



LOUISIANA TECHNOLOGY PARK

Home to Louisiana Entrepreneurs®

ENews

August 30, 2007



When It Comes to Funding, Know What You Need

If you are like most entrepreneurs, at some point you'll find yourself looking for angel funding or venture capital to help your company make the next big leap. But how do you know when to look for an angel and when you need the resources of a venture capital firm?

Two key considerations in deciding which type of funding you need are what stage of development your business is in and how much funding you need. You'll also want to think about the type of investors that will be interested - and what they'll require from you. Here's a quick guide to the basic differences between angel investment and venture capital.

Looking for an angel

The first step for most early-stage companies is to invest personal funds and funds from friends and families. After that, you're likely looking for an angel. An angel investor is an individual who invests in early stage companies - generally with their own money. They often fill the gap between the seed money a company uses to get started and the venture capital the company will raise for major expansion or development. Angels are frequently entrepreneurs or people who have been successful in a particular industry. Many angels are interested in using the knowledge and contacts they have, keeping their hand in business and helping up-and-coming entrepreneurs. But make no mistake - angels want a solid return on their investments.

Angel funding depends upon how much individuals want to invest, so the range of investment is large. Angel investment generally ranges from \$10,000 from an individual investor up to \$1,000,000, which may come from more than one investor.

A major venture

A venture capital firm is just that - a firm that invests capital in new ventures. Venture capital firms work to bring their investors significant returns on their investment by helping young companies with major expansion and development projects. Venture capital firms frequently focus on companies with very high growth potential in large or rapidly developing markets. Venture funding is extremely competitive. Firms often look at hundreds of companies to find just one

opportunity they will fund. They look for investment opportunities that fall within their firm's typical range of investments. Many firms also specialize in particular industries and often like to work with companies located near them geographically, so it pays to do your homework about the interest and expertise of particular firms. Venture capital firms can also supply expertise and contacts that angel investors may not have. Most venture capital firms look for funding opportunities of at least \$1 - 2 million, and frequently make investments of several million dollars.

What if you need more than an angel and less than a venture capitalist?

You may find yourself stuck in the middle. For example, an investment of \$1 million may be too large for an angel, but too small for a venture capital firm. You may find that you can attract more than one angel investor to raise the funds you need. You may also need to consider several rounds of funding to generate the total amount you need.

You'll have to give up something to get something

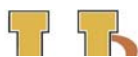
You may have a strong vision and set ideas about how you want to build and run your company. But your investors will want to share in that. "It's pretty much the norm now. An investor putting up their dollars expects to have some rights and say in how the company is doing," says Terry Jones of Dean Capital, www.deancapital.biz. "The larger the investor, whether an angel or venture firm, the more rights he or she will want spelled out in the investment agreement."

You can't start too early

If there's one time when advance planning is critical, this is it. Even if you're not ready for venture capital or you've already secured a round of angel funding, think about what you'll need in the next few months or next year. Position yourself to be attractive to the venture capitalists or angels you hope to attract. Start investigating potential funding sources long before you need them. Use your networking and business contacts to identify potential investors, and look for special funding events and programs sponsored by business and financial groups.

Upcoming Venture Capital Forum Deadline this Friday

The Louisiana Purchase Venture Capital Forum is coming up October 23-24. This annual forum offers entrepreneurs a way to present to multiple venture capital firms and investors. Companies must submit a business plan by this Friday, August 31. Based on a review of the business plans, companies will be invited to present their business plans at the forum. There is no charge to submit a plan. Details and submission guidelines are available at www.LA-Purchase.com.



Tech Park U is Now Accepting Applications for Its New Class

Louisiana Technology Park's class for rising entrepreneurs, Tech Park U, is now accepting applications to fill the ten open slots for its class of 2008. Created last year in association with Baton Rouge Business Report, the nine-month program that provides promising technology entrepreneurs the education and facilities to jump start their ideas into businesses.

Applicants must show their willingness and desire to turn their dream into a reality. Once accepted, each member will pay only \$99 a month for office space, support services, and office resources including their own cubicles with phones (including long distance services, voice mail and call forwarding), high-speed Internet access, email, secretarial support, free use of fax, printers and copy machines, office and meeting space, and 24-hour, seven-days-a-week, secured office access.

The nine-month program will use the FastTrac Tech Venture Curriculum to teach entrepreneurs how to develop their ideas for a business into a commercial enterprise. During the first three months, the class will meet every Wednesday evening from 6:00-9:00 pm to focus on writing a business plan and listen, getting in-depth training on specific business topics from guest speakers from the Baton Rouge area. At the end of the program, the members will compete in a business-plan writing competition, where the winner will receive a \$2,000 grant and possible acceptance into the Louisiana Technology Park's business incubator.

Applications can be obtained through our website, www.TechParkU.com and must be submitted by October 22, 2007. Applicants will be notified of acceptance by October 31, 2007.

Could You Use a \$4,000 Grant?

We are offering \$4,000 grants to companies that successfully complete the admissions process to become a member of the Incubator. Those that make the grade will not only be offered admission into the Incubator, but also will be given cold, hard cash!

- [Learn More](#) by logging onto our award-winning website
- [Apply Now](#) if you have a first-to-market, patent-pending technology-oriented product
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