

Successful funding of a business venture term paper samples

[Business](#), [Company](#)



Steps needed to officially establish the company

Before establishing any company, it will be sagacious to reach some legal requirement. What the law requires us to do should be considered whether the company is a sole proprietorship venture or a partnership. In this case, the company in question is a sole proprietorship company meaning that fewer legal requirements will be required as to when the company could have been a partnership.

The first step according to Smith (2011) will be to choose the name of the company. For the registration requirement of the company, the name of the company will be crucial. To make sure that the chosen name does not collide with another in the market, I will search through the web and look the names of the company that have been registered by the secretary of the state. If no name matches the chosen then, it will be adopted.

In any case the name of the company will be different with my name which surely is, and then a fictitious business name will be registered, Pinson et al. (2006). DBA is important as a second name since it can be used to advertise a company in the daily papers. The next step will be to form a limited liability company. Incorporating a business is a step to protect personal properties from the business. This is a step that will see that personal properties such as other business do not get affected by the new company.

As a sole proprietor, the business is not obliged to tax ID. This means that there will be no need to obtain a tax ID from the federal. The next step, therefore, will be to obtain a general business permit. Depending on where the business will be located, a general business permit from the local authorities will be mandatory before establishing a business. Since the

business will get funded from the bank loans, the last step will, therefore, be to open a bank account registered with the name of my company. With all these steps successful, the company is well to go.

Funding sources

Personal funding

Bank loans

The company will secure a line of credit with some of the local banks. In this case, the company will use the loan from the bank in support of the few from personal savings. The advantage with the bank loans is that the company will be capable of acquiring a lump sum. The lump sum got from the bank will help the company to develop very fast. Apart from the lump sum, in case the company will make losses, then it can protect most of the personal items by declaring the company bankrupt. Unlike when the company was solely funded by personal saving, securing loss of personal properties will be very easy. Another advantage of the bank loan is the fact that the company will be able to use the personal savings just in case the company is down. Loans reinforce the financial status of companies offering the company a chance only to use the personal funding in managing the company's operations during down moments. The only disadvantage of bank loans is the interest that is accrued in the bank. Banks do not consider whether the company made losses or gained. They will always demand the payment of the borrowed money even if the company is in the brink of losses. The other problem with banks is the fact that they always need a guarantor.

Government grants and loans

Apart from the bank loans, the company will also get the loans from the government. The idea behind this is to get the loans at a lower interest rate than those of the banks. Government grants are also free meaning that the company will have a chance to get free money to support its expansion. The loans on the other side must be paid back but not as much as the one from the banks. The only disadvantage with the government loans and grants is the economic challenges that come with them. Economy dictate what amount of grant will be offered and therefore one can never solely depend on it.

The best capital source

Personal amongst all the finance sources will be the best for my company. Personal funding gives the company the freedom to operate the way it wishes will be the best. In this, I mean that the company will not be struggling to pay back the loan and the interests that have been accrued. Personal funding will also help the company to grow faster since all the profits will be used towards the development of the company. Depending on the financial depth that I boast, funding from the loans will not be necessarily being an idea. The company can solely depend on the profits that have been made from other business venture.

Intellectual properties to secure

Patenting the name of the company will be the first step to making sure that the intellectual properties of the company are secured. Apart from patenting, the company will copyright most of the innovations and the business

researches done by the company.

The company is planning to keep all the company's secrets a secret. By keeping the secrets of the company, the company will protect its secrets towards better performance. The only way to keep the company's secrets is to avoid talking about the development of the company in public. The company will also make it a policy never to talk about the progress of the company in public. The competitor will, therefore, not be able to have a peek into the development and the strategies of the company.

Revamping the company to become completely virtual comes with a lot of changes in the funding of the company. Personal funding was the preferred source of funding for the company. Making the services of the company will mean that more and more advertising of the company will be required. The company will, therefore, require that more funding will be required towards making the product known and advertising the product. The best way that the source of funding will be altered is through investing and plowing into the business the profit that have been accrued from other businesses. The collections from friends and family members will also be used to reinforce the capital source. To make this source more efficient, the capital that has been made in the company will be used only in developing and building on the company. This means that the all of the profit will be injected back into the business.

Putting the services and the products of the company online will need for more and more intellectual property protection. Online services are prone to infringement this means that the company will have to take into consideration having more and more of the product protected under the

copyright law. I will, therefore, agree with the idea that making the products of the company will require more intervention into the intellectual rights. An example, the company will patent its formula of having its products advertised online. Pricing of the products online will also be the secret of the company and hence will be protected under the intellectual right.

Social entrepreneurship has changed the manner in which the business is done in the present world. In the world of today, and the business should have a reward to the society. The reward to the society is called the social entrepreneurship. This kind of entrepreneurship requires a lot of funding. Personal funding in most cases is never enough to allow for social entrepreneurship. The company has, therefore, in most cases asked for aid from most of the government offices. Apart from the grant, the company has been receiving assistance from the non-governmental organizations. At the early stage of the business, there were no much need of fund and; therefore, the company was in a position to fund the services from the personal funding. The change in the needs from the society due to what the company is gaining from them has led to the need to look for other sources of funding. The loans from the bank have been very effective.

References

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