

Thoughts and Discussions on How to Finance Start up

Not Easy to Get Capital

- Reality
- We, fellow Chinese with interests in business, are in a not so great condition
- How many savings we have? How much support we get back from those savings?
- Facebook, ..., get money to realize their ideas. Can you?
- But

It is still much better to Start

- Your own business vs. working for other
- Not only for yourself, but also for your children
- As a community, we need more people to start up business
- In this society, business is the root

Money, Money, Money

Several approaches to finance your ideas:

- Business Income
- Saving
- Friend and Relative
- Loans
- Angel Investors
- Other

Types of Loans

- Traditional loans
- Equipment Leasing
- Factoring
- Purchase Order Financing
- Asset based loans
- Other creative ones

Purchase Existing Business

- One good way to start business
- Any kind of small business
- Looking: for existing and stable cash flow
- Much easier to get finance. For some good business, can go as high as 90%
- Tips

Brand New Start

- Great potential, but, very hard
- Very hard to get financing, specially, for us
- Realistically, start from some smaller idea, and start by your own saving or current business income
- But, dare to dream big and dare to act

Principle of Financing

- Get as much as affordable, but never beyond
- If possible, get off-balance-sheet financing
- Avoid guarantor as much as possible, but, always ready to stand up as guarantor
- Have good relationship with professional
- Strong business records and forms
- Short term savings vs. long term goal (tax)
- Make all parties earn good money

Creative Approaches

- Government grants, specially for science based business
- Government supports for exporting
- Government supports for manufacturing and other encouraged business
- Creative and highly leveraged approaches (never overuse)