

## Frequently Asked Questions

**Q. How do I know if I am ready for funding?**

A. Although the capital investment market is reported to be tight, millions of dollars are being invested everyday in sound businesses that are packaged and prepared properly. It is very difficult for a start up company to receive funding, although not impossible. The first step is to review your business strategy and operations and give you a courtesy recommendation. This can happen in person or over the phone.

**Q. How do I know if I am ready for funding?**

A. Three out of four companies never receive funding. You need to have an independent party that either is an investor or works with investors to review your business plan, investor presentation and documents for review, they will be able to determine your "readiness" to meet with investors and increase the likelihood of investor interest. Even if you believe you are "ready", you need to ensure that your message is clear and the investor community can easily determine the likelihood of a return on their investment.

In *business plan review*, we identify any obvious obstacles to funding such as:

- Incomplete financial and/or business plan (market/sales strategy, operational information, barrier to entry not established)
- Complex or confusing message within the investor documents regarding business model or investment opportunity
- Structure of the offering, perceived cost of the investment relative to a high valuation or unclear exit and return to the investor
- Inexperience or incomplete management team, and/or attitude of management conveying a sense of entitlement or resistance to advise & counsel
- Specific industry focus or niche marketplace that limits the potential number of investors

**Q. What are investors looking for when they consider a company for an investment?**

A. There is a common saying in the investment community....a company with a "B" product and an "A" management team will get funded before an "A" product and a "B" management team. This is difficult for entrepreneurs to appreciate some times because they are so passionate about their product, that they think that should be good enough. You should work your network or engage a firm that has resources to help you identify interim and permanent management and advisors that will strengthen your overall package. The second thing investors want to know is can the product find a home? Will somebody buy it? How will money be made? And the best way to determine this is to have customers. If you don't have customers, then engage resources can help you with your go to market and shore up some of those issues. Lastly, they want to know that there is a barrier to entry to your competitors or a significant differential between what you offer and what your competitors offer. This may involve Patent protection, speed to market or other factors. All of which LAUNCHfn resources can help you address.

**Q. What types of services does LAUNCHfn offer?**

A. There are many sad stories of entrepreneurs spending precious dollars to secure services for business plan development and funding solicitation, without achieving the desired results. Securing the correct resources to make your business capital friendly and to introduce it to the right investors, will make the difference in how much time and money you will spend to in your pursuit of funding.

First we schedule a one-hour free consultation to better understand your business and objectives. Then we determine, with you what the best course of action would be. That may include a business plan and executive summary assessment or other introductory services. After reviewing your executive summary, we will discuss your goals and objectives and provide you with options on how to move forward. Our job is to match you with the appropriate resource that can perform the service needed to secure the funding. We have structured a fee program that allows you to pay as you go and for specific recommended services. Here is a sampling of what we can offer to you:

- Prepare a dynamic presentation that energizes the concepts and competencies of your enterprise and inspires investors to take action.

- Develop Business Plans, Executive Summary and one-page summary sheet to quickly and effectively introduce your business to accredited investors.
- Prepare a detailed due-diligence package for the investors to review which thoroughly examines the economics of your business and validates your claims.
- Assist in writing the business plan so it includes path to profitability, go to market strategy and a detailed 3Y and 5Y financial model, including projected income statements, balance sheets, and cash flow statements
- valuation, IP evaluation, Patent protection
- for established companies, we offer turn around management consulting, merger and acquisition services, and recapitalization and debt restructuring.

**Q. How many investors should I expose my opportunity?**

A. According to the Kugarand Theory of Investing, for every one investor who invests, three say they will invest, and fifteen were exposed to the opportunity. You must have a plan to exposure your opportunity to hundreds of investors perhaps and furthermore, a system to follow up and stay in touch with them to let them know of your progress so they will become more comfortable and more likely to invest.

**Q. What else do I need besides a business plan to raise capital?**

A. If the company is pursuing private equity investment under a REG-D offering, there are two ways to proceed. First, the company can sell their own shares through a "direct offering" to their friends and family and investors familiar with the management and the company and under specific controlled conditions, the company may sell their shares privately to accredited investors. Raising capital is a learned skill. It is regulate so you must adhere to state and federal laws, but you also must understand that you are selling shares. You must have a plan to sell the shares similar to how you sell your products or services. If you don't know how to sell those shares or develop the strategy seek professional advice from a firm like LAUNCHfn.com. LAUNCHfn.com will work with the company to teach you how manage this process and create and maintain the records needed for regulatory purposes. LAUNCHfn.com under specific controlled conditions may introduce investors to the company in a private setting using the "road show", group and individual investor meeting strategy. Second, LAUNCHfn.com has established good working relationships with a number of Registered Broker Dealers in Atlanta and select other markets. These firms will develop the legal documents

required and then represent the company to their angel investor and private investor networks, and manage a campaign to promote the shares of the company.

**Q. Is there benefit to raising capital through a reverse merger or direct public offering on the OTCBB?**

A. Once you are beyond start up and have a proven business model, and determine that venture capital is not a likely source of growth capital, you can explore going public using a structured equity offering through a reverse merger or an SB1 filing with the SEC. There are a lot of pros and cons for doing this to raise capital so seek many opinions and be sure to plan for the time and expense it takes to create the market for those shares after you go public.

I hear the banks are lending now to small businesses, is there another source of working capital that is available to me?

If the company needs a funding strategy that includes some debt in equipment leasing or facility acquisition, or they need working capital as an interim to an equity raise, there with many different lenders that can provide a variety of debt programs. There is capital available for purchase orders, inventory financing and equipment, letters of credit for offshore manufacturing and working capital from invoices.

**Q. What types of services do you and your network of service provider's offer?**

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- Develop Business Plans, Executive Summary and one-page corporate fact sheet to quickly and effectively introduce your business to accredited investors.
- Prepare a detailed due-diligence package for the investors to review, which thoroughly examines the economics of your business and validates your claims.
- Assist in writing the business plan so it includes the path to profitability, go to market strategy and a detailed 3Y and 5Y financial model, including projected income statements, balance sheets, and cash flow statements
- Evaluate Company's Valuation, IP evaluation, and Patent protection
- Offer SB2 public offerings, turn around management consulting, merger and acquisition services, and recapitalization and debt restructuring, for established companies

**Q. How do I get started with LAUNCHfn?**

A. LAUNCHfn starts with an initial free consultation over the phone. We try to understand your goal and objectives and any milestones you have accomplished with your business. We explain the basics of the capital formation market place and our methodologies. If you think you may want to engage our services, and we believe you will value our counsel, we will begin with a business plan assessment and development of a funding strategy. The next step may include implementing the funding strategy or further developing the business model so that funding efforts are more effective. Send an email to [info@launchfn.com](mailto:info@launchfn.com) to learn more or fill out the form on the REGISTRATION page in Get Started to initiate your initial consultation.

**Q. How much does it cost to raise capital?**

A. To raise your initial funding, you should work through people you know, often called friends and family, although it may not be your friend or your family, but an affinity group that is somehow connected to you or

your product in an emotional, subjective way. This should only cost you for dinners, lunches, coffees, and travel. When it comes time to raise millions of dollars though, you should plan on setting aside some of your initial capital you raised to cover this expense. It will cost you for presentation fees, broker/finder fees, legal fees, consulting fees to ready yourself, travel fees, and entertainment fees. If you are not experienced at raising capital, then you need to hire an expert. Entrepreneurs can file their own patent and do their own taxes, but they often outsource that work to professionals with greater expertise to ultimately save themselves time and money in the process. It is the same with raising capital.