Master thesis

Viable options of financing a new venture on entrepreneur’s point of view in Brazil and Thailand

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Abbreviations

BA: Business Angel(s)

BNDES: Banco Nacional de Desenvolvimento Econômico e Social

CNI: Confederação Nacional das Indústrias

IFRS: International Financial Reporting Standards

IPO: Initial Public Offer

G20: Group of the 19 major global Economies plus the European Union

SEABANnet: South East Asia Business Angels Network

SEBRAE: Serviço Brasileiro de Apoio às Micro e Pequenas Empresas

SENAI: Serviço Nacional de Aprendizagem Industrial

SESI: Serviço Social da Indústria

SMEs: Small and Medium Enterprises

VC: Venture Capitalist(s)
1 Abstract

It is fact that one of the main reasons why a country is considered developed or developing lies on its industry development level. A nation without a well-developed industry does not create jobs enough, thus wealth to keep its population on high standards. It is critical to a nation have its national enterprises boosting employment and developing internal technologies, which is the driving force behind innovation. Thus, small companies pose a tremendous opportunity to allow expansion and development; however one of the main constraints avoiding it is due to the difficulty in providing financial funds to entrepreneurial ventures, which is the main track of this study.

This thesis was based in two “newly industrialized countries” (Bozyk) (Brazil and Thailand) by analysing entrepreneurs in terms of how they have got seed funds to start their business, what they think about other options of start-up financing and if they would open a new company, would they choose a different source of funding? Moreover, a comparison between the two countries is assessed showing commonalities and differences between them, demonstrating the most viable seed funding options in the entrepreneur’s perspective as the completion of this study.

2 Acknowledgment

When such big steps are taken towards a higher education degree, it is always unfair to be glad for a few people. Instead, a large number of people should be mentioned in this section, including parents, relatives, partners, friends, teachers and of course, Sweden - this country which has embraced us in this quest and giving us the amazing opportunity of learn in the same level and quality as the Swedes do.

Specific names are provided in the Thanks chapter - 9.5.

3 Introduction

Starting a business is the dream of many people and the sole option to others. There are many reasons why a person would be willing to start-up their own company but independently of the reason, many of the new entrepreneurs get stuck right in one of the first and very important steps when it comes to start their venture: financial funds to do the jumpstart, also known for the term “seed funding”. It is vital to any type of firm to have funds enough to start the business and hold the cash flow positive for the starting months until the company is able to finance itself.
Many entrepreneurs are luckily enough to secure financial aids from personal savings or from the well-known 3F’s: Family, Friends and Fools. Others need to lend money from outer financial sources, such as Banks and Government Agencies. By lending money from others, the entrepreneur is doing a commitment to pay the money back plus interests over the borrowed money. Newer alternatives are the concept of “risk investors”, mainly Business Angels (BA) and Venture Capitalists (VC) whose invest in the start-up expecting however a portion of the company in return.

Many literatures have written about available options of financing new business ventures and some interesting conclusions have been released; however due to the geographic focus of this work, such a theme was little exploited within the proposed regions.

There are many available options widely used for entrepreneurs in developed countries to get money for start-up their businesses, but in the developing nations most people lack knowledge about new venture financing or some available options are very scarce, therefore limiting their available sources of funding. Although such disparity is not the focus of this thesis, we intend to understand part of this unbalance.

Therefore, this thesis will examine the most common available financing options in Brazil and Thailand and compare such options between the two countries expecting to provide more insights about the usage, understanding and willingness of the entrepreneurs using each seed funding possibility.

By analysing a survey taken with a sampling of firm’s founders in the countries and doing a comparison with the above, the writers expect to be able to address the following question: “Which are the preferred financing options for manufacturing enterprises in Brazil and Thailand?”. The methods used to answer the mentioned research question are:

1) Elaborate a brief explanation about each available option with its pros and cons
2) Perform the survey with entrepreneurs in each country, outlining these options

As a result of the survey and upon analysis, the authors expect to produce the following outcomes:

1) Assess the entrepreneur’s choices in the preferred methods used when they started their firms and upon quick explanation of new options, check whether entrepreneurs would change its preferences or not;

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1 Other financing sources such as investors, banks and government agencies.
2 The term “risk investors” will be used in this thesis as a generic term to Business Angels and Venture Capitalists.
2) Do a succinct comparison among the preferences of obtaining investment from risk investors on our studying countries;

3.1 Scope and delimitation of the study

The scope of this thesis is the following:

- This study will be focused on the knowledge area of financial options the entrepreneur prefer when financing a new business
- Only manufacturing Micro and Small enterprises
- Brazil and Thailand were the chosen Economies to be studied in this paper.

Due to time shortage given for its conclusion, the writers have delimited the thesis in order to maximize the depth of study in the field as mentioned above.

- This research will be performed by 2 Master’s students within 10 weeks.
- The presented financing options in this research were chosen based on its popularity on the studied countries. Other lesser popular financial options will be neglected.
- Some specific financial statistical data in Brazil and Thailand used in this research might compose of stale data.

3.1.1 Constraints

Due to time constraints, it has been necessary to scope down the object of research to a narrowed picture. The study has been focused to financing new ventures in product oriented business (manufacturing) enterprises, matching writers’ personal interests. Additionally, there is a limitation in size that the paper must accomplish. Moreover, the authors have the intention to focus their study in developing nations, attempting to find the pitfalls that prevent such countries to grow in the perspective of firms’ initial financing. Therefore been Brazilian and Thai, it is their personal willing to base the thesis in their nationalities.

The writers limited the survey's sampling to 20 questionnaires from each country due to the short time and difficulty of access to target interviewees. It is understood that 20 answers might not provide the most accurate data to be analysed compared to the size of both nations, however it is necessary to provide evidences to understand the deed, hence this paper will pursue the qualitative research approach.

Although extra care was taken to develop a quick and practical questionnaire, pitfalls were encountered on the provided survey’s answers as lack of interest to complete the entire
survey, text type questions were not fulfilled and questions which were not answered correctly due to incorrect understanding of the concept.

This thesis is an empirical study which tries to be as close as possible of the reality however due to the outlined issues; the writers acknowledge that there might be some flaws in the questionnaire and perhaps imprecise conclusions, thus providing opportunities for a more comprehensive case that can be developed further in the future.

3.1.2 Target groups

Will benefit from this study the following groups:

- Entrepreneurs in Brazil and Thailand who are considering starting up their new firms.
- Scholars; as this paper serves as source of financial knowledge to entrepreneurs.
- Investment companies – This paper demonstrates trends, opinions and insights of risk investment in Brazil and Thailand which may indicate investments opportunities.

3.1.3 Studied countries

Brazil and Thailand are both considered developing countries. By plentiful of natural resources and low labor cost, many world class industrial companies locate branches within these two nations. Hence, by technologies advancement absorption from these countries, both are regarded as “Newly industrialized countries”, thus within the category of entrepreneurial “efficiency-driven” countries (Further development is accompanied by industrialization and increased reliance on economies of scale, with capital intensive large organization more dominant) (Kelley, Bosma, & Amorós, 2010).

Common financial options which we will study in the thesis are available within both Brazil and Thailand. Some new financial concepts such as Business Angels and Venture Capitalists which are occasionally found in developing countries are available within these two nations and will be analyzed, along with government agencies which assist new ventures with financial support.

By having all of these financial aspects available in the countries, we aim therefore to understand the entrepreneurs’ perspective about the most available financial sources for seed funding in real situation. Furthermore, Brazil and Thailand are not only appropriate with the requirements of our thesis but economical data indicates growth in the quantity of entrepreneurs and new business venture within these two countries. Hence, there are good possibilities that these two countries will attract large numbers of foreign investment to move their investment from developed countries to these high potential markets.
3.1.3.1 Brazil

Brazil is an emerging nation in South America, been the 5th largest country in the world both in territory and in population. It is a land of great biodiversity where lies the Amazon rainforest which accounts for 20% of the world’s fresh water and oxygen generation.

Brazil started to rise as a major economic power after been nominated as part of the BRIC countries (Brazil, Russia, India and China) as the great powers of the globe by 2050. In terms of growth, currently Brazil is the 7th largest economy (Pyne, 2011) in the planet in which main exporting areas are agriculture, mining, oil, manufacturing and services.

Recently, its middle and higher classes overtook the number of poor setting the mark of 65% of the entire population (RESENDE, 2010) and its population enjoys a high Human Development Index (HDI). The country is predicted to grow in fast pace, achieving in 2030 a quality of life of the population similar to the current in the major European countries.

3.1.3.1.1 Political system

After receiving its independency from Portugal in 1822, a few different political systems took over the country, but nowadays it is a full presidential democracy republic where the first woman (Ms President Dilma Rousseff) was elected in the 2010 poll.

The country is quite stable politically speaking, although quite often the country faces major corruption scandals.

3.1.3.1.2 Economical background

Brazil ranks the 7th largest economy in the World by GDP, been the largest in South America. It is the leading land of many commodities such as soy beans, orange juice, sugar, coffee, among others as well as manufactured goods such as automobiles, airplanes, ethanol and processed food.

The country is enjoying a long span of prosperity after stabilizing its currency, creating therefore an emerging middle class – eager to consume – and a new generation of tycoons.

3.1.3.1.3 Starting a company in Brazil

Brazil is far away from the easiest country to open a business. A World Bank report (International Finance Corporation, 2011) ranks Brazil in 127th nation out of 183 countries in ease of doing business. Three main issues remain the “Achilles heel” for the nation: payment of taxes, trading across borders and closing the business. It all can be summarized in high
level of bureaucracy, many taxes to pay in different spheres of the government and an average of 120 days to formally open the enterprise.

On the other hand, it is not required a minimum capital to start the venture and most of the required information is widely available on the Internet (LAGE, 2010). Additionally, the entrepreneur whose decides going to Brazil to do business will find a friendly and warm atmosphere.

3.1.3.1.4 Entrepreneurial spirit
In a report recently released by the Global Entrepreneurship Monitor (Kelley, Bosma, & Amorós, 2010), the country ranked the most entrepreneurial among the G20 countries members.

It is known that it is not easy neither cheap to start and run a business in Brazil, however the atmosphere and creativity of the locals are well known as great asset, qualities not easy to find in many other places on the globe.

Many government and private agencies and banks are working hard to foster local entrepreneurship. Lending money to start-up a business would not be an issue if one’s plans are well written and described. Many agencies offers free professional advice to run the company, but taxes and employment costs could easily eat big chunks of entrepreneur’s pie.

3.1.3.2 Thailand
Thailand is located in South East Asia, been the 50th largest country and 21st most populous in the world with approximately 66 million people (Central Intelligence Agency (CIA), 2011). Thailand has the second largest economy in South East Asia after Indonesia and its main exports are primary commodities such as rice, rubber, sugar cane and corn; even though tourism plays big role. Because of its richness in natural resources (Ibid.), Thailand have its own charming to attract foreign investors, and once had been called as the coming fifth Asian’s tiger.

3.1.3.2.1 Political system
Thailand is currently a constitutional monarchy where the Prime Minister Abhisit Vejjajiva, the leader of democrat party, has been the head of the government since 2008.

3.1.3.2.2 Economical background
Statistical records from the CIA’s fact-book website (Ibid.), ranks Thailand the 25th world’s largest economy in terms of GDP. Due to the strong exports, free enterprise economy and well developed infrastructure, Thailand has enjoyed an average economic growth of more
than 4% per year after recovered from the financial crisis in 1998. In 2010, Thailand’s economy expanded 7.6% - the fastest growth records since 1995.

3.1.3.2.3 Starting a company in Thailand
An evaluation made by CNNmoney.com (CNN Money, 2008), ranks Thailand as the 13rd best country to start-up a business. Thai’s legal and tax systems follows the pattern of US and some of European countries been flexible and quite reasonable not only for Thai companies but for foreign companies also. The report ‘Doing business 2011, Thailand’ (World Bank, 2011) indicated that the procedures and costs of setting up a business in Thailand takes only a month and costs less than 100,000 baht to register a company. Additionally, good infrastructure and natural resources available supports an appropriate start for many type of industries.

3.1.3.2.4 Entrepreneurial spirit
Thailand has very strong financial system to support new start-up businesses, including Bank of Thailand, 13 other commercial banks, 18 international banks and many other financial institutions as mentioned in the paper ‘Entrepreneurship in Thailand’ (Somjai, 2002). Additionally, the Thai government tries to encourage entrepreneurial activities with the office of small and medium enterprises which provides free consulting services to small and medium size firms.

3.1.4 Initial financial aid
To any new company, assets are mandatory. Even the simplest company would need some sort of asset, been human or other resources. Assets would be acquired in many manners, but the most common and easy way is to buy, lease, rent or hire, thus, paying in cash. Additionally, money is needed to keep cash flow positive and some spare for savings in case of an emergency. Furthermore, money is also needed in order to keep the company competitive in the industrial landscape. Therefore, for the great majority of companies, seed money is required in order to satisfy these needs.

3.1.5 Focus on small business start-ups
According to the World Bank, SME expansion boosts employment more than large firm growth because SMEs are more labour intensive” (Beck, Demirguc-Kunt, & Levine, 2005) and SME advocates argue that SMEs enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency, innovation, and aggregate productivity growth” (Ibid.). Additionally most of the developing countries have small businesses owned by nationals, hence leading to keep the money and profit of the company within the origin
country. Moreover, most successful entrepreneurs have small businesses as a starting point, hence this study is rewarding in terms of possible usage by business owner’s aspirants in the referenced nations.

A Thailand’s government statistical report (Office of Small and Medium Enterprises Promotion (OSMEP), 2009) categorizes the country’s businesses as: 2,884,041 companies were registered as small enterprises; 12,065 as medium and 4,653 companies were registered as large enterprises. Hence, 99.8% of businesses in Thailand’s economy represented small and medium enterprises (SMEs).

In a Brazilian statistical official report (Instituto Brasileiro de Geografia e Estatística (IBGE), 2010) shows a similar proportion as the above, where only 0.7% of the country’s enterprises were considered large enterprises, thus leaving the 99.3% remaining to SMEs.

3.1.6 Concentration in product manufacturing

Nowadays, businesses are mainly split between two major categories: services and product oriented. Services account for the biggest chunk of the pie, however products oriented business are the spark plug to trigger innovation and lead to further development.

The choice for studying product oriented business over services is led by the desire of the writers in bringing innovation and entrepreneurship to their home countries. Additionally, there are personal interests in pursuing such business field in the near future.

3.2 Surveyed entrepreneurs’ profile

As part of the study, an online survey was conducted with product oriented manufacturing companies in Brazil and Thailand in which the business have survived for at least 2 years.

A sample of 20 random companies on each country took part of the survey. The firms were profiled with at least 2 years in business, thus ensuring us that the entrepreneurs have passed the seed-funding phase – the object of this paper.

The group reflects a small population of entrepreneurs in Brazil and Thailand whose have developed (or are still developing) a product, therefore producing some sort of knowledge and some innovation at some extent.

3.3 Objective

This study has the main objective to elucidate the preference of some possible options of seed financing that entrepreneurs have, outlining the pros and cons of each given option
and upon explaining less popular options in developing countries, assess the likelihood of entrepreneurs in choosing these “new forms” of financing.

The aim of this work is to show the various financing options to entrepreneurs whose want to form product oriented companies in Brazil and in Thailand and provide insights of the most financially viable options available in the studied markets based on the entrepreneur’s view.

The outcome of this study is to provide enough information to future entrepreneurs to be able to select the most viable option of financing based on the nature of the business, required amount of investment and if it is better to pursue a Debt or Equity types of funding.

4 Literature Review

4.1 Brief about entrepreneur and job creation

It is widely known that the word “entrepreneur” comes from the French word “emprendere” which means “to undertake” in English. Joseph Schumpeter, an Austrian economist in summary has defined an entrepreneur as a person who “creates wealth by combining various input factors in an innovative manner to generate value to the customer with the hope that this value will exceed the cost of the input factors”. Additionally to that, it is understood nowadays that the entrepreneur is someone able to undertake challenges, innovate and create an organization out of it.

Entrepreneurs have the power of creating companies. By starting point, normally the ventures created start small and expand along the way. Micro and Small companies employ the major part of the labour force within a country in the majority of the countries. As an estimation of the potential of the Micro and Small businesses in terms of job creation, 52% of all regularly employed people in Brazil in 2010 were employed by such companies’ size which accounts for approximately 13 million people, according to an employment study done by a governmental agency (SEBRAE; DIEESE, 2010). A government’s official website shows that Small and Medium enterprises employs in Thailand 9,701,354 people or 78.2% of the total employment rate; according to a study published (Office of Small and Medium Enterprises Promotion (OSMEP), 2009).

Figures can vary greatly on each nation, but normally numbers favours Micro and Small organizations than Medium or the bigger ones, thus showing the great importance Micro and Small businesses have in the countries’ economies.
4.2 Forms of business entities

Choosing the correct form of business entity is an important decision when starting a business. Not all entities are suitable for raising substantial amount of capital or are flexible enough to allow growth within the expected level.

The most common business forms are sole proprietorships, corporations and partnerships which are further defined and explained in the appendix section 9.3.

4.3 Stages of a regular business

Business professors have different views in terms of which the stages of a company are. It can be argued as several or some however, it is concisely known that they vary from 3 to 6 stages, depending on each scholar’s point of view.

(Markova & Petkovska-Mircevska, 2009) point us four brief but yet well-developed major stages in which a regular company may have in its life-time, which are explained below.

4.3.1 Start-up stage

The business is in the conceptual phase, yet in the entrepreneur’s mind – a precious diamond to be lapidated.

In this phase, the entrepreneur has as main challenge to convince people. He or she needs to demonstrate his/her idea to potential investors and to potential human resources or employees that the company will succeed. Usually, at this stage, there is no formal company formed yet.

4.3.2 Seed stage

The venture starts to takes shape. Normally, production has not started at this point, however planning, sketches, prototypes and alliances are been created at this stage. Even though if the company has actually started producing or selling, the product/service still needs to prove it is sellable and profitable, thus still entering to the market.

In this stage, the entrepreneur needs to ensure the venture will not run out of money as key resources (personnel or assets) are required. Human resources can be high skilled workers or a marketing professional, which are known to be key factors to a success story.

Normally, the company is up to 1 year old since its foundation.
4.3.3 Early stage

In the early stage the firm is usually expanding, producing and delivering products or services. It is often less than 5 years old and it may not yet be profitable.

4.3.4 Expanding stage

In this later stage, the firm’s is mature and profitable, and often still expanding. With a continued high-growth rate, it may go public within 6 months to a year.

4.4 Types of firms

Available start-up funding depends on its long term potential. There are three types of start-up firms: lifestyle, middle-market, and high-growth potential firms; according to (Markova & Petkovska-Mircevska, 2009).

Lifestyle firms provide only a living for their founders and accounts for approximately 90% of all start-ups. Due to their limited nature, they are unlikely to attract external financial funding, thus tending to be funded by the entrepreneur.

Middle-market companies ranges on 8-9% of all start-ups. This type of firm start to attract external funding as the average growth rate is 20% annually.

High-potential organizations are 1% or less of all start-ups. They are very likely to grow over than 50% annually and their initial five years revenue projections are very high. Usually such firms demand multiple rounds of external funding from risk investors.

4.5 Needs for external funds

Extra money can boost company’s ability to deal more confidently, improve processes, quality, reach new markets, etc, among countless other reasons. Independently from the reason, extra cash injection is necessary in three main phases: businesses inception, business expansion and financial crisis recovery.

4.5.1 Business inception

When the entrepreneur decides to start-up its venture, there will always be a time when he or she will go through the financial aspects of opening a new company. Lack of financial resources is quite often the main reason why great companies are dreamed but never leaves the papers in developing countries.
With no money, the entrepreneur is normally unable to go much further than its initial plans as it is very difficult to gain resources\(^3\) (not impossible though) with no cash at all.

### 4.5.2 Business expansion

“A business needs investments to grow. Even the most profitable companies cannot rely solely on reinvested profits to finance their expansion” (London, 2010), said John London in an online article.

A business needs to create good relationship with banks to secure credit as a bank can be the fastest way of securing cash flow to allow expansion. External finance provides room for faster growth, allowing the venture to scale up, reaching new markets and expanding its products portfolio, thus increasing its footprint on the market.

Extra cash injection helps a company to grow faster, achieving the economies of scale necessary to compete with the rival firms on regional, national, or even international levels.

### 4.5.3 Financial crisis recovery

Any company at any stage is susceptible to get into financial trouble. The reasons why it might happen are infinite: it can be an outer issue in a government, market or even global levels or it can be due to an internal flaw committed by an employee or a key resource that breaks down, triggering a financial crisis. Thus, when such things happen, extra money (if not saved) is required to bring the organization back to its rails and returning it to profitability.

### 4.6 Financing stages of a new venture

Financing may be injected at different stages of a business, per its demand of extra funds. As different businesses might have dissimilarity in growth pattern, many literatures have the stage of financing differently set. According to (Singh J. K., 2000), the classification of stages of financing are:

**Table 1- Financing stages of a firm**

<table>
<thead>
<tr>
<th>Early Stage Financing</th>
<th>Later Stage Financing</th>
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<tbody>
<tr>
<td>1. Seed Capital</td>
<td>1. Expansion finance</td>
</tr>
<tr>
<td>2. Start-ups</td>
<td>2. Replacement capital</td>
</tr>
<tr>
<td>3. Second-round finance</td>
<td>3. Turn-around</td>
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</table>

\(^3\) Resources here can be both materials, services, products, assets or human resources
4.6.1 Early stage financing
4.6.1.1 Seed Capital Stage
Seed capital stage happens when the business start from the conceptual idea. The Seed Capital funding is described as “early stage where concept or product is under development and the business is not operational”, (Lucas & Peraquito, 2009).

“In this seeding stage, there is great chance of failure. I.e.: the product fails to materialize into workable model or the market is not ripe for the product”, (Singh J. K., 2000).

Due to high risk and uncertainty on this stage, investors are scarce and normally it is financed by the entrepreneur.

4.6.1.2 Start-ups
After the idea or product’s prototype is proved possible for commercialization and there are some indications of potential market for the product, a business plan is developed in this phase as usually here the needs for investors becomes more prominent. Hence, capital investors will normally look for evidences of entrepreneur’s track record and previous experience before join the venture.

If there are funds enough, a prototype is developed and tested and feasible production line on initial samples lots is tested. By launching the first sample batch, initial sales can start. In addition, business owner and investors can take a market research on the first batch sales to predict more precisely the amount of investment needed for a full production. In this start-ups stage, risks are higher than seed capital stage because the investments are substantially higher.

4.6.1.3 Second round phase
In this stage, the product is in full production and available in the market. As the company is entering into the market and fighting for its market share, competition would start showing its face, forcing the company to strive for survival. Quite often, to survive in a competitive market, new business demands extra injection of equity-alike funding to maintain or exceed its advantages over the competitors.

4.6.2 Later Stage financing
According to Singh (Ibid.), “Later finance is a term used for funding established businesses, which have passed through the hazards of early stage financings”, hence, usually less risky. On the other hand, the amount of investment is typically higher due to the company’s profile and product’s value.
4.6.2.1 Expansion finance

After the company’s core product is strong in the market and continuously profitable, an established business might decide to expand by organic growth or by acquisition. Organic growth means expansion of business into new product line or new markets. Acquisition implies to expand the business by acquiring smallish companies. Hence, the business plan with effective future development is important to attract extra funds in this expansion stage.

4.6.2.2 Replacement Capital

Some venture capital companies invest into this replacement capital stage by purchasing existing shares from the entrepreneurs due to potential extra profit. The fund expects a reasonable income yield to those who sell shares to the fund. The funds are not directly financing the business but there is a possibility for future financing to assist the company’s expansion.

4.6.2.3 Turn-around

“A turn-around refers to a recovery situation” (Ibid.). The recovery situation can occur in both early stages and later stages of a business development. Turn-around which occurred in early stage financing usually happen due to lacking of entrepreneur managerial skills or slow respond of market to the product. Later stage turn-around rarely occurs if experienced BAs or VCs are involved. Investors who are willing to re-fund companies in turn-around situations have to weigh whether the business has future prospects of profitable growth and if it worth the effort.

4.7 Most common financing options

4.7.1 Debt or equity

When entrepreneurs consider to start or to expand their business, quite often external funds are pursued. It might come from individuals or companies that can provide a loan or direct investment to the venture, always looking for a future compensation. Funds can be categorized by four ways:

- By acquiring a debt.
- By accepting equity shares in the business.
- By securing funds from a mixed of both above.
- By funding the company yourself – categorized as Private Investment.
4.7.1.1 Debt financing

“Debt financing usually occurs when you make a loan from a lender” according to (Chembezi). The loan will be used as capital injection in the business and need to be repaid over a period of time. The loan from each of the financial sources would have different terms and conditions in clear repayment schedules and a previously set interest rate.

4.7.1.1.1 Advantages

The major advantage of funding the business by acquiring a Debt is that the entrepreneur keeps the totality of the venture’s equity. The benefit from having full ownership is that the entrepreneur can make strategic decisions, keep profit and reinvest it in the business. Other major advantages are that Debt obligation will limit only in the repayment period which differently from Equity finance where a percentage of ownership will not end until the investor sell its shares on the businesses.

4.7.1.1.2 Disadvantages

The major disadvantages are the requirements which the entrepreneur needs to address before filing to a loan plus the interest rates to be paid on regular instalments to the lender. Hence, small business which has low cash flow might face difficult to re-pay the Debts regularly. Most lenders might charge penalties for late payments which include charging fees, taking possession of collateral, or calling the loan due early.

Moreover loans are usually available only for established companies. Start-up business might find it difficult to get a loan granted due to their business high risk and low (or no) company profile.

4.7.1.2 Equity financing

“Equity capital implies to money that you and any of your business associate(s) inject directly into the operation” - (Chembezi). Contributors of Equity capital would receive shares in the business as a compensation for the investment made.

4.7.1.2.1 Advantages

Equity financing provides extra capital into the business without the requirement of repayments and payment of interests as compensation. Hence, the Equity is added into company’s net value, improving the financial stability of business and its ability to obtain Debt financing if still required.

It can also result in outside expertise being added to the enterprise’s management or board.
4.7.1.2 Disadvantages

Equity financing is a permanent investment which reduces entrepreneur’s ownership, thus its ability to control the business.

Additionally, profits of the business are shared among the shareholders or Equity investors.

4.7.1.3 Mixed and Private Investments

Mixed denotes to options that applies to both of the above categories, thus mixed. It is perceived “mixed” the 3Fs as such investors might want repayments or shares on the company, depending on their personal will and previous agreement.

Private Investments are self-explanatory.

4.7.2 Internal and external sources of funding

Funds can be acquired from a variety of sources however all of them will always be from two different types of sources: internal and external funding.

Internal funding are funds available within the organization such as: personal savings, retained profits, bootstrapping and Family Friends and Fools (3F’s).

External funding is capital that comes from a source which is outside the company. External sources of funding can be countless, however the most common are: Bank loans, Angel investors, Venture Capitalists, Government Agencies and general partnership.

4.7.2.1 Internal funding

4.7.2.1.1 Advantages

Possibly internal funding would be the best option to any entrepreneur. Keeping your finances internally and controlling it yourself or within the organization means that one will keep ownership of its business without external unwanted interference. Moreover, by keeping the financing internally, the entrepreneur has the opportunity to grow sustainably.

4.7.2.1.2 Disadvantages

By using internal money for start and grow the company, it is inevitable that more money will be needed to keep the organization financial health. Such money is always needed to keep a balanced cash-flow and allow growth; therefore, using internal money either from the entrepreneur’s savings or from the company’s profits might constraint growth or imbalance the financial stability of the venture.
4.7.2.2 External funding

4.7.2.2.1 Advantages

By taking external money the entrepreneur is possibly bringing more expertise to the company as if money is secured from BAs, VCs or general partnership; people with similar interest in having the company succeeding will try to help the entrepreneur, been many of them very well known in the market the entrepreneur is pursuing the venture. Moreover, by getting funding from the mentioned sources or from government agencies, one will need to get well prepared for presenting and pitching the idea, therefore leading to a better preparation of the entrepreneur in terms of the business itself by elaborating a more concise Business Plan and getting extra knowledge that shall be necessary when presenting.

Moreover, by securing external finance, the entrepreneur split the venture’s risk with its investor.

4.7.2.2.2 Disadvantages

It is known that getting other entities along with the new company a payback to these must be done somehow, at some time. For any of the options the entrepreneur might believe is the most viable he or she must be prepared to give up shares of their start-up or agree to pay interest rates over the acquired capital. Both possibilities bring further issues as they are better explained on the coming sections.

4.7.3 Financing options

As explained previously, this paper will attain to the most popular options in the market on both countries. Lesser known options will be neglected on this paper.

A more expanded explanation version of the advantages and disadvantages of each studied option can be seen in the pages 24 and 25 of this document however its complete version is attached to the appendix on section 9.4

4.7.3.1 3Fs: Family, friends and fools

According to (Burke, Hartog, Stel, & Suddle, 2008), “3Fs denoting Family, Friends and Fools refer to individuals who engage in informal investment who have a close personal relationship with the entrepreneur”. Such “investors” provide funds to the entrepreneur frequently informally, undocumented and upon much less proofs of the venture’s viability, normally because they rely on the entrepreneur’s ability or in the idea. Due to closer relationship, entrepreneurs with no previous business track record might obtain investment from these “investors” easier than other types of financial sources.
4.7.3.2 Banks
In many countries Banks are the first organization where entrepreneurs would look for external funding. Banks can lend as much money as it is needed, however in return they demand high interest rates over the capital lent.

4.7.3.3 Bootstrapping
Bootstrapping is the technique in which the entrepreneur creatively acquires either financial or human resources to initially develop its enterprise. Its main objective is “to minimize or eliminate the need for requiring external funds by securing resources at little or no cost” (Winborg & Landstrom, 2001). This strategy relies over the mainly internally generated money for finance such as internally generated retained earnings, personal bank’s credits, credit cards, home’s mortgages, sharing equipment/employees, etc and in gaining human resources from favours or help usually offering future compensations as payback.

4.7.3.4 Business Angels
“Business Angels (BA) are private individuals who use their own money to make Equity investments in initial stages of firms” (Aernoudt, 2005). Angels invest both money and time in the business they are interesting in. BAs play an important role in financing seeding stage and second round phase start-ups, tending to invest amounts ranging from $10,000 to $1 million. By investing in the early stage companies, Angels are betting on non-systematic risks which depend on success of the company. Hence, “Business Angels expect high return over their investment –ranging from 20% to 40% in return” (Lammertink, 2011).

4.7.3.5 Government agencies
At all levels of governments, there are a number of finance programs to assist the entrepreneur in aiding the business to be successful. In most cases, the main objective of these government programs are to create wealth and jobs, and for that reason such agencies help the entrepreneur not only financially (normally with very competitive interest rates and flexible re-payments) but with professional advice also. Each government financing program has its own restrictions and qualifications requirements.

4.7.3.6 Partnership
Partnership (or general partnership) is said to be “a necessary evil” in many cases. It consists in two or more partners whose are responsible for the business; sharing assets, profits, liabilities and responsibilities. With a partnership, one can complement the lack of assets one single entrepreneur may have. Such assets could be money, skills, ideas, vision, good contacts, etc. People say that a partnership is similar to a marriage as both the
entrepreneurs will need to live and create a great synergy among them in order to make the business to function.

4.7.3.7 Personal funds
Personal funds are the most common starting point where entrepreneurs use their personal resources for financing their start-up business, therefore many successful businesses started this way. Although this funding option is quite common among start-ups, it should never be the long term strategy for supporting growth of the business where third party financing is feasible as usually large sums of capital are available.

4.7.3.8 Venture Capitalists
Venture Capitalists (VCs) are financial intermediaries whose invest in private capital companies with great growth potentials to provide high returns to its investors in within a certain period of time. VCs tend to invest larger sums of money if compared with other financing sources.

They usually monitor and help the portfolio companies to grow, maximizing its potential of financial returns until the company is sold (to another company or through IPO), when the VCs exit from the business.
4.7.3.9 Advantages of financing options

Table 2: Advantages of financing options

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt</th>
<th>Mixed</th>
<th>Equity</th>
<th>Private investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Banks</td>
<td>Bootstrapping</td>
<td>Government agencies</td>
<td>3Fs</td>
</tr>
<tr>
<td>Closer relationship</td>
<td></td>
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<td></td>
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<tr>
<td>Collaborative work diminish excess workload of the entrepreneur</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Competitive interest rates</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complement of skills and resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Control and freedom to make decisions about the company</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneur’s keep 100% of equity</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected high standard of the business plan indirectly helps the entrepreneur</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidance of experienced professionals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment is always available</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large amount of money can be raised</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May provide good alliances to the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No re-payment or interest is required</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not bureaucratic</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Pre-defined re-payments easing control</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quick access to money</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-payments' flexibility</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### 4.7.3.10 Disadvantages of financing options

**Table 3: Disadvantages of financing options**

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt</th>
<th>Mixed</th>
<th>Equity</th>
<th>Private investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business track record required</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Clash of opinions, goals and visions may lead to conflicts</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Competitive source of funding</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit or assets required as guarantee of re-payment</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to bureaucracy, initial costs might increase</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>High risk over personal finances</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal rules may lead to misunderstandings</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It might demand many documentation to secure funds (bureaucratic)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Limited amount of investment</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>May create side effect on private matter</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual trust required and expected</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Re-payment can lead to future cash-flow issues</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Requires large share of the company</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The entrepreneur will lose power on the company</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The entrepreneur will need approval before planning and making decisions</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.8 Popularity of risk investors in Brazil and Thailand

Risk investors – Business Angels and Venture Capitalists - are not new forms of financing companies with great potentials. Both types of investment for fostering growth are well known around the globe, however, these options are much more prominent in developed nations as such investors have more confidence in the more widely relevant country’s aspects such as security over the investment, political and financial stability, maturity of the average entrepreneur within the nation, market size, market growth, business-friendly environment and of course, more wealthy people with disposable money to invest somewhere else.

Even though these are widespread in the developed countries, fast developing nations such as Brazil and Thailand are now starting to experience a flood of national and foreign investors looking for small entrepreneurs with great ideas to develop, as both countries are striving to enter to the club of Developed Nations.

With that said, it is clear that only in recent years that BAs and VCs started looking more closely to these nations and it has been seen an amazing increasing in the number of entities with wealth people willing to invest in start-ups in such countries as the developed world is currently leaving the 2008 financial crisis but developing nations are expanding quicker than ever.

The history of BAs in Brazil start in 2002 with a group of national investors in the city of Rio de Janeiro which started looking for investment aside their own companies. From that period to now, it is known over than 30 such organizations across the country, with an estimated figure of $3 billion to invest in start-ups (Korhonen, 2009).

A report of (Office of Small and Medium Enterprises Promotion (OSMEP), 2009), shows that in Thailand, VCs activities started in 1988 with an US aid program entitled ‘Business Venture Promotion’, in which its purpose was to invest in small and medium enterprises. In 1994, The Thai Venture Capital Association (TVCA) was created by the approval of Ministry of Commerce and it continues to play an important role in financing new ventures to-date. Venture Capital firms invest an average of $23.8 million per year, been 30% in early stage businesses and 70% more mature businesses.
The Business Angel community (SEABANnet) in Thailand was formed in 2001⁴ as part of the South East Asia Business Angels Network. In Thailand, BAs have a funding power equivalent to $2.8 million and usually invest in start-up business with deals ranging from $132,000 to $1.65 million (Scheela & Jittrapanun, 2007). Angels’ investment accounted for 47% of early stage businesses, 41% of mature stage businesses, and 12% in other stages in 2007, according to a study conducted by (Scheela & Jittrapanun, 2007).

5 Research Methodology

5.1 Research procedure

A questionnaire with literature review was utilised to gather the data presented in this thesis. The questionnaire is attached in the appendix section 9.1.

Start-ups financing is one of the most important aspects in creating a new venture. By having a variety of financial sources, the entrepreneur has a chance to choose the option which match with their business model. However, limitation of financial options knowledge of people in developing nations causes them to limit themselves with a few financing options, which could possibly not be the most optimal choice for the given venture. It results in differences of financing culture in developed and developing countries. The research, therefore, concentrate on studying the behaviours of entrepreneurs when choosing their seed finance for start-up their venture and assessing their opinions on the viable options when looking for financing their brand-new company.

Due to the population size of both nations and time constraint to complete the thesis, a qualitative oriented survey was taken, thus forty questionnaires composed of 23 questions each were submitted to entrepreneurs in Brazil and Thailand. Experienced entrepreneurs who own a manufacturing oriented business for over than two years are the target respondents.

Upon receiving the answers, the same were analysed driving to the Research Findings and Conclusions chapters of this study.

5.2 Procedural design

The research questionnaire was designed to produce results that are as objective as possible. The survey was separated into three main parts; the first part of the questionnaire focuses on study the behaviour of people in both Brazil and Thailand from their previous

⁴SEABANnet’s official website: http://www.vnet.co.th/ban/
business financing experiences. Multiple choices and paragraph text type of questions were designed to ask interviewees the background and financing information from their current or past businesses. In the second part of the survey, a description of the advantages and disadvantages of each financing option was posed in to provide necessary knowledge to the interviewees. After making them “aware” of all options, a rating section was provided where the interviewee could rank all options, demonstrating its preferences on each of them. Score’s summarization will show the viable options which most of entrepreneurs preferred in the past and which they prefer if starting a new business. The third part of the questionnaire is a multiple choice and paragraph text questions to ask business owner’s opinions about their future business funding.

5.3 Data’s analysis

The main expected result from this questionnaire is to check the most used financial options in Brazil and Thailand and assess the likelihood of usage of other financing options upon their understanding of its advantages and disadvantages. Such data will show which financial source was utilized in the past and what they expect to use in the future if they decide to start a new venture. Hence, the most viable options believed to match better their business will be shown on the survey’s results.

The opinion’s comparison of the “before and after” the explanation of the pros and cons of each financial option to the entrepreneur will imply that the extra gained knowledge has affected on people’s financing perspective, which is the main point of this work.

Additionally, the data’s analysis also includes people’s preference between Debt and Equity in the seed stage finance, which will elucidate their preferred method of re-payment for the acquired investment.

Furthermore, upon the presentation of the concept of “new” financial methods in developing countries like Business Angels and Venture Capitalists will assess the willingness of entrepreneurs in accepting this type of partnership/investment.

And lastly but not least, a comparison of the preferred options from the studied countries will be carried out with the results collected trying to find equalities, divergences and discrepancies of financing options between them.
6 Research Findings

6.1 Obtained results

Some results of the survey are quite exciting, some others surprised the authors and others were according to the expectations. Although the number of interviewees was not big, when comparing some data with other papers, the gathered figures are indeed coherent with major researches.

The compiled results are available in the graphs presented in the appendix, chapter 9.2 for further reference.

6.1.1 Brazil

For this study, 20 entrepreneurs fulfilled the form which was available online using “Google Forms” technology. The survey was opened to public for 7 days and once the 20th person filled out the form, the same was closed to further insertion.

The group who filled out the forms was diversified in the nature of business itself and in terms of geographical location as 15 of the answers came from Twitter followers of a well-established entrepreneurial website⁵ (which is approaching 18,000 followers). Other 5 answers came from direct interviewees contact (telephone and e-mail).

At some extent, the results were surprising to the Brazilian writer but most of the answers were coherent with what was expected.

Entrepreneurs’ age ranged from 20 to 58 years old which the average age was 34, been massive 90% of them male and the remaining females.

Their companies categories were very broad but more precisely: 15% in construction sector; 20% in final consumer goods; 5% into electronics; 10% on food and beverages; 30% in IT and Internet; 5% in Telecom and 15% belongs to other categories. The initial activities started with 1-5 employees for 75% of them, 15% had 6-20 employees when started and 10% hired 21 or more employees. To cope with that all, 11 of them peaked the survey in demanding $10,000 to $50,000 to start their activities and the remaining were evenly spread among other ranges.

⁵ http://www.empreendemia.com.br
Most of the interviewees started their business using their Personal Savings and did not request any loan but associated with a partner instead. As only a few got financed by Banks, the figures for this option turned inconclusive.

Looking for the choice in terms of financial options for future ventures as the first thought, 30% among the surveyed said they would look for funds on Banks and 40% in Government Agencies (most of these outlined BNDES as the agency, however this is a Government Bank). When exposed to the available options used in this study, the trend showed a more evenly spread figure, even though Banks and Personal Funding were chosen mostly (Figure 15). As a matter of confirmation of such trends, massive 90% of them said they prefer to take a Debt financing instead of give up shares of their companies for the future.

As expected by the national’s author, the majority of the respondents think that it is difficult to raise funds from risk investors. One can speculate whether they said it is difficult due to the lack of understanding on how to approach a risk investor, which corroborates to the last question in which results in 70% of interviewees saying they are willing to pay for a broker to work on their behalf to find either a BA or a VC to invest in their future ventures.

6.1.2 Thailand

From 34 e-mails sent out to target recipients, 12 online forms were filled out and 8 interviews conducted directly. Hence, a total of 20 obtained answers were used in this analysis part. Entrepreneurs were informed in advance on the precaution of the parts that was important to fill in and required reading before answer each question.

The average age of interviewees were 50, ranging from 27 to 65 years old. The majority of them were male, accounting for 75% of total sampling.

Three quarters of the companies were in the manufacturing segment whereas 25% were split into chemicals and textiles businesses. 90% of the companies initially employed between 1 to 100 employees and the initial capital required depends on each industry; thus requiring different amount of money as initial investment. However, 65% of the companies required at least $50,000 to start-up their activities. Eight of the total sampling lent money from Banks while six entrepreneurs started up their businesses using Personal Funds. Additionally, only 9 were peered up with other business partners. Furthermore, the majority of them found difficult to raise seed money.

The primary financing option which pops up in the mind of most entrepreneurs’ were Banks. Surprisingly, even after providing information about other financial sources with their pros
and cons, people still consider Banks as the first viable option followed by Personal Funds. On the other hand, Government grants were the lowest rated among the options.

Sixteen people think that external financial sources were important on starting up their businesses and 70% of them preferred Debt financing rather than Equity and the majority of the cases score as difficult to raise money from risk investors. Hence, there are good opportunities for new businesses to act as a broker to work on behalf of them finding investors as 70% of interviewees agreed to use such kind of service if available.

6.2 Data analysis

6.2.1 Seed capital for start-ups in Brazil and Thailand

The data compilation provided us the great opportunity to identify many interesting data. One essential piece of information to this thesis is to assess the most used financing options in Brazil and Thailand and assess the likelihood of usage of other financing options upon the entrepreneur’s understanding of its advantages and disadvantages, based on the explanation of other lesser spread options to the entrepreneurs.

According to the graph on “Figure 6- How did you initially finance your business venture (a.k.a Seed Funding)?”, it can clearly be seen that entrepreneurs in Brazil and in Thailand greatly diverges their preferred initial financing option in which in the first country the most preferred options were Personal Funding by far followed by Bootstrapping – which can be argued as part of “Personal Funding”, Banks and lastly Government Agencies. For the Thai nation, figures were spread a bit more evenly, where Banks won the prize of most used option, followed by Personal Funds, then Partnership and the so called 3Fs.

By analysing these data, it is not difficult to understand that the Brazilians tend to avoid interferences from outsiders, thus preferring to acquire Debt financing and keep equity than sharing the business with others or to take loans as evidenced by the results. On the other hand, Thais are more equilibrated in this matter as although the most used option was Banks, a balance can be seen with other two categories. Such preference is confirmed with comparing the above information with the figures which demonstrates that 80% of them prefer Debt finance instead of Equity. Consistent data can also be seen for the Brazilians as they prefer keep preferring Debt, exactly as demonstrated before.
6.2.2 Trends
6.2.2.1 Past and nowadays
In Thai’s perspective, a business report published by a development bank (SME Bank, 2003) shows that most of their customers took advantage of Debt financing to fund their ventures. SME bank approved loans to 6,179 small and medium enterprises with summing 27,373 million baht. Among the loan recipients, 1,402 firms (22.6%) were to fund new firms where 48% of total loan recipients were in the manufacturing sector. On the other hand, Equity financing was far behind as SME bank participates in only 28 of small and medium enterprises with total amount of 543.21 million baht. However, the trends of Equity financing increased 120% comparing to the previous year which show a good sign of increasing the number of customers choosing Equity financing as primary financing option.

A large study (Moreira & Puga, 2000) with 3,935 industrial companies demonstrates that in Brazilian terms, initial financial aids to entrepreneurs to start small and medium firms between the years of 1995 and 1997, totalized 63% of the started business activities with personal entrepreneur’s funding and 37% of them started their enterprises using external funds.

The study has not segmented the used options, only classified between internal and external sources of funding and it was based on methodologies and previous studies conducted by (Singh A., 1995) and (ZONENSCHAIN, 1998). It clearly corroborates to the accuracy of the data gathered in the conduced survey which shows that 55% of the interviewees used Personal Funds as a source of Seed Funding.

6.2.3 Comparisons between the countries
The graphs created with the compiled data, shows inevitable and interesting points for comparison as many discrepancies and some similarities were clearer to be seen as pointed out below.

Differences in financing new ventures are firstly dissimilar in terms of required investment sums for Seed Funding. The Brazilian entrepreneurs demand an average of $10,000 to $50,000 to initially fund their start-ups as demonstrated in Figure 5. With lower amounts, Brazilian entrepreneurs could invest Personal Funds rather than demanding external financial sources. On the other hand, Thai entrepreneurs demand larger amounts of money initially as 65% of the interviewees required more than $50,000 for seed funding. As a result, external financial institutions where larger amounts of capital could be raised were the primary financing option, been Banks the major preference.
Furthermore, when asked: “If you think on one external source of financing that you can get money to invest in your start-up business, which one pops out from your mind first?”, Banks were the choice of most Thai’s in the questionnaire as evidenced in Figure 14. Hence, it implies that Banks are not only the most popular option among the Thai entrepreneurs, but it also influences Thai people’s funding decision as Banks advertisements are widely broadcasted via mass media and access to them is very easy. Thus, by evidences, it becomes the primary source of financial aid when people require extra cash inflow. Different results were shown in Brazil as preferences on Government Agencies surpass Banks. It may reflect the latest Brazilian Government’s efforts to foster the country’s development by financing micro and small enterprises, providing attractive interest rates over investment, longer re-payments and easy access to capital. 

The Figure 14 shows another interesting point: none of the interviewees both in Brazil and Thailand have chosen Partnership when asked about the option which pops-out in their minds to finance their start-up. A good evidence of such behavior is that people needs to give away a large shares of their business to someone else along with difficulties to handle complicated partnerships. Hence, such option would be the last resource while chasing capital funding.

Interestingly, upon explanation outlining the pros and cons of each familiar or unfamiliar financing option to the entrepreneurs, the results from both countries show very similar trends been Banks the most viable financing option by entrepreneur’s perspective, followed by Personal Funds and 3Fs, as demonstrated in Figure 15. The results demonstrate that entrepreneurs are interested more on financial options where 100% of Equity is kept, thus keeping full control when managing their businesses. On the other hand, new financing concepts like Business Angels and Venture Capitalists rank among the unpopular options.

On this basis, it can be understood that on both countries, entrepreneurs prefer to acquire Debts to fund their business rather than give away Equity on the firm, thus preferring repaying the money taken plus paying interests rather than sharing their business with others as massively expressed in answers of the survey for the question “If you can choose to fund your start-up externally, would you prefer debt or equity financing?”, Figure 17.

---

7 Conclusions

It is understood that every entrepreneur has a different level of instruction in terms of seed financing and personal preferences over the available options, however the analysed case shows that entrepreneurs in both nations avoid Equity financing as evidenced in Figure 15 and then confirmed in Figure 17. It implies that even though the understanding of the advantages and disadvantages of risk investors, they still stick to the known preferences.

Despite the fact that it is not the focus of this study, the many possible reasons why Debt finance is preferred over Equity, it can be speculated that clashes with the involvement of others in the business and profits sharing are apparently in the top of possibilities. Thus, these options (Equity financing) are left as the latest resources to finance new ventures. Additionally, the concept of Business Angels and Venture Capitalists are still been diffused in developing countries, hence it requires some time for entrepreneurs to adapt to it, gain more knowledge and confidence in such as demonstrated in the results as most interviewees still prefers Banks and Personal Funds the most to finance their businesses rather than other options, including risk investors.

Banks were the most accepted financial source in both States closely followed by Personal Funds and despite the fact that the reasons why those options were preferred, one might speculate that for the first one heavy investments in mass media marketing attracts people’s attention and for the second, the possibility of keeping total control over the business makes the entrepreneurs prefer to use their personal money.

Entrepreneurs tend to prefer options that benefit them the most, therefore such sources should be of easy access and familiar. Hence, attractive options that meet these requirements are good candidates to be chosen and trends might move towards them.

The lately maturity of Brazil’s economy is also evidenced in the results as initially 55% of the entrepreneurs funded their business with their personal savings, contrasting to the majority of them nowadays preferring to lend capital from Banks or Government Agencies, thus slightly shifting the seed funding mainstream. In Thailand’s perspective, the figures keep steady in this aspect.

Financing figures always change depending on several factors and involved variables per the dynamics of each country, therefore trends forecasts would require considerable more efforts in data collection scale, time to analysis and possibly professionals of other fields, therefore opening opportunities to a deeper research; however this thesis can now provide
speculative hints of upcoming tendencies in terms of seed funding for businessmen aspirants.

Finally, besides the evident cultural differences, entrepreneurs in both countries share a very similar view in terms of viability of seed financing options as demonstrated in Figure 15 in which the entrepreneurs prefer to keep their equity in their firms where the most viable financing options in their opinion are still the widely known and culturally conservative Banks and Personal Funding.

8 Bibliography


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9 Appendix

9.1 Survey’s questions

Questionnaire

Survey’s objectives: The current questionnaire is intended to assess the financing options the product development oriented entrepreneurs in Thailand and in Brazil considered and preferred when were looking for seed funding (the very first investment needed to start-up a venture) by the time the current company was formed.

Participant group: Entrepreneurs in Thailand and in Brazil in which the company is product development oriented and whose company’s has survived for at least 2 years.

About you

1) Age:

2) Gender:

About your start-up venture:

3) What category is your business in?

- Aerospace and defence
- Agriculture
- Automotive
- Chemicals
- Construction
- Consumer goods and/or services
- Energy
- Financial
- Food and beverage
- Health care
- Housing and real estate
- IT, Technology and Internet
- Manufacturing
- Mining and drilling
- Pharmaceuticals and biotechnology
- Printing, publishing and marketing
- Telecommunications and Media
- Transportation and logistics
• Tourism
• Other (specify)

4) How long has the business survived so far?

• 0-1 year
• 1-3 years
• 3-6 years
• 6-10 years
• 10+ years

5) How many employees (including you) has your company started with?

• 1-5
• 6-20
• 21-100
• 101-250
• 251-500
• 501+

6) How much seed funding* was needed to start up your business?

* Seed funding refers to the initial money required to start up the venture.

• $1 - $10
• $11 - $100
• $101 - $500
• $501 - $1,000
• $1,001 - $10,000
• $10,001 - $50,000
• $50,001 - $250,000
• $250,001 - $1,000,000
• $1,000,001+

7) How did you initially finance your business venture (a.k.a Seed Funding)?

• 3F: Family, friends and fools
• Banks
• Bootstrapping
• Business Angels
• Government agencies
• Partnership
• Personal funds
• Venture Capitalists
• Other (please specify)

8) Do you have any partner on running this business?
9) Do you think that partnership is important in terms of financing on start-up stage of the company? Why?

- Yes
- No

[ ]

10) In case you lent money, how long did you/your company agreed to pay the money back?

- up to 1 month
- 1 - 3 months
- 3 - 6 months
- 6 - 12 months
- 12 - 18 months
- 18 - 24 months
- 24 - 36 months
- 36 - 48 months
- 48 - 60 months
- more than 60 months

11) How much does your company paid (or is paying) interest rates over the loan?

- 0% - 4.99% APR*
- 5% - 9.99% APR*
- 10% - 14.99% APR*
- 15% - 19.99% APR*
- 20% - 29.99% APR*
- 30% - 49.99% APR*
- 50% - 99.99% APR*
- 100% - 150% APR*
- 151% - 200% APR*
- 201% - 500% APR*
- 500% - 1000% APR*
- 1000%+ APR*

*APR stands for Annual Percentage Rate

12) How easy was to get the seed money to finance your start-up?

- Very easy
- Easy
- Not too difficult
- Difficult
• Very difficult

13) When you made the deal, what was agreed to pay back the secured investment?

• I gave up shares in my company
• I agreed to pay interests over the investment made
• I accepted partnership with somebody else
• I agreed to return the investment by giving part of the production
• Other (please specify)

14) What have you considered most when choosing the funding option?

• Easy access to the money
• Quick access to the money (the required money went quicker to your bank account)
• Most financially viable option to you by the time
• Other (please specify)

15) What was the most difficult aspect in dealing with the loan?

• Bureaucracy
• Proving the business was viable (showing projects, documents and studies)
• Accept the T&C(Terms and Conditions) given by the financing institution/investor (high interest rates requested, bonds of personal assets, requested very high share of the company, others)
• Other (please specify)

16) Would you provide us the lessons learnt and/or give us some advice in the chosen financing option?

[ ]

About your future venture(s)

17) If you think on one external source of financing that you can get money to invest in your start-up business, which one pops out from your mind first?

[ ]

18) How likely would you look for the following financing option(s) (0- not likely; 10- very possible)?

• 3Fs: Family, friends and fools [ ]
• Banks [ ]
• Business Angels [ ]
• Government agencies [ ]
• Partnership [ ]
• Small Business Investment Companies [ ]
• Venture Capitalists [ ]
• Others (please specify and rate it) [ ]

* The above options were explained showing the pros and cons of each as of the financial options on the chapter 4.7.3.

19) How important do you think external financing options are for starting up new business? Why?

• Very important
• Important
• Nor important nor unimportant
• Somewhat unimportant
• It has no importance at all

20) Do you think it is difficult to find business angels or venture capitalists to invest in new start-up business?

• Yes
• No

21) If there is a broker who works as a medium to help you find investors (such as business angels or venture capitalists), would you be interested in using this type of service?

• Yes
• No

22) Would you have any other details, concerns, considerations or anything else not specified in this survey that you want the authors to know about?

23) It is optional to specify your name or company’s name, but we are giving the opportunity to you to provide this piece of information so we can add this detail in our acknowledgements and greetings session of our thesis. Therefore, by specifying your name and/or company’s name, you are agreeing to have it mentioned in the thesis, unless explicitly specified so.

9.2 Survey’s analysis graphs
Figure 1- Entrepreneur's age average

Figure 2- Gender division in both countries

Figure 3- What category is your business in?
Figure 4- How many employees (including you) has your company started with?

Figure 5- How much seed funding was needed to start up your business?

Figure 6- How did you initially finance your business venture (a.k.a Seed Funding)?
Figure 7 - Do you have any partner on running this business?

Figure 8 - In case you lent money, how long did you/your company agreed to pay the money back?

Figure 9 - How much does your company paid (or is paying) interest rates over the loan?
Figure 10 - How easy was to get the seed money to finance your start-up?

![Graph showing how easy it was to get seed money for startups in Thailand and Brazil. The x-axis represents different levels of difficulty: Easy, Not too difficult, Difficult, Very difficult, and Did not use. The y-axis represents the number of responses.]

Figure 11 - When you made the deal, what was agreed to pay back the secured investment?

![Graph showing the different agreements made to pay back secured investments in Thailand and Brazil. The x-axis represents the agreement types: Accepted partnership, Paid interests, Give part of the production, Gave up shares, Did not give up anything. The y-axis represents the number of responses.]

Figure 12 - What have you considered most when choosing the funding option?

![Graph showing the considerations for choosing funding options in Thailand and Brazil. The x-axis represents the options: Easy access to the money, Most viable option, Quick access to the money, Did not utilize. The y-axis represents the number of responses.]

47
Figure 13: What was the most difficult aspect in dealing with the loan?

Figure 14: If you think on one external source of financing that you can get money to invest in your start-up business, which one pops out from your mind first?
Figure 15 - Rank from 0-10 the probability of you chose the given options to finance your future business.

Figure 16 - How important do you think external financing options are for starting up a new business?

Figure 17 - If you can choose to fund your start-up externally, would you prefer debt or equity financing?
9.3 Forms of business entities

9.3.1 Sole Proprietorship

From a literature written by Willam et al. (2000, page 5)\(^7\), “a sole proprietorship is a business owned and controlled by a single person and paying the applicable taxes on his or her personal income tax return”. A sole proprietor has unlimited personal liability for the debts and obligations of the business and cannot sell equity to fund operations or expand the business. As a sole proprietor, one can use debt to finance operations, but will be personally liable for the repayment.

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\(^7\) Selecting business structure: William et al, 2000
9.3.2 Corporation

“A corporation is a legal entity or person created to conduct business by acquiring assets, hiring employees, paying taxes and facing pertinent legal issues”, according to William et al, 2000, page 7. The corporation carries on business in its own name and shareholders, officers and directors, and the employees are not personally liable for its acts. A corporation has appropriate structure for long term lifetime as the model allows a wide variety of financing options, hence allowing existence’s continuity.

9.3.3 Partnership

“A partnership involves two or more people carrying on a business together and sharing the profits and losses”, William et al, 2000, page 6.

“All profits and losses are passed through to the partners according to their percentage of ownership, even if the profits remain in the business to fund continuing operation or expansion”, Greg Writer, 2009. Depending on the level of ownership and/or agreement, all partners are expected to have similar liabilities, obligations and responsibilities.

9.4 Financing options

<table>
<thead>
<tr>
<th>3Fs: Family, friends and fools</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to Burke, 2008, “3Fs denoting Family, Friends and Fools refers to individuals who engage in informal investment who have a close personal relationship with the entrepreneur”. Such “investors” provide funds to the entrepreneur frequently informally, undocumented and upon much less proofs of the venture’s viability, normally because they rely on the entrepreneur’s ability or in the idea. Due to closer relationship, entrepreneurs with no previous business track record might obtain investment from these “investors” easier than other types of financial sources.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easier access to the investment than in other types of external financial sources due to the closer relationship.</td>
<td>Usually limited amount of money can be raised and no future investments are normally made.</td>
</tr>
<tr>
<td>Normally requires much less documentation and/or proof that the venture worth investing.</td>
<td>It can “create personal and emotional issues that might go beyond business judgement.”</td>
</tr>
<tr>
<td>Friends and Family are less likely to scrutinize in Investments are usually made in an informal way; therefore</td>
<td></td>
</tr>
</tbody>
</table>

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8 Selecting business structure: William et al, 2000
9 Selecting business structure: William et al, 2000
10 http://angelnetwork.com/blog/ as of 31/03/2011 00:49
11 How Does Entrepreneurial Activity Affect the Supply of Business Angels?: Burke et al, 2008
12 Ennico, 2002, page 1
misunderstandings can occur about precisely in what the “investors” are expecting in return for their investment.

The entrepreneur may have more flexibility in terms of re-payment.

Banks

In many countries Banks are the first organization where entrepreneurs would look for external funding. Banks can lend as much money as it is needed, however in return they demand high interest rates over the capital lent.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not require ownership or shares of the company, hence, the entrepreneur still owns 100% of equity</td>
<td>Not everyone qualifies to a bank loan. It depends on the credits one may have within the bank.</td>
</tr>
<tr>
<td>Loans are always available. It all depends on how prepared the entrepreneur is in order to secure funds.</td>
<td>Banks may require entrepreneur’s personal guarantees to approve the load. E.g.: house, car, land, etc.</td>
</tr>
<tr>
<td>If the venture gets qualified for a loan, the money comes normally quick, upon manager’s approval.</td>
<td>Borrowing too much money can lead to future cash-flow issues to the company as monthly re-payments are expected</td>
</tr>
<tr>
<td>Although bureaucratic, once funds are secured, the entrepreneur knows exactly when to start re-paying, making one’s life easier to control.</td>
<td>Difficult to take loans when the company is its inception because of the lack of track record, unstable cash-flow and uncertainty about the success of the venture.</td>
</tr>
<tr>
<td>Competitive interest rates in most cases.</td>
<td></td>
</tr>
</tbody>
</table>

Bootstrapping

Bootstrapping is the technique in which the entrepreneur creatively acquires either financial or human resources to initially develop its enterprise. Its main objective is “to minimize or eliminate the need for requiring external funds by securing resources at little or no cost”¹⁴ (Winborg and Landström 1997, 2001). This strategy relies over the mainly internally generated money for finance such as internally generated retained earnings, personal bank’s credits, credit cards, home’s mortgages, sharing equipment/employees, etc and in gaining human resources from favours or help usually offering future.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conserve your company’s equity</td>
<td>High risk over personal finances</td>
</tr>
<tr>
<td>The entrepreneur learns the best ways</td>
<td>As sometimes bootstrapping relies on “ad hoc reduction of the</td>
</tr>
</tbody>
</table>

---

¹³Ennico, 2002, page 1
¹⁴Financial bootstrapping and venture development.pdf - Harrison_2004
of leveraging its company with its own personal funds operating cost base of the business, it may constrain firms from growing as fast as might otherwise be the case”\textsuperscript{15} (van Osnabrugge and Robinson 2000, Winborg 2000).

<table>
<thead>
<tr>
<th align="left">Complete control and freedom to make decisions over your funds and company</th>
</tr>
</thead>
</table>

### Business Angels

“Business angels are private individuals who use their own money to make equity investments in initial stages of firms”\textsuperscript{16}Aeroudt, 2005. Angels invest both money and time in business which they are interesting in. Business angels play an important role in financing seeding stage and second round phase start-ups, tending to invest amounts ranging from $10,000 to $1 million dollars. By investing in the early stage company, angels are betting on non-systematic risks which depend on success of the company. Hence, “business angels expect high return over their investment - approximately 20% in return”\textsuperscript{17}Lammertink, 2011.

### Advantages

<table>
<thead>
<tr>
<th align="left">Advantage</th>
<th align="left">Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td align="left">“78% of business angels have management experience in small firms”\textsuperscript{18}. Hence, advice on advice and guidance from angels.</td>
<td align="left">Business angels may ask for a large share of the business to ensure their investment is secure; especially when the business is considered risky.</td>
</tr>
<tr>
<td align="left">Provides capital on a permanent basis with no repayment of principal money or interests.</td>
<td align="left">Low percentages of meeting with the right business angel.</td>
</tr>
<tr>
<td align="left">Business angels are more likely to take on risky business prospects than other investors. They will assess the business plan and management’s team to make a decision. Hence, as they usually get involved personally; they are more likely to go for ‘challenges’ or risky ideas with lots of potential.</td>
<td align="left">As a business angel will often work with you directly, they put a lot of thought into whether they feel they can have a good business relationship with you. If they believe there will be a clash of characters they will be unlikely to invest even if they think the opportunity is a good one.</td>
</tr>
<tr>
<td align="left">As business angels invest their own money, they are likely to put in a large amount of effort to ensure they get a good return; and will normally invest only when they believe they can personally benefit the business.</td>
<td align="left">The entrepreneur will lose power and will need approval from the angel before taking any major decision or plan.</td>
</tr>
<tr>
<td align="left">The entrepreneur would get successful businessman and influential partners by accepting an angel in its business.</td>
<td align="left"></td>
</tr>
</tbody>
</table>

\textsuperscript{15}Financial bootstrapping and venture development.pdf - Harrison_2004
\textsuperscript{16}Aeroudt, 2005
\textsuperscript{17}Lammertink, 2011, page 19
\textsuperscript{18}Lammertink, 2011, page 16
Government agencies\textsuperscript{19,20}

At all levels of governments, there are a number of finance programs to assist the entrepreneur in aiding the business to be successful. In most cases, these government programs improve your chances of obtaining financing by providing both longer and more flexible loan terms. In limited instances, some state and local governments do provide direct financing. Each government financing program has its own restrictions and unique qualifications.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very attractive interest rates and some flexibility in the re-payments.</td>
<td>It can be a very bureaucratic process.</td>
</tr>
<tr>
<td>Fast approval or rejection when the application process is completed.</td>
<td>Required documentation for applying to a loan from government can be a nightmare.</td>
</tr>
<tr>
<td>Depending on the nature of the business, big amount of money can be raised.</td>
<td>Grants can come with a certain set of rules in which the entrepreneurs need to comply with before applying, thus it can increase initial investment costs as extra tasks need to be carried out.</td>
</tr>
<tr>
<td>Grants can be prestigious and give your business instant credibility and public exposure.</td>
<td>Government grants are very competitive, therefore other companies will fight for the same grant as one may be pursuing.</td>
</tr>
</tbody>
</table>

Partnership

Partnership is said to be “a necessary evil” in many cases. It consists in two or more partners whose are responsible for the business; sharing assets, profits, liabilities and responsibilities. With a partnership, one can complement the lack of assets one single entrepreneur may have. Such assets could be money, skills, ideas, vision, good contacts, etc. People say that a partnership is similar to a marriage as both the entrepreneurs will need to live and create a great synergy among them in order to make the business function.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative work when all partners have the same level of involvement.</td>
<td>Lack of commitment from one part can lead to big dissatisfaction from the more committed part.</td>
</tr>
<tr>
<td>One can complement the other exactly where one of the entrepreneur’s lacks some asset.</td>
<td>One must truly rely on other as if one part is not honest enough, both partners may end-up in trouble.</td>
</tr>
<tr>
<td>By splitting the venture, you share responsibilities in most cases.</td>
<td>Different goals and visions among the partners may lead to issues.</td>
</tr>
<tr>
<td>Partners can combine resources and</td>
<td>It is nearly certain that at some time the partners will disagree</td>
</tr>
</tbody>
</table>

\textsuperscript{19} http://www.ehow.com/about_4745137_advantages-disadvantages-government-loan.html
\textsuperscript{20} http://wiki.answers.com/Q/What_are_the_advantages_and_disadvantages_of-government-grants
expertise to the better of the company. and argue about decisions, plans, procedures, investments, etc.

It is said that two heads think better than one. You will need to report your plans and decisions to the partner and may get his/her approval before implementing your plan/decision.

**Personal funds**

Personal funds are the starting point where entrepreneur use their personal resources for financing their start-up business. By the research of Stouder& Kirchhoff, 2004, “about one quarter (26.86%) of total dollar funding use by the respondents in the subsample of the research comes from the respondents’ personal contributions”\(^{21}\). Many of most successful businesses today started by this very same way. However this personal funds is quite common among start-ups, it should never be the long term strategy for supporting growth of the business where third party financing is feasible.

<table>
<thead>
<tr>
<th><strong>Advantages</strong></th>
<th><strong>Disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no deduction for interest loan as debt financing or share benefit with the investor like equity financing.</td>
<td>Lost interest rate which you could have been earned from saving account.</td>
</tr>
<tr>
<td>Money comes from personal savings. Hence, there is no regulation or rule to press the decision making of business owner.</td>
<td>On might drain its saving account which may negatively affect the financial situation if it’s needed to dip into that savings account for an emergency.</td>
</tr>
<tr>
<td>No reporting or approval from someone else is required as the entrepreneur owns the total shares of the start-up.</td>
<td>When no one else looks after the business, the entrepreneur may not benefit from a second opinion when planning or making important decisions.</td>
</tr>
<tr>
<td>The entrepreneur will be the sole responsible for all your success (or failure).</td>
<td></td>
</tr>
<tr>
<td>No documentation is needed(^{22})</td>
<td>One will have nobody else to blame in case the company goes bad.</td>
</tr>
</tbody>
</table>

**Venture Capitalists\(^{23}\)**

Venture Capitalists (VCs) are financial intermediaries whose invest in private capital companies with great potential to provide high returns to its investors in within a certain period of time. Venture Capitalists usually

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\(^{21}\)Stouder& Kirchhoff, 2004, page 367

\(^{22}\)http://www.helium.com/items/845967-funding-a-new-business-how-to-make-the-most-of-personal-savings

\(^{23}\)Based on http://www.businesslink.gov.uk/bdotg/action/detail?itemid=1075081582&type=RESOURCES as of 13/03/2011 23:10
monitor and help the portfolio companies to grow, maximizing its potential of financial returns until the company is sold (to another company or through IPO), when the VCs exit from the business.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCs are normally experienced businessmen whose bring to the company expertise that small companies or start-ups normally do not have, providing excellent mentoring to the invested venture.</td>
<td>The entrepreneur may lose power in the company as VCs will own part of it, therefore the entrepreneur will need to report its decisions to the board and comply with their will also.</td>
</tr>
<tr>
<td>Due to the needing of fictile information before investing, VCs tend to invest in well-organized companies, at least with an ambitious Business Plan, hence, helping the entrepreneur to plan the company better.</td>
<td>One will lose shares in the company as VCs invest in return of portions of the proposed venture. It is expected to give up a large amount of shares in the company as it is normal market behaviour.</td>
</tr>
<tr>
<td>VCs expect a large earning potential and a high return on investment within a specific timeframe, therefore, if they win, the entrepreneur wins also.</td>
<td>Upon investment in a company, VCs funds normally demand a chair in the board of the invested company. The indicated director or chairman would be inclined to protect the VCs investment, not the entrepreneur’s money, trying to drive the strategic decisions of the company to benefit them first.</td>
</tr>
<tr>
<td>They monitor their portfolio companies therefore helping the entrepreneur to keep a closer eye on the overall context of the company.</td>
<td></td>
</tr>
<tr>
<td>Normally they are willing to invest huge amounts of money in the companies to ensure its growth.</td>
<td></td>
</tr>
<tr>
<td>They might bring up good alliances to the company as they have other companies in their portfolio and are well known in the business landscape.</td>
<td></td>
</tr>
</tbody>
</table>

9.5 Thanks

Lauro Fabiano Alves Ojeda

Many people have helped me in this quest, providing information and enriching me with ideas, hence leveraging my thoughts towards deeper knowledge within the studies conducted. I hereby thank you all those people that directly or indirectly helped me somehow.

A sincere and honest thank you goes to my wife, Poliana that kept strong even on the worse days of loneliness that both of us faced while been away from each other and from our families for one entire year. These days have not been easy for both, but it all will pay off soon, I promise!
The below are the Brazilian people who spent some time fulfilling the survey and that explicitly stated wanted to be specified in the thanks section:

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Eliane Ribeiro de Jesus, Disk certo
Iran Ferreira, Wolke Communication
João Alécio Poletto, Etto Brasil (www.ettobrasil.com.br)
Luís Gustavo Gomes Ribeiro
Luiz Piovesana, Emreendemia (www.emreendemia.com.br)
Paola Miranda, Pazar gestão de negócios (www.pazar.com.br)
Rafael Honório de Oliveira, Comerciante
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