

Venture Capital Vs. Business Angel Capital©

Venture Capital

Role: Provides investment capital to rapidly growing companies; offers assistance in recruiting additional investment capital; and works with company management to increase value in the business.

Source of Funds: Private and public pension funds, foundations, endowment funds, corporations, and prosperous individuals.

Funding Criteria: Interested in growth companies with experienced management teams; unique/innovative consumer tested and patent-protected product that meet an un-met consumer need; targeted market size experiencing a \$500 million annual sales level with a double digit growth rate; and a well-thoughtout business plan with realistic financial projects and exit strategy.

Funding Levels: The investment can be as low as \$1.5 million and high as \$10 million.

Financing Rounds: Start-up through Mezzanine.

Exit Strategy Preference: Merger, acquisition, buyout or initial public offering (IPO).

Deal Flow: (1) Companies submit business plans or business plan executive summaries to a venture capital firm's website, (2) companies' business plans are introduced to a venture capital firm representative from a business referral (i.e., Lawyer, Account or Business Advisor) and Companies are introduced to venture capitalists at after work networking events.

Business Angel Capital

Role: Provides investment capital to newly, established and start-up companies; offers management assistance; and introduces companies to potential suppliers and buyers.

Source of Funds: Affluent individuals or a group of rich individuals who use their own funds to invest in companies.

Funding Criteria: Interested in young companies: Firms going through the seed or start-up phase, while working on developing a business strategy and/or product prototype.

Funding Levels: The investment can be as low as \$25,000 and high as \$1million.

Financing Rounds: Seed through Start-up

Exit Strategy Preference: Buyout from a larger investor, such as a venture capitalist or a corporate venture capitalist.

Deal Flow: Business plans are submitted to established Business Angel networks via their websites.

For additional information on venture and business angel capital, please checkout Eighteen Ventures' publication, *Raising Money for Your Company: Private Capital Funding Sources*©.

You can order *Raising Money for Your Company: Private Capital Funding Sources*© by going to the publication webpage at www.eighteenventures.com.

Venture Capital Vs. Business Angel Capital©