



VENTURENEER

BUILDING SUCCESSFUL ENTERPRISES WITH HEART

The Nuts and Bolts of Starting and Financing a Business

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GERI STENGEL
PRESIDENT

210 West 70th Street, 510
New York, NY 10023

212 362.3088
geri@ventureneer.com

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Women couldn't even apply for their own credit cards until 1974. Fast-forward two generations and today 39% of American businesses are owned by women, according to [The 2017 State of Women-Owned Businesses](#) commissioned by American Express. Being a woman in business comes with its fair share of challenges. This resource-rich ebook provides practical, actionable advice to help start a small business or a mega company with key insights into the funding options currently available for women in particular.

Give Women Credit: The Obstacles of Being a Woman in Business

Women have made considerable progress since the passing of the Equal Credit Opportunity Act, and we should be proud of that! Despite women's growing prevalence in the business world, revenue for women-owned businesses dramatically lags that of their male counterparts, generating an average of \$144,000 versus \$638,000 annually.

The significant disparity has many and varied reasons, but chief among them is the level of start-up capital. Women entrepreneurs launch with 50% less capital than men do, according to *Access to Capital by High-Growth Women-Owned Businesses*. The facts are clear: Women business owners face greater funding challenges than men and seek less money than men to start their businesses.

Some of the obstacles women face may be socialized and self-imposed, such as having more modest business ambitions than men or simply being less accustomed to or comfortable with asking for money. At the same time, research suggests that tangible differences in credit scores, growth potential of the industry and the size of the firm account for the constraints in women's access to capital, as does the persistence of discrimination in the marketplace.

None of this, however, should deter female new starts from dreaming big — and finding the financing required to realize their dreams.

A State-of-the-Art Toolbox

In many ways, women are better equipped to deal with the 21st Century business landscape because of a few key traits.

Vision: Women who launch companies are more likely than their male counterparts to be opportunity entrepreneurs (identifying a need in the marketplace rather than creating a business out of necessity), according to the 2016 Kauffman Index of Startup Activity.

Boldness: Jack Zenger, CEO of Zenger Folkman, a leadership development and corporate training company, observes this about women's superior leadership skill-set: "Many assume that it would be in the area of collaboration, teamwork, building relationships and developing people. The data says that is correct, but the biggest differences are that women display more initiative, follow-through and are more focused on producing good results."

People Skills: John Gerzema and Michael D'Antonio revealed a paradigm shift in “The Athena Doctrine” based on research conducted among 64,000 people surveyed in 13 nations.

Once viewed as workplace niceties, traditionally feminine skills and competencies (as identified by the survey) such as empathy, flexibility, openness, and collaboration are now emerging as business imperatives.

“These skills have greater currency because in today's interdependent and hyper-connected economic landscape, there is greater need for transparency and cooperation,” Gerzema says. Women's skills translate to innovation and growth.

We know women can do it. Now, it's just about establishing the framework for female new starts to get the support they need — both financial and otherwise.

Create a Support Network

Entrepreneurs are risk-takers — but risk management is essential in every smart game plan. One critical way to manage risk is by creating a support network that can give you feedback as you go along. Knowing other entrepreneurs plays a vital role in elevating women's aspirations as they start their own businesses. Successful female entrepreneurs don't fly solo.

Find Appropriate Role Models

Whether it's Mia Hamm inspiring a generation of girls to play soccer or Sheryl Sandberg encouraging us to lean in, women look to other women as role models. And even fictional role models have significant influence. Reshma Saujani, founder of Girls Who Code, points to women featured as lawyers and doctors on TV shows such as “LA Law” and “ER” for the tsunami of women who subsequently entered those fields.

Here are a few places female new starts can find inspiration:

- [Bizwomen](#) — The most comprehensive digital resource for women in business from the publisher of The Business Journals.
- [Broadmic](#) — Spotlights the unique accomplishments of women entrepreneurs, investors and industry leaders to inspire the next generation of female innovators.
- [Broadsheet from Fortune](#) — Get daily stories (not just from Fortune) about female role models from corporate, entrepreneurial and political sectors and more.
- [Female Entrepreneurs](#) — A community of women entrepreneurs who share information by and for female business founders.
- [Forbes@Women](#) — The venerable business publication's resource for women who are starting up, starting over and sharing their success.
- [Lioness](#) — The online magazine whose mission is to elevate, educate and support female entrepreneurs.
- [On the Dot Woman](#) — A distinctive digital audio service that lets you listen to the latest news, stories, and commentary about women in business.
- [Women 2.0](#) — The leading media brand for women in technology.

- [Women Entrepreneurs](#) — The women’s business channel from entrepreneur.com.

Establish Better Connectivity

Entrepreneurs with larger and more diverse networks grow their businesses bigger. Women have the communication and collaboration skills, but sometimes don’t excel at building power networks to help fuel their endeavors.

This might be, in part, because women don’t like to ask their network for favors. But the bigger problem lies in the nature of the networks themselves. Women’s networks tend to be narrow and deep, while men cast wide and shallow. In the case of networking, many casual acquaintances are more useful than a few close connections.

To build a wider network, women can join a business association; though selecting the right one is crucial. The one or ones you join should have these four characteristics:

1. People who provide resources, information and expertise and are willing to share
2. Some power players whose influence can be leveraged when needed
3. Frequency and professionalism of communication and member interaction
4. Substantive support for your professional challenges

Networking Groups

- [eWomen Network](#) — Dedicated to helping women and their businesses achieve, succeed and prosper through client acquisition, marketing, and access to resources.
- [National Association of Women Business Owners \(NAWBO\)](#) — Now celebrating 40 years of propelling women entrepreneurs into economic, social, and political spheres of power worldwide.
- [U.S. Women’s Chamber of Commerce](#) — One of the premier advocates for driving the economic advancement of American women.
- [SheWorx](#) — A global collective of ambitious female entrepreneurs committed to gender parity in entrepreneurial leadership and helping women create successful, scalable companies.
- [The Vinetta Project](#) — An influential ecosystem and deal-flow pipeline that supports high-growth female founders in taking their businesses to the next level.
- [Deals & Divas](#) — A leading provider of networking events, educational forums and social activities for women in the deal space.

Get Social

Women dominate social media for personal use, but it’s an important time to become omnipresent in social networking for business as well. Social networks are a great way to [magnify your message](#), connect with an audience of like-minded thinkers and build your network. At the very least, your LinkedIn profile and posts should be as robust as your Instagram and Pinterest accounts.

Don't Exclude Men

Just because you're working to build your female support network, don't forget about men. Men control the vast majority of leadership positions and can provide a valuable, alternative point of view. They play a critical role in helping women make the connections to money, markets, vendors and employees that grow businesses.

Close the Gap with Education

Programs have been created exclusively for women to address cultural barriers, educational differences and business obstacles. Continuing education is critical to your development and a way to close the gap. Here are a few places to look for courses you might be interested in or in areas you want to improve.

Take Courses

General:

- Local public libraries — A great resource that frequently distribute materials about small business training for entrepreneurs of every stripe.
- [SBA](#) — Help women entrepreneurs launch and grow new businesses. Online resources, financing opportunities and [Women's Business Centers](#) are available.
- [SCORE](#) — America's premier source of free, confidential business education and mentoring (not just for women).
- [Small Business Development Centers](#), the U.S. Small Business Administration's office that helps would-be entrepreneurs and existing businesses remain competitive in the global marketplace.

Exclusively for Women:

- [Tory Burch Goldman Sachs 10000 Small Business](#) — A resource for programs and initiatives that invest in the success and sustainability of women-owned small businesses.
- [Women Business Development Centers](#) — A network of 100+ SBA centers designed to "level the playing field" and assist women in starting and growing small businesses.

High-Growth Accelerators/Bootcamps/Training Programs:

- [500 Women](#) — Global venture capital seed fund headquartered in Silicon Valley that invests in technology startups around the world.
- [Access Latina](#) — The accelerator program for Latinas that pioneers entrepreneurial growth for women in the fields of STEAM, social innovation and agriculture.
- [Babson College's Women Innovating Now Lab](#) — Provides women entrepreneurs with an inspiring community and a rigorous, experiential process to help successfully launch or transform businesses.

- [Circular Board](#) — A collaborative accelerator for growth-oriented female entrepreneurs who lead, or aspire to build businesses with multi-million dollar revenues.
- [Digitalundivided](#) — Dedicated to fostering economic growth in underserved communities through the support and training of women-of-color entrepreneurs.
- [EBW2020](#) — Delivering mentorship, training, products and services to current and future women entrepreneurs that allows them to build businesses of sustained value.
- [MergeLane](#) — Discovers, accelerates, and invests in exceptional women and the companies they run.
- [Million Dollar Women](#) — The essential guide for women entrepreneurs who want to go big.
- [SheStarts](#) — Supports the growing pipeline of women entrepreneurs in Boston through networking, coaching, and events.
- [Springboard Enterprises](#) — A highly-vetted network of innovators, investors, and influencers dedicated to building high-growth, tech-oriented companies led by women.
- [Women's Startup Lab](#) — Empowering women to be strong leaders, to create powerful startups, and to influence the world through collaboration, community and innovation.

Get Certified

Your chances for growth are enhanced when you have customers from Fortune 1000 companies or government agencies that are spending billions on goods and services. Certification opens the doors for women-owned enterprises.

[Women's Business Enterprise National Council \(WBENC\)](#), the largest third-party certifier of businesses owned, controlled and operated by women in the United States

Seek Sage Counsel

Experience is valuable. Make sure your network includes mentors who can give advice and guidance. Continuing your education should also entail making connections with movers and shakers who are willing to use their clout to open doors for you.

Your small business may benefit from an advisory board to provide constructive advice, track current and future marketplace trends, facilitate funding, recruit talent and suggest alliances. Since it's your business, you can select the board members. Choose people who are industry or subject matter experts. Consider customers, prospective clients and investors. You can dictate how often you meet — whether it's monthly, quarterly or otherwise — depending on how hands-on you want them to be.

Decode the Finance Game

Step 1: Identify the Need

Determine your funding needs by estimating the related costs for starting up and continuing to operate. Estimate revenue as well. Do a profit and loss statement and monthly cash-flow analysis for the first year. (If you're not sure how to do this, check out our ebook about cash-flow, specifically tailored to brand-new businesses.) With this information, project how your next quarter and year will look. When will you break even? This analysis will highlight the period for which you'll need outside financing.

After you've done your cash flow analysis, you'll know when you will break even and how much money you'll need to sustain the company until then.

Step 2: Know Your Options

Even for women with no collateral, poor or no credit score and no cash flow, there are options. Financing differs dramatically based on the size of your industry, the potential of your business idea and your abilities. Your networks will ultimately help you determine what financing options you have available.

You have many options for financing your company including funding it from your savings. If you're a small business needing \$10,000, Kiva is a great choice. If you're a high growth company needing hundreds of thousands of dollars, angel investors may be the solution. For anyone who wants to pre-invoice the product they've just developed rewards-based crowdfunding could be your ticket.

Step 3: Deconstruct Your Needs

Be dogged in evaluating what you need and why. Do you need to hire people, increase marketing spending, improve technology, move into a larger space? The reasons you need the money will impact what type of financing is right for your company.

Your options will vary by many factors, including:

- **The stage of your company** — Are you a startup or have you been around for a bit?
- **The size of the market you are targeting** — Is it a billion-dollars-plus industry or is it much smaller?
- **The potential of your offering** — Does the product address a need in a big or a small market?
- **How fast you want to grow** — Do you want to scale your business really quickly or grow gradually?
- **How much money you need** — How much will be needed to scale? When will you reach profitability?
- **What you want to use the money for** — Do you need money to start your business, provide working capital, grow, etc.?

You may be an agtech company that needs to do research and development on a developing plant-based dyes to replace petroleum-based dyes that are the leading causes of industrial water pollution. It would be very appropriate to apply for a Small Business Innovation Research (SBIR) grant from the SBA.

Step 4: Do Some Serious Homework

Here's where the rubber meets the road. Financing is complex, so you'll need both patience and persistence as you evaluate and narrow your options. Eliminate what's irrelevant and stick to what is the most natural fit for your business goals. We'll help with some of this homework in the latter half of this ebook.

It's not just a research and development process that your agtech company needs to fund. You need to build the supply chain, which includes farmers, mills, brands and consumers. You need to hire a business development person. SBIR funding doesn't cover this kind of expenditure, angels do.

Step 5: Prepare Like Your Business Depends on It

... Because it does. The biggest mistake start-ups make is not being ready with the essential tools required to finance a successful launch. These include, but are not limited to:

- **Marketing** — No matter how big or small, every business needs an [elevator pitch](#). More aggressive financing needs will likely demand a full-blown marketing plan.
- **Financials** — Expect to provide profit and loss, cash-flow and balance sheet statements, including the assumptions on which you based your projections (most likely three years).
- **Business fundamentals** — All funders, whether debt or equity, may want a business plan (check with the funder for their preferences). Equity investors will also want an executive summary and investor deck.

Your agtech company is going to need to fill out a complicated application for SBIR funding but much of it can be taken from the marketing, financial and business fundamental materials you've created for pitching angel investors.

Here is a summary of the [10 building blocks for the perfect investor deck](#) recommended by Evan Baehr and Evan Loomis in their book "Get Backed: Craft Your Story, Build the Perfect Pitch Deck, and Launch the Venture of Your Dreams" and [tips for making the pitch](#).

Your Financing Options

Current financing options are broken into three categories:

1. Small Business or High-Growth
2. Small Business
3. High-Growth

Small Business or High-Growth Financing Options

Friends and Family

Money from friends and family is usually used to fund the very earliest stages of a company, sometimes before you even have a prototype. It can be in the form of a gift, a loan or an equity investment in the business.

Whatever option you choose, everything should be recorded in writing (in many cases, a legal document). Spell out terms and conditions, so there's no confusion. For example, lenders might assume their financial investments gives them a stake in the company or a voice in daily operations. On the other hand, borrowers may believe that it's ok to miss the occasional payment since the lender is a friend.

Advantages

- **It's about love** — Friends and family are more likely to be motivated by love than profit. They finance you when other options aren't available.
- **Greater flexibility** — Rates and terms can be lower or more flexible than through other financing channels.

Disadvantages

- **Awkwardness** — Money doesn't get more personal than this, so think carefully about what would happen to the relationship if your business falters and you lose their investment. If you can't face friends or family members after losing their money, then don't take it.

How to Get It

It's always advisable to present a formal business plan when pitching to prospective investors — even friends and relatives. The kitchen table pitch is really about selling yourself. Be frank about the risks and explain what the money will go toward and how it will grow your business.

Government Small Business Grants

The federal government offers some grants for small-business owners, but they're designated for very specific purposes, such as certain research and development projects or for businesses in rural areas. While government grants can't be used to cover startup costs or day-to-day expenses and most aren't earmarked specifically for women, they may be a viable option depending on the nature of your startup.

Advantages

- **Free money** — Grants do not require repayment. The key is finding the grants for which you qualify and then doing the work to apply for the grant.

Disadvantages

- **Restrictive** — Government grants are typically designated for very specific purposes and have strict eligibility requirements as far as what costs can be covered.
- **Time and effort** — Applying for grants is time consuming and the application process rigid. Every I needs to be dotted and T crossed.
- **Slow decision-making process** — It takes weeks or months to find out whether you've been approved for a government grant.
- **Highly competitive** — Expect a lot of other highly qualified companies to be submitting some first-rate ideas too.
- **Strings attached** — Grants may be awarded with the contingency that you get matching funds or a loan to supplement the grant. You may be required extra paperwork such as doing monthly or quarterly progress reports.

How to Get It

- Grants.gov — A database of all federally sponsored grants. You can search for small-business grants here — just make sure you filter the results on the left side of the page to view grants specifically for small businesses.
- **Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR)** — The Small Business Association facilitates two competitive programs which provide grants to small businesses that contribute to federal research and development. Eleven federal agencies, including the departments of Agriculture, Defense, and Health and Human Services, post grant opportunities on their websites. You can [search all grant opportunities](#) on the SBIR website.
- **State and local** — Because federal small-business grants are limited in number and often very competitive, you may have better luck searching for grants at the state and municipal levels. You'll have to do your own research to pinpoint specific grant programs in your area, but [here are some places to look](#).
- **Economic development agencies** — Every state and many cities have [economic development agencies](#) focused on promoting a strong local economy. Even if the agency itself doesn't offer a small-business grant, it will likely be able to point you in the right direction.

Competitions

Competitions are events created for entrepreneurs with new business ideas who need seed funding. The entrepreneur presents her idea and the need for investment.

Advantages

- **Free money** — Many competition provide prize money, investment capital or in-kind awards.
- **A time to reflect** — Participating in a competition forces you to think critically about virtually every aspect of your company. It's a chance to refine your business model.

- **Practice makes perfect** — You get to perfect your pitch and get feedback from highly experienced people.
- **High quality advice** — Most competitions put forward mentors who offer advice and may open doors to money, customers, vendors and talent
- **Bragging rights** — The honor of winning a competition adds weight to your business's credentials and exposes you to media and others in the competition's circle of influence.

Disadvantages

- **Time and effort** — Participating in competition requires a lot of time and effort, and the success rate is typically low.

How to Get It

Here are some of the competitions that are specifically geared to female founders.

- [Cartier Women's Initiative](#): An international business plan competition created in 2006 by Cartier, the Women's Forum, McKinsey & Company, and INSEAD business school to identify, support and encourage projects by women entrepreneurs. The Awards Ceremony will take place in Singapore on April 12th, 2017.
- [Eileen Fisher](#), which supports innovative, women-owned companies that are ready to expand their business and their potential for positive social and environmental impact
- [GirlBoss Foundation](#), which awards grants to women in the worlds of design, fashion, music, and the arts, to help fund their own businesses
- [InnovateHer](#), a nationwide, SBA-supported business competition highlighting innovative products and services created and launched by cutting-edge entrepreneurs
- [Project Entrepreneur from Rent the Runway and UBS](#), giving women access to the tools, training, and networks needed to build scalable, economically impactful companies
- [Tory Burch Foundation Fellows](#), designed specifically to help early-stage women entrepreneurs grow and scale their businesses.

Rewards-based Crowdfunding

One of the more intriguing entries in the capital world is rewards-based crowdfunding. Crowdfunding is the practice of funding a business or product venture with many small contributions from a large number of people. This is normally done online.

Advantages

- **The money is debt- and equity-free** — You don't have to pay interest or give up a piece of your company in exchange for funding. However, you do provide backers with a tangible item in exchange for their money. Businesses using rewards-based crowdfunding frequently receive money for a new product before manufacturing it.

- **You gain market insight** — Doing a crowdfunding campaign provides feedback from early adopter customers about product features, communication messages and pricing.
- **Your product is validated** — If your campaign is successful, you've not only proven to yourself that the market wants your product, but you've shown its potential to future funders as well.
- **You engage customers** — Early customers are more likely to provide feedback and forgive small imperfections. They are also more likely to tell others about your product.
- **It raises your profile** — A crowdfunding campaign can also function as a marketing campaign.

Disadvantages

- **You may not succeed** — The odds are not in your favor. The success rate on Kickstarter for many small-business categories is below 30 percent. Indiegogo doesn't publish its stats.
- **It takes time and effort** — Running a successful crowdfunding campaign takes persistence.
- **It takes money** — As crowdfunding becomes more popular, it takes more to be successful. For campaigns with large goals, many are turning to professionals for help with marketing and to manage producing and fulfilling the rewards, which adds cost to the project.
- **There are often unanticipated costs** — Make sure you create a budget and account for the cost to manufacture and fulfill your rewards. If you've chosen a flexible funding model that allows you to accept less than your entire goal amount, determine if you can cover all of your costs even if you don't raise your entire goal.

How to Do It

Crowdfund by telling a compelling story on a platform like [IndieGoGo](#) or [Kickstarter](#).

Crowdfunding the one financing option in which women outperform men. Research finds that women tell more compelling stories (than men) by connecting at an emotional level and that their community is more likely to support them. Because rewards-based crowdfunding gets a lot of buzz, it's worth considering.

Small Business Financing Options

Loans

Small businesses can borrow money for a period of time, making monthly payments which may or may not include paying interest depending on the nature of the loan.

Which are best for you? Here is [a useful tool](#) that will help you identify lenders based on your credit score, amount you want to borrow, how long you've been in business, how long you've been profitable, and if you have outstanding invoices.

Advantages

- **Maintain ownership of your business** — You are not giving away a piece of your company to people who may want to tell you how to run it.
- **Tax deduction** — In many cases, the principal and interest payments on business loans are classified as business expenses and can be deducted from your business income taxes.

Disadvantages

- **Repayment** — You have to pay back the principal, most likely with interest.
- **Need for cash flow** — You need to have the cash on-hand to pay back the principal and interest on a monthly basis.
- **It can be expensive** — If business fails and you've put up collateral (such as your house), you will lose it.

How to Get It

Options are listed from lowest to highest interest rates

- [Kiva](#) is a great choice if you want to raise \$10,000 or less. You raise small amounts of money from people you know; the rest comes from the Kiva community of lenders. You pay back the money at no interest over a two-year period of time. Kiva is particularly good for young companies that may have trouble raising money by other means.
- [SheEO's Radical Generosity](#) provides no-interest loans by pooling \$1,000 each from local women to support women business owners in their communities.
- Traditional commercial banks will have cheaper interest rates than other lending institutes, but their criteria will be the most stringent. Banks want it all — good credit scores, cash flow, collateral and character of the borrower. This option is best if you've been in business two-plus years.
- Community banks and credit unions offer a bit more flexibility. Because they're more likely to know you personally, your character can sometimes compensate for lower credit scores, cash-flow inconsistencies and lower-to-no collateral levels.
- [Community Development Funding Institutions](#) (CDFIs) lend money to small businesses, such as women- and minority-owned firms, that commercial banks deem risky. CDFIs support their borrowers with training and technical assistance to ensure their success, making these alternative lenders a long-established social investment option. Some CDFIs will help you (re)build your credit score. Through the [Tory Burch Foundation](#) and [Upper Manhattan Business Loan Program](#), small business owners may qualify for reduced-interest-rate loans.

- [SBA loans](#) are provided by traditional or community banks, credit unions and CDFIs. The SBA guarantees that these loans will be repaid, thus eliminating some of the risk to the lending partners.
- Alternative lenders are typically a more expensive choice, but when you don't have the best credit score, have uneven cash flow or even a black mark on your personal credit and/or are a young company, this may be the best route for you. These options include [factoring](#), [merchant cash advance](#) and [equipment leasing](#). Companies of all sizes and stages of their business use these options.
- [Online marketplace lenders](#) include traditional debt options as well as alternative lenders. They offer speed and convenience. Here is a [comparison of of some of the most popular online lenders](#) and [a comparison of small business lenders](#).
- E-marketplaces centralize and streamline the application process for loans. By filling out a single application through a marketplace, small businesses can connect with a range of traditional and alternative lenders, allowing them to choose the best loan for them. Companies in the space include [Biz2Credit](#), [Fundera](#) and [Lendio](#).

Investment Crowdfunding

Americans, regardless of wealth, can now invest in private companies through regulation or intrastate crowdfunding (the former is national; the latter, local). The amount of money you can raise and who you raise money from differs in regulation versus intrastate crowdfunding.

Advantages

- **New source of funding** — Both regulation or intrastate crowdfunding open a vast new pool of capital to small businesses. These are a real boon for the 99% of companies that are unlikely to raise money from venture capitalists.
- **Money from people who want and need your product** — Investors are most likely raising money from the people who will be using the product or service.
- **Flexibility** — You can raise either debt or equity.

Disadvantages

- **Time, effort and money** — Succeeding at this form of fundraising takes time and skill. You will need to spend money on legal fees and perhaps some marketing.
- **Blazing the trail** — While these may have some similarities to other forms of crowdfunding, regulation and intrastate crowdfunding are new and the rules of the road are not fully defined. Success will take experimentation.

Regulation Crowdfunding

On April 5, 2012, President Obama signed a landmark piece of bipartisan legislation called The JOBS Act into law. The JOBS Act greatly expanded entrepreneurs' access to capital, allowing them to go to the crowd and publicly advertise their capital raises. There are three Titles that we will detail in this eGuide. We dive into Title II and Title IV in financing options for high growth companies.

[Title III](#) at a glance:

- Companies can raise up to \$1M every 12 months.
- Investors are limited in what they can invest each year (to \$2,000 or 5% of net worth or income if net worth or annual income is less than \$100,000; or 10% of net worth or annual income (whichever is lesser) if those measures are \$100,000 or greater)
- Offering must be conducted via an SEC-sanctioned intermediary, either a funding portal or a broker/dealer platform

Here are some [initial lessons learned](#).

Raising Investment Dollars Within Your State via Crowdfunding

Out of frustration with the amount of time it took the SEC to roll out Title III, more than 30 states and the District of Columbia have [adopted their own rules](#) that allow intrastate trading.

On October 26, 2016, the SEC's adopted new rules intended to [modernize the intrastate exemption](#). Gone in the final rules, among other things, is the provision which prohibits state legislatures and state securities regulators from authorizing local investment crowd-funded offerings in excess of \$5 million per year. While this prohibition has been lifted, no state has yet authorized crowd-funded offerings above this amount.

High-Growth Financing Options

Equity Financing

Equity financing is a method of financing in which a company issues shares of stock and receives money in return. Investors may earn a dividend, though they are far more likely to realize value from their investment when the company is acquired by another or goes public.

Equity investments can come from:

- Friends and family
- Angel investors (offline or through crowdfunding platforms)
- Venture capitalists (VCs)
- Private equity firms
- Online public offering

Having women investment decision makers is particularly important to companies that want to scale big through equity financing. The data shows people are more likely to invest in those who are like them. It's called homophily. People of the same gender, race or ethnic group tend to associate and bond with each other. Gender is the strongest bond. So the good ol' boys network isn't just a saying, it's a fact.

Angel investing is no longer a man's game. Unfortunately, that isn't the case for venture capital. Because the people who will use your product are likely to invest in an online public offering, Title IV holds promise for more women-led companies raising money.

Advantages

- **Less risk** — Equity is less risky than taking out a loan because there is nothing to pay back, though if your business fails you will have to deal with angry investors.
- **Forget monthly payments** — Since you don't have to funnel profits into loan repayments, you'll have more cash on hand for expanding the business.
- **Business expertise and connections** — Angels and venture capitalists can provide startups with a valuable source of guidance and consultation. They are typically well connected in the business community and make referrals to customers, vendors, and employees as well as other potential investors.

Disadvantages

- **Giving up ownership and control of company** — Someone else will own a percentage of your company. In the long run, this may prove more costly than the dollar amounts involved in paying back a loan. Since the investors own a share of the company, you may need to consult with them on how you run your business.
- **Time and effort** — Finding the right investors can be time-consuming.

Angels

Angel investors are accredited investors whose net worth is greater than \$1 million (excluding a primary residence) or whose individual income exceeded \$200,000 (\$300,000 for couples) for the past two years with the expectation that the income will continue in the current year. These high-wealth individual investors play an important role in launching the future high-growth companies.

Once a man's game, angel investing has attracted more and more women — not surprising, since women are making and controlling a larger% of wealth these days. Happily, they are investing that wealth in each other, underwriting innovative products and services that rev up the economy. [Women represented 26% of all angel investors in 2016.](#)

As their name suggests, angels seem heaven-sent. They provide money, of course, but much more, they frequently provide introductions to major customers, key employees and vendors; as well as mentoring, strategic advice and even additional funding.

Be prepared, though — most angels will likely want you to have a prototype before they invest. There are two ways to reach angels — online and offline, where there has been a greater effort on the part of local angel groups to reach and engage women in their communities.

How to Find Angel Funding

Here are some of the angel groups that either cater to women angel investors or invest in women-led companies:

- [37 Angels](#), a community of women investors dedicated to educating early-stage investors

- [Astia](#) provides funding, guidance, and leadership to fuel high-potential ventures from women entrepreneurs
- [Broadway Angels](#), an all-female group of world-class investors and business executives with deep expertise investing in and managing top global tech companies
- [Female Funders](#), which offers the world's first online education programs for aspiring female angel investors and entrepreneurs looking to raise seed capital
- [Golden Seeds](#), which gives investors access to investment opportunities in women-led businesses that are vetted, coached and advised by its expert advisor network
- [Hera Fund](#), an all-woman angel group in San Diego whose mission is to grow the number of woman angel investors and fund more female entrepreneurs
- [Pipeline Angels](#), a network of new and seasoned women investors creating capital for women and non-binary femme social entrepreneurs
- [Next Wave](#) led by a handful of experienced investors, 90 others choose to evaluate companies and invest together
- [WE Capital](#), a consortium of leading businesswomen in Washington, DC deploying capital to empower the next generation of women entrepreneurs changing the world
- [List of women angel and early-stage tech investors](#) prepared by Mackenzie Burnett of Distributed Systems.

There has also been a greater effort on the part of local angel groups to reach and engage women. The [Angel Capital Association](#) can help you identify a local group of angel investors in your area. It pays to attend local pitch and demo days since many angels frequent these. [Angellist](#) and [TechCrunch](#) are also good resources, providing information on what some angels have invested in.

Crowdfunding for Accredited Investors

Title II of the JOBS Act went into effect on September 23, 2013. It allows private companies, at any stage, to market their securities offering to accredited investors (wealthy people) via platforms like:

- [Angellist](#)
- [CircleUp](#)
- [Onevest](#)
- [OurCrowd](#)
- [SeedInvest](#)

This crowdfunding resource centralizes, streamlines, simplifies and shortens the process of raising money from angel investors. What's more, it's the least burdensome in terms of disclosure and financial reporting of the investment crowdfunding options enabled by the JOBS Act. For more on Title II, read:

- [Equity Crowdfunding on Its Second Birthday: A Look Back and Ahead](#)

- [Equity Crowdfunding: Lessons From the Field](#),
- [6 Common Misconceptions About Equity Crowdfunding](#)
- [Stand Out In the Crowd: How Women \(and Men\) Benefit From Equity Crowdfunding](#)
- [How to Ensure a Successful Crowdfunding Campaign.](#)

Venture Capital

Long the bastion of men, Venture Capital (VC) is an important source of funding for innovative, job-creating companies such as Google, Intel and FedEx. One in five U.S. companies currently traded on the stock exchanges received venture capital financing. These funds are for high-stakes players: less than 1% of companies raise money from VCs, and that typically comes after you've built the prototype and proven that the market wants your product.

But the VC world is homophily in action, as only 18% of North American venture-backed deals went to female founders in 2015, according to Pitchbook. Research by Babson found that one reason for the small percentage of deals going to women entrepreneurs is the small and shrinking% of women investment decision makers at VC firms.

How to Find Venture Capitalist Funding

Rather than getting sand kicked in their faces, VC women have walked away and are building their own sandboxes. Since 2006, 149 venture capital firms have been founded by women based on a list [compiled by Pitchbook](#). Venture capital firms with women partners are three times more likely to invest in companies with women CEOs.

VCS investing in women-led firms:

- [Belle Capital USA](#)
- [Female Founders Fund](#)
- [Golden Seeds](#)
- [Plum Alley](#) (a private membership that acts like a VC)
- [SoGal Ventures](#)
- [Women's Venture Capital Fund](#)

VCS that are female-founded but do not specifically target women-led companies:

- [1315 Ventures](#)
- [Aligned Partners](#)
- [Aspect Ventures](#)
- [Astarte Ventures](#)
- [Boldcap](#)
- [Cowboy Ventures](#)
- [DBL Investors](#)
- [Forerunner Ventures](#)
- [Valor](#)

Corporate venture capital funds targeting women:

- [BBG Ventures](#)

- [Intel Capital Diversity Fund](#)

Two lists of women founded venture funds are [Gender Metrics List](#) and [Project Sage](#).

[Title IV, also known as Regulation A](#), allows companies to raise up to \$50 million from unaccredited investors. Individual investments are capped at 10% of the investor's annual income or net worth. Since online public offerings are complicated and costly to mount, only a few companies have raised money this way since Title IV went into effect in June 2015.

Crowdfunding platforms such as SeedInvest and [StartEngine](#) specialize in this kind of fundraising. This form of financing is for later stage startups which have already gained significant traction in the market and have the money to cover legal and financial requirements.

Create a Winning Team

They say you only get one chance to make a first impression. So when it comes to financing your business, you definitely want to be at the top of your game and surround yourself with the best teammates to complement your skill set — especially the professionals you need for a start-up venture.

Not all accountants are created equal. Some are low cost and great for bookkeeping; others are authorities on taxation and GAAP (Generally Accepted Accounting Practices). When it comes to financing issues, you need a strategic thinker and a problem solver. Your choice need not be an expert on all the latest financing options, but should know how to find out about them and evaluate which are best for you.

Likewise, the right attorney can not only help you find equity financing but also ensure you are legally compliant — particularly important with investment crowdfunding.

Success Is a Journey

Follow Your Own Road

As an entrepreneur, you've spotted an unspoken need in the marketplace and embarked to fill the void. That vision and determination have put you on a path that — regardless of the outcome — is likely to change the course of your life. And while others have walked similar paths before you, yours is as unique as your business idea itself.

Following your personal path takes guts, smarts, passion, a willingness to step out of your own comfort zone, and the courage of your convictions. As you draw upon these internal qualities, it's important to remember that you needn't venture down your path alone.

As this eGuide has explained, broad steps are already in place to help women entrepreneurs sidestep some of the start-up perils; notably, underfunding their new ventures. To review, these steps include:

- Identifying how big and how fast you want your company to grow.

- Understanding why you need money and your financing options.
- Choosing the appropriate financing channels based on needs that may change over time.
- Creating a diverse, dynamic power network to guide you and open doors.
- Finding role models, mentors and others to support you through the ups and downs.
- Building the right professional team to help carry out your plan.
- Getting business training designed exclusively for women entrepreneurs.
- Pursuing certification as a means to unlock the most lucrative customers and prospects.

Like any journey into uncharted terrain, you never really know where your business idea will ultimately take you. Raising outside financing doesn't guarantee success, but meticulous preparation and a sustaining support network can certainly improve your odds. Ask questions. Get answers. Take rational risks. Believe in yourself. Most of all, enjoy what promises to be a thrilling and memorable ride.

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