

BUSINESS FINANCING



How to Get a Good Investor

- Show an rational start capital need
- Show an tested product/services for advertisement
- Interested product/services Influenced to the investor
- Not to be a big problem with the product/services.



Strategy to Get a Good Investor

- To be confidence with the office
Nameplate, location, building,
infrastructure, facilities and type of
product/services.
- Business capacity
- Predicted of profitability in short time
to long time
- The sustainability of business.



Stage of Financing Business

1. Initial Financing

- **Seed Capital:** a low capital need for showing the objectivity the concepts and financial feasibility.
- **Star-up:** Development of product and initial marketing without commercially sold (just for business operational)



Stage of Financing Business

2. Financing Expanse or Development

- **Second Stage:** Initial capital without fixed profitability and unaccountable.
- **Third Stage:** Expanse of business with faster growth of sold out the product/services.
- **Fourth Stage:** preparation for go public



Stage of Financing Business

3. Accusation Financing and Leveraged Buyouts

- **Traditional Accusation:** To get ownership and controlling to other business
- **Leveraged Buyouts:** Business management be controlled by other enterprise which is take over/ bought this business.
- **Privatization:** A few of ownership/managers take shares the business (Standing stock).



The Steps of New Business for Predicted cash flow

- To prepare the loss and profitable of business
- To prepare balance sheet cash flow of business
- To predict cash flow
- To predict balance
- To summarized of need and utilization of cash
- To prescribe total cash need for financing by investor.



Formula to Calculate the Percentage of Investor Ownership

■ **Current Values** = $\frac{\text{The future estimation}}{(1+i)^n}$

- * The future estimation: for about 5 years.
- * i = Level of desired output
- * n = number of year



Formula to Calculate the Percentage of Investor Ownership

■ Investor Shared = $\frac{\text{Level in the future}}{\text{Current Values}}$

