



SKIVRE Training Module 9:

Financing Strategies

Exercises

Authors:

Angela Ivanova

Wolfgang Kniejski

Institution:

INI-Novation

Bulgaria OOD



Co-funded by the
Erasmus+ Programme
of the European Union

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein. Project number: 2018-1-DE02-KA202-005023

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Check your Knowledge

Exercises

Exercise 1. - What to look out for when financing a business

True-False Exercise

When you're financing a product development business through debt, you'll want to make sure you have a clear understanding of what your cost of financing really is.

For lots of financing options, the interest rate is just one part of the picture. Here are some other fees you'll want to be aware of when you're looking for business financing options. Please mark the correct ones:

- Application fees*
- Corruption payments*
- Origination fees*
- Tax authorisation fees*
- Guarantee fee*
- Banking commissions*
- Check authorisation fee*
- Late payment fee*
- Prepayment fee*
- Bank officers hourly rate*

(Important answers are here marked in green)

Exercise 2. - How equity investors think

Free text answers

Please explain in your own words what equity investors understand when using the following terms:

■ **Profit Orientation:**

■ **Milestone Orientation:**

■ **Exit Orientation:**

■ **Engagement:**

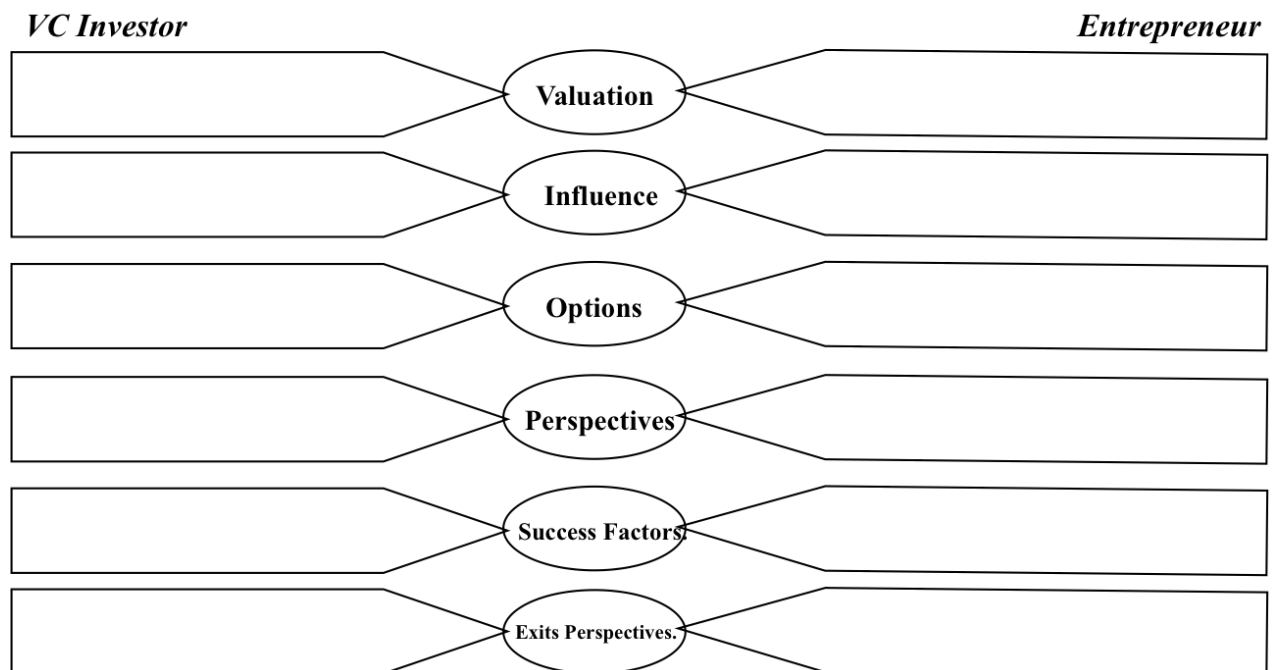
■ **Back-financing:**

Exercise 3. - Conflict of interest between product development entrepreneurs and VC Investors/Business Angels

Fill in the blanks

In the following chart you will find six (6) different potential areas for conflicts of interest between VC Investors/Business Angels on the one hand and the perspectives of product development entrepreneurs from the other point of view. Namely the areas for potential conflict of interests are: valuation, influence, options, perspectives, success factors, and exit perspectives.

Please fill in the blank fields to briefly explain the diverse areas of interest:



Answers

Exercise 1. - What to look out for when financing a business

- Application fees (T)*
- Corruption payments (F)*
- Origination fees (T)*
- Tax authorisation fees (F)*
- Guarantee fee (T)*
- Banking commissions (F)*
- Check authorisation fee (T)*
- Late payment fee (T)*
- Prepayment fee (T)*
- Bank officers hourly rate (F)*

Exercise 2. - How equity investors think

Free text answers

Please explain in your own words what equity investors understand when using the following terms:

■ Profit Orientation:

Answers: Business Model, USP, Expansion Perspective, Proof of Product, Management

■ Milestone Orientation:

Answer: Targets are set with "stop loss" function

■ Exit Orientation:

Answer: Sell Shares with Factor m in n Years

■ Engagement:

Answers: Initiatives, Motivation, Consulting

■ Back-financing:

Answer: Minimizes Risks