Venture capital company critical thinking sample

Business, Company

The general principle of accumulating a venture or capital fund applies to any type of start-up or infant business. These businesses are usually associated with higher risks particularly for investors because of the uncertainties that might occur some time after the official launching of the business.

The general principle in acquiring a venture capital states that the larger the venture the capital is the better. This is because it will enable the business owners and administrators to realize or fulfill what's on the official copy of their business plan. However, the accumulated venture or capital fund should not be too large that the potential investors may deem it as too risky a move to invest. Simply put, the business owners and administrators should look for venture capitalists whose target markets based on their investment profile match the target market of the business as stated in its business plan. Also it would be important to look for venture capital firms which do not only offer a single type of venture capital investment which would most likely be in the form of Early Stage Financing.

Venture Capital firms which offer Early Stage Financing, Expansion Financing, and Acquisition and Buyout Financing, in this case, would be the most ideal types of venture capital companies to look for although the chances that these firms will be willing to offer these three types of venture capital investment schemes are low.

What Financial Information Should be Included

Ideally, less financial information concerning the business should be included. However, a less revealing strategy is more likely to arouse suspicion and doubts in the investors' and the potential investors' minds. So, it would be better to play things safer at this point and reveal as much financial information about the company as possible. If the company badly needs investment funds, might as well reveal it to the prospective venture capital firms. The key here would be to not appear too needy. Being transparent to the investors when it comes to the needs of the business will actually be almost always interpreted as a good sign and so as a result, the venture capital firms would be more willing to invest their wealth for the business.

Closing of the Deal

Before finalizing anything, make sure that everything will follow a systematic and legal procedure, in accordance with the policies, bills, terms and regulations of the state where the business will be established. Again, transparency is the key to keeping a relatively good relationship with the investors, especially for startup businesses. It is a golden rule not to give false hopes and promises and to make the investors informed about the real current state of the business. A detailed review of everything should also be done before signing and finalization of any documents.

What to include in the presentation

The presentation should include every information that the business owners and administrators think would be relevant to the business. However, the presentation should focus more on the different ways or mechanisms how the business would earn profits and how it will make its profit-earning schemes sustainable because this is where the capital investors will most likely focus on. Every information in the business plan and in the presentation of the business plan should be synchronized and consistent because any inconsistencies may lead to a possibility of losing a potential big-time investor.

Devices, Tools, and Follow-up Strategies

Keeping the current and potential investors informed should be done automatically and on a regular basis. If possible, an information technology panel could be created for investors. This investors' panel would show different updates on the business; how are the stocks performing and different statistical data about the business for example. This will establish a great deal of confidence and will therefore encourage the current investors to invest more. Ideally, the information technology platform should also include a feature wherein investors could create a virtual conference wherein they could talk with the business owners and administrators, as well as with other investors, should they like to raise any questions or concerns. As usual, offline methods in conducting follow-ups should be conducted on a regular basis as well.

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Part II

A business does not simply start out from money but rather from ideas generated by the mind of tis owners. Business plans and frameworks with simple and easy-to-understand mechanics are usually the ones that are more likely to succeed. Those who are too complicated to understand or are simply too good to be true are usually ignored by people due to some reason. Factors like these are considered very important in cases wherein an investor, for already-established companies, or a venture capitalist, for high-risk, infant businesses, tries to scout for a business which they could invest their money in.

Of course, these people would love to know the chances that they will be able to get a full return of investment and after that, gain profits from their share of the business’ profits. However, no matter how good a business plan is, it will never work without money. In an already-established business’ case, the fund could be used to change basically anything in the business that badly needs remodeling or reform. In a start-up or infant business’ case on the other hand, the money is highly likely to be used as the primary or even sole source of capital funds.

Usually, the bigger the capital fund is, the better; the company will be able to turn the components and details of its business plan more smoothly compared to when the capital funds are low. The number of venture capitalists or investors and the amount of money and resources they are willing to invest in the company. It is already given that the risks are significantly higher when investing in start-up companies simply because of the uncertainty whether these businesses will flourish or plunge into bankruptcy after some time, but we still have to add the fact that the larger the investment is the larger the risk is. One thing that could capture the venture capitalists' attention however, is the feasibility of the business plan. Is it workable? Will the target market respond to it positively? Will it be sustainable? These are some of the factors that venture capitalists take into consideration when investing. But still, because of the principles of risk management we just discussed, the risk could be doubled or even ten-fold when investing in start-up companies.

Abstract

Developing a fool-proof business plan is an important part of business planning that the owners of the company could not afford to neglect or miss. In the development of the business plan, it has been common among the ones who do this part to consider the mechanism how the company could generate a substantial amount of and sustainable traffic as the backbone of the entire business plan. These two factors are also the ones that venture capitalists look into in deciding whether they will invest in a particular business or not; and in determining the volume of funds they will invest in the company. Practically, the quality and overall coordination of the business plan shall be one of the determinants that will give the business owners an accurate prediction of how many venture capitalists will invest in the company. In this paper, the authors will try to develop a comprehensive business plan which they would, after its development, present to capital

investors. Bulk of the development will focus on discussing the types of products and services that will be offered by the company, and the marketing strategies that will be used to establish a strong presence in the target market.

Description of the Business, Proposed Products and Services, and the Target Market

The proposed business will revolve around the Education Industry. Basically, we are going to try to establish a new educational institution. There are two types of educational institution: a for-profit and a not-for-profit educational institution. In this case however, what we are going to develop is a business plan for a for-profit educational institution. The business owners' instincts tell them that in order to prevail and stand out from other domestic and international educational institutions; they will have to do something different, unique, and outstanding. However, their options are limited by various restrictions imposed by the state department that regulates the education standards state-wide or in only a particular region. This factor will however depend on several other factors which include the target market.

But in the most basic sense, a private educational institution which will cater to the educational needs of the target market will be established. The business will be named The Silver Shore Academy. It will be an international educational institution primarily based in third-world or developing countries in Asia. It will cater to the educational needs of children and adults with age ranging from 3-60 or even older age groups. The ideal target population should come from the middle-class the elite members of society.

Nevertheless, this will not be that important because anyone who meets the educational and financial screening process will most likely be accepted.

Market Definition

Just like what was stated in the general business description, the target market for this particular business plan would be those who are living in Asian third-world or developing countries who, at the same time, are also members of the middle and elite class. In this case, it would be beneficial to use other market definition aspects (potential, available, qualified available, target, and penetrated market) to have a bigger view of what type of market this business will most likely cater its services to. This figure below shows how a detailed market definition should look like.

Potential Market—members of the target population who will most likely be interested in acquiring the services or product offered by the business; citizens of developing countries in Asia.

Available Market—members of the target population who have the capabilities and resources acquire the services or products; middle and elite class citizens.

Qualified Available Market—members of the target population who have the legal capabilities to acquire the product; those who are under the typical school-age group; 3-60 years old or even older than this age group.

Target Market—“ the segment of the qualified available market that the firm has decided to serve” which is also known as the served market; ; middle and elite class citizens who are under the typical school-age group; 3-60 years old or even older than this age group.

Penetrated Market—those who are under the target market classification who have already acquired the services or product.

Marketing Strategies

There are 3 important marketing strategies that the school owners have identified as crucial to the penetration of the target market: keeping and maintaining a blog and social media website, affiliating with companies and schools, participating in career talks. Keeping a blog or social media website can greatly boost the business' online presence which in turn could greatly boost its offline presence. A larger network of affiliates may also help boost the number of enrollees for every academic year or more often than that because it basically turns the business' into a redirection and recommendation channel. Lastly, the schools participation in career talk networks will enable the potential market to identify the business, the school, as a suitable venue for their educational needs. Whether they will enroll or not depends on an entirely different range of factors which is well outside the scope of this paper.

Financial Management

The school will not, in any typical way, be funded by the national, federal, or local government simply because it is modeled as a private for-profit educational institution. Instead, the funds that will be used to maintain and improve the different business aspects will generally come from student tuition fees, endowments, scholarship and voucher funds, and grants and donations from a private organization, a patron or from a religious organization. The financial management responsibilities will be assumed by an appointed member from the Board of Directors.

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