, and describe the benefits and drawbacks of each.
- List the various sources of financing.
- Identify the motivation behind each source of financing.
- Explain which type of financing might be most suitable for a given business.

Overview

There are two TYPES of financing available to most businesses: Debt and Equity. Debt is a loan that you must repay, usually with some amount of interest added. Equity, on the other hand, represents a purchase of ownership in a business. Each type of financing has its benefits and drawbacks, and not all businesses meet the requirements needed to obtain such financing. There are also several SOURCES of financing, each with unique features, all of which should be considered when seeking business financing.

Love Money Money from family and friends. Could be debt or equity.

Banks and Credit Unions Normally offer debt, with some form of collateral required. Objective is to gain a reasonable rate of return by financing lower risk opportunities.

Angels Wealthy individuals who invest for financial or emotional reasons.

Venture Capitalists (VCs) Professional investors who seek out high growth companies in their early stages. Objective is to realize large capital gains.

Mutual Funds Professional investors who seek out various types of companies, but generally those that are stable and in later stages of growth. Objectives vary from capital gains to dividend income.

Investment Banks Act as brokers to connect people looking to invest with companies seeking financing. Investment banks normally only facilitate deals in the millions of dollars.

Merchant Banks Similar to Investment Banks, but often invest their own funds as well.

Strategic Investors Businesses that may have a strategic interest in the activities of another business (such as a partner or competitor). Objectives vary from direct financial return to strategic business benefits.

Government Invest for economic development reasons. Usually debt or grant financing.

General Public Often called retail investors. May invest for financial and/or emotional reasons. Private companies are significantly restricted from pursuing investment directly from the public. Most retail investors have their money managed by financial advisors or mutual fund managers.

Questions

(1) What are the benefits and drawbacks of equity versus debt financing from an entrepreneur's point of view.

(2) What is collateral and why does a bank require it, whereas investors such as Venture Capitalists do not?

(3) How does "emotion" play a role in an Angel investor's investment decisions?

(4) What type of criteria do Venture Capitalists look for? What types of companies might qualify?

(5) Why does government use investment financing to spur economic development?

Free Activity!

This lesson plan is available as a printable Acrobat PDF version, with additional activities, student version, and instructor answer sheet. Browse to the Instructor area of the GoVenture.NETwork at **www.goventure.net** and enter Activity #1001.

CRYPTOGRAM

1. Supply and Demand
2. Marketing Plan

CROSSWORD

ACROSS	DOWN
1-Seed	1-Venture
2-Demand	2-Factoring
3-Accrual	3-Public
4-Customer	4-CashFlow
5-Credit	5-Tax
6-Mail	6-Fire
7-Casual	7-Equity
8-Liability	8-Accounting
9-Income	9-Logo
	10-President