This tool helps you to identify and categorize the exact financing needs of your business and match them to appropriate types of funding.

Helps ensure success when seeking funding. Enables you to create an effective tailored funding strategy that meets the needs of your enterprise during initiation, development and expansion.
STEP 1: ESTABLISH GENERAL TIME FRAME
To which period of the enterprise’s operation does the funding apply?

STEP 2: IDENTIFY TOTAL FUNDING NEEDS
- Which activities should be financed in the time frame identified?
- In which category do the activities fall? Fixed or working capital?
- Which amount of money is needed for each activity?
- Is the funding needed in the short term or long(er) term?

STEP 3: IDENTIFY INTERNAL SOURCES
These can include:
- Retained profits
- Initial capital

Which of the needs identified in step 2 can be met with internal sources?

STEP 4: IDENTIFY EXTERNAL SOURCES
These can include:
- Public bodies
- Corporate investors
- Impact investors

Funding can consist of:
- Grants
- Loans
- Equity
# STEP 5: SELECT APPROPRIATE EXTERNAL FUNDING AND MATCH TO NEEDS

Use the guide below to match the appropriate type of funding to the needs.

<table>
<thead>
<tr>
<th>Type of capital</th>
<th>Features</th>
<th>Grants and donations</th>
<th>Hybrid</th>
<th>Equity</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment</td>
<td></td>
<td>No</td>
<td>No (if turned into grant)</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Annual payment</td>
<td></td>
<td>No</td>
<td>No (maybe share or profit)</td>
<td>Yes/No</td>
<td>Yes (interest)</td>
</tr>
<tr>
<td>Time frame</td>
<td></td>
<td>Short-term</td>
<td>Long-term</td>
<td>Unlimited</td>
<td>Long-term</td>
</tr>
<tr>
<td>Entrepreneurial stage</td>
<td></td>
<td>Early</td>
<td>Early</td>
<td>Later</td>
<td>Early</td>
</tr>
<tr>
<td>Independence in fund usage</td>
<td></td>
<td>Low</td>
<td>Varying</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Involvement of investor</td>
<td></td>
<td>None</td>
<td>Varying</td>
<td>High</td>
<td>None</td>
</tr>
<tr>
<td>Collateral necessary</td>
<td></td>
<td>No</td>
<td>Varying</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
You can begin crafting a solid funding strategy and approaching investors and other sources of funding.
FUNDING & INVESTMENT guidelines for consultants
Version 1.0

WHEN?

Use when creating a funding strategy or preparing to create a pitch and approach investors and other funding bodies.
A BUSINESS AND/OR FINANCIAL PLAN MUST ALREADY BE PRESENT
Without this, there will be insufficient sources of information to use this tool.

THE OWNER AND FINANCIAL MANAGER MUST BE PRESENT
Without these participants or others with these responsibilities it will be impossible to guarantee the validity of the results of the exercise.

EXPLAIN THE MEANING OF FIXED AND WORKING CAPITAL
Fixed capital refers to any type of capital invested in fixed assets. These assets are considered fixed in that they are not used up in the actual production of a good or service, but have a reusable value. Working capital refers to any type of capital needed to pay for recurring costs, i.e. salaries, energy usage or the purchase of inputs, inventory or raw materials.

EXPLAIN THE CONSEQUENCES OF FUNDING TYPES
It is important to assess the consequences of funding choices, e.g. whether it is desirable to have external people in the board of directors (which can often be a prerequisite set by equity investors). Prepare clear descriptions of the different funding types in advance.

COLLECT INFORMATION ON AVAILABLE FUNDING SOURCES IN ADVANCE
Find out which funding organizations are available for the geography and/or the sector the business is operating in. Ideally, you should have an overview of all the different funding organizations in regions you are operating in, split into different types of external funding and economic sectors/themes. This will help you to identify the right funding organizations to approach.
TIME
1 - 3 hours
It should take no more than an hour to fill in the main funding needs and sources. It will take more time to discuss conclusions on which type of funding should be sought for each need.

MATERIALS
Large print, drawing or slide of the worksheet; pin board or whiteboard; workshop materials (markers, cards, lots of Post-its, etc.)
You may have to explain the nature and consequences of each type of funding, as well as the available sources you’ve identified. Keep documentation handy with the descriptions of types of funding sources.

TEAM
You can do this one-on-one with a key (financial) decision maker or with a group.
For larger groups: have people in smaller groups fill in each section of the plan and briefly present the outcomes.

DOCUMENTATION
Summarize at the end which type of funding should be sought for each need.
Berman, Karen and Knight, Joe (2013), Financial Intelligence, Revised Edition: A Manager's Guide to Knowing What the Numbers Really Mean, Boston, Massachusetts, USA: Business Literacy Institute
**FUNDING & INVESTMENT**

Helps you to identify and categorize the exact financing needs of your business and match them to appropriate types of funding.

### GENERAL TIME FRAME:

#### IDENTIFY NEEDS

<table>
<thead>
<tr>
<th>Activities to be financed</th>
<th>Category</th>
<th>Amount</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>For which activity is money needed?</td>
<td>Fixed or working capital?</td>
<td>How much is needed?</td>
<td>For how long is the money needed?</td>
</tr>
</tbody>
</table>

#### IDENTIFY SOURCES

<table>
<thead>
<tr>
<th>Internal Sources</th>
<th>External Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g. retained profits, savings, initial capital)</td>
<td>(e.g. grants, donations, debt capital, hybrid capital)</td>
</tr>
</tbody>
</table>

#### MATCH SOURCES TO NEEDS

| Activities to be financed (funding needs) | Sources of financing |