

## What Is Crowd Funding?



Crowd Funding is a practice that is slowly making itself more and more a part of the mainstream.

The idea is to fund a project or organization by a large number of smaller amounts, collected from individuals, rather than a big single investment from a professional investor or venture capital firm.

There are three main types:

- **Equity funding**, where each investor gets to own a small stake in the company or project
- **Debt funding**, where the money invested is treated as a loan
- **Reward funding**, where the investors are contributing because they like the idea, and want to try your product or service (*their 'reward' for funding you*).

Over the past few years Crowd Funding been used for a variety of endeavours - from funding drink stirrers that can detect date rape drugs to financing Hollywood films, such as Zach Braff's "Wish I Was Here".

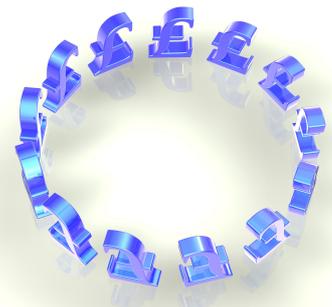
However, it's not just for projects that can spread internationally such as these, there are also crowd funding sites that are location specific, such as the London-based site: Local Funded that is specifically designed to help fund projects that will be a benefit to the community.

Crowd Funding has always had a strong link to charity-based projects, so a lot of the projects seen on Crowd Funding platforms will be orientated towards helping people.

But there are many Crowd Funding investors that scour these sites simply looking for good business ideas to invest in.

There are many advantages to financing your business idea through Crowd Funding options rather than through a bank loan or a traditional investment - for example, if you are successful in being funded via reward funding, then you have already proved that there is a market for your business idea.

And if you are funded that way then you do not have to pay any money back - the only way you give back to your investors is through 'rewards' that are pre-arranged.



So what's the catch to this great idea? Well, there are many sites where the only way you receive your money is if you manage to achieve your financial goal. In order to do this you must mount a forceful social media campaign to gain support.

Receiving Crowd Funding is highly beneficial, but it is a lot of hard work. In addition, Crowd Funding tends to work best for ideas that are consumer-focused, rather than B2B, simply because these are easier to relate to, and the benefits are obvious to a wider range of people.

If you are interested in using Crowd Funding for your business then have a look at some of the most popular sites below as a way to get started:

- [www.kickstarter.com](http://www.kickstarter.com)
- [www.indiegogo.com](http://www.indiegogo.com)
- [www.quirky.com](http://www.quirky.com)
- [www.crowdcube.com](http://www.crowdcube.com)
- [www.seedrs.com](http://www.seedrs.com)
- [www.fundingcircle.com](http://www.fundingcircle.com)

# Too Much Month Left At The End Of The Money?



Cash flow management can be a difficult process to conquer. It's simple enough to understand in theory, but putting it into practise can prove problematic.

The basic principle of cash flow management is to ensure that there is more money coming in than there is going out and that your business has the cash reserves available to deal with any unforeseeable disasters. It is a process that is vital to any business, as it requires a clear-headed understanding of the business' financial commitments.

Big businesses such as supermarket chains, banks and popular clothes stores have significant amounts of money, which can act either to their detriment or can continually ensure their success.

Having so much money under their control means that they can bail themselves out of difficult financial positions relatively easily, but as Goliath would attest to, 'the bigger they come, the harder they fall'. When these businesses fail they might not be short of thousands, they could be short of millions.

Small and medium enterprises (SMEs) often find it difficult to match the ease with which larger businesses can spend money. If you find yourself staring at spreadsheets and trying to figure out how to shoehorn a new printer into the office budget then it might not reassure you to realise that McDonalds probably doesn't have this problem.

At times it can feel like the best position your business could hope to be in is just scraping by, but even this is a dangerous place to be. If your business is constantly towing the line of financial security then the risk of an unexpected expense tipping you over the edge is too high to take.

If your business has no money left over to reinvest, then it runs the danger of growing stale and uncompetitive. Or perhaps a vital piece of equipment could break down and the business would have no funds saved to replace or repair it, which could result in a catastrophic loss of business for the enterprise.

So how can we better manage our cash flow? There are thousands of articles scattered over the Internet that claim to answer this question, but most of them point towards the same basic techniques:



## Draw up a strict budget

If you haven't already done so, is a great way to put all of the business' incomings and outgoings into one place that you can refer back to

## Go through each outgoing one by one

Examine whether there are cheaper alternatives

## Get rid of any unnecessary financial losses

Look at particularly high rate of breakages or perhaps an expensive product that isn't selling well.

Managing cash flow can feel like a massive task, so it's best to strip it down into smaller, easier-to-manage tasks that won't leave you feeling so overwhelmed.

Contact your UKBA business advisor for help with managing your cashflow and ways to reduce cost and increase profitability.

A free cashflow template is available to download from the UKBA website:

[www.ukba.co.uk](http://www.ukba.co.uk)



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