The Class Reminiscences of Nov 27!!!

As we can foresee, moving forward in the journey of innovation is not free, since the resources are limited and the sustainability is crucial. Thus, seeking for financial support becomes a priority in order to assure growth. Then, ¿how does a company grow and receive such funding?

From the private arena, there is a realm of venture capitalists highly interested in provide funding for growing business. Additionally, since the startup company is conceived as a daring journey for capitalists the **venture financing** implies risks. From the public arena, the seed capitals are distributed according the public policies while the taxes can restrain a fast innovation adoption. Indeed, there is also a direct relation between country welfare and the company growth.

According to a Fortune 500 study, Apple steadily increased from 2011 to 2014, in contrast to Hewlett Packard for the same period. An equivalent rising is displayed by Microsoft and Amazon, yet below Apple. Google also had a steady growing after Amazon, whilst the notorious backward motion was exhibited by Nokia. Despite that the mentioned companies are far from being a startup since are mature brands, the successful companies usually follow the same **financing cycle**. The beginning is as a **seed** venture, and then it turns into a **startup**, after that it moves to the **first stage**, then it becomes **consolidated** to finally reach **maturity**. Any seed is well recognized as a risky and ambiguous early stage where the own resources are invested, usually from family or friends (**FFF**) and some angel investor. An early growth can attract more business angels and venture capitalists during the startup and the first stages. Through a continual growth, the consolidation stage arises increasing the **cash flow**. Conversely, the risk steadily decreases through the later stage, and the company maturity allows the access to private equity funds, bank loans and the stock exchange.

Furthermore, the **debt capital** it is a sort a loan or a temporal form of funding excluding ownership of the company since the contract only fix returns and additional interests. The **risk capital** is a stable contract assuring a dividend from the company profits and granting a voice and vote in the governance as a co-owner. From the **private equity fund** stance, it is possible to encompass several sorts of investments pursuing a limited and temporal partnership, such as, angel investors, venture capitalist and corporate investors. As a **corporate investor** we can consider the example of Google Ventures, they invested in Uber roughly $258 million Dollar in 2013. As **business angels** the investment capability is limited since are physical persons or specialized firms, they invest from 50 mil Euros to 250 mil Euros, fixing a return of investment above 20% per year. As a **venture capitalist**, the focus is on highly risk companies expecting certain equity on total shares based on enterprise estimated value, and such strategy can be extended from medium to long terms, roughly 7 years. Some examples of venture capitals are HP, Apple, Sun Microsystems, Intel, Microsoft, Google, Facebook, among others. The selection criteria behind such ideas are the **market opportunity**, the **value proposition**, **management team**, and the **financials**. Moreover, the fundraising is competitive and follows different review stages. For instance, one reason behind an unsuccessful first review could be a not promising deal, or an incomplete business plan as a second review, even a sustainability gap can justify a lack of due diligence. So, it is not an easy job to get the financing. Yet, some successful examples are Amazon, Apple, Body Shop, ML Labs., and AirBnB, among others.

Hope this helps! All the best,

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