



### Internet research

Search for the keywords "bootstrapping business" to find out more about do-it-yourself financing. Can you find any examples of successful companies that bootstrapped at the beginning?

## 6.1 About business Self-financing

### Discussion

**1** Decide which of the motivations below is most and least important when you start a business. Number the factors from 1–7 (1 = most important; 7 = least important).

- ☐ having total personal control
- ☐ the freedom of being your own boss
- ☐ making money quickly so that you can sell the business
- ☐ the satisfaction of providing quality goods and services
- ☐ the excitement of taking risks
- ☐ setting up a business for your children
- ☐ the ability to work at home

### Reading

**2** Read the title of the article opposite. What source of business funding do you think the author recommends?

**3** Read the article and decide whether statements 1–7 below agree with the author's opinions. Write Yes (Y) if they agree with the author or No (N) if they disagree.

- 1 Venture capital is a good source of funding for new businesses.
- 2 Business schools give misleading advice on funding sources.
- 3 Investors always respond promptly to funding applications.
- 4 The process of obtaining funding will proceed at a fast pace.
- 5 Entrepreneurs who get funding rarely keep total control.
- 6 Venture capitalists have few good ideas to choose from.
- 7 Self-funding your own business ideas is too difficult to be practical.

**4** Read the article again and match the headings below to paragraphs 1–6. One heading is not needed.

- |                             |                       |
|-----------------------------|-----------------------|
| a Prepare for the worst     | e Watch every penny   |
| b Start small               | f Keep your integrity |
| c Choose partners carefully | g Identify markets    |
| d Consult widely            |                       |

### Listening

**5** 2:13 Listen to Alex Vecchia, a Californian business angel. How do his views differ from the writer of the article?

**6** Listen again and complete the notes summarizing what Alex says potential investors will be looking for.

#### The team

must prove its honesty, determination and 1 \_\_\_\_\_  
needs market knowledge and business 2 \_\_\_\_\_

#### The business

3 \_\_\_\_\_ financial forecasts  
must show a high 4 \_\_\_\_\_ potential

#### The deal

must have a realistic business 5 \_\_\_\_\_  
everything must be ready for the 6 \_\_\_\_\_ process

### Discussion

**7** Work in small groups. Your group has just won €500,000 on the Euro lottery. Discuss which company to invest in. Present your choice to the class and explain why.

Breezewatt – produces mini wind turbines which can generate 50 per cent of the electricity needs of the average home.

NewClear – produces high precision, high value components for nuclear power stations.

Fluban – has developed a vaccine against bird flu which has proved very promising in clinical trials.



# THE ART OF DOING IT yourself

WHAT advice would I give to new entrepreneurs who need funding? Forget about your business plan and buy a lottery ticket – your chances are better. My point is that when you need venture funding no one will give you any money until you already have a marketable product. In other words, funding comes just when you don't need it.

A myth spread by business schools is that the way to start a venture is to create a great business plan, perfect your pitch, and then present this to investors, starting with venture capitalists. If that doesn't work, you knock on the door of angel investors.

But ask any entrepreneur who has called on venture capitalists and they will probably tell you that it is almost impossible to even get calls returned. If venture capitalists do respond and you are invited to present your idea, the process will drag on for many months while you borrow more and survive on hope. If you do hit the jackpot, you are required to let the investors make many of the business decisions in exchange for an investment.

To be fair, most business plans don't deserve funding. Venture capitalists

receive hundreds of plans every week, and few are worth the paper they are printed on. Everyone jumps on the same new trend, or the ideas are so far out that they have no chance of success. And great ideas aren't enough: it takes experienced management, excellent execution, and a receptive market. It's hard for even the best venture capitalists to identify the potential successes.

So what should an entrepreneur do? What all new entrepreneurs should understand is that, even if you have a realistic business plan for a great idea that can change the world, you need to develop it yourself until you can prove it. Focus on validating your idea and building it up. Raise money to get started by begging and borrowing from family and friends. And be prepared to dip into your savings and credit cards, obtain second mortgages, and perhaps look for consulting work or customer advances. There is no single recipe for developing your business idea yourself, but there are some essential ingredients. Here are some pointers:

**1** Share your ideas with those who have done it before. You can learn a

lot from the experiences of seasoned entrepreneurs, and they are much more approachable than you think. If you can't find anyone who is excited about your idea, the chances are it isn't worth being excited about. This may be time to reflect deeply and come up with another.

**2** Speak to anyone who can help you understand your target customers. If you can sell your concept, some customers may help you fund it or agree to be a test site or a valuable reference. Customers don't usually know what they want, but they always know what they don't need. Make sure that there is a real need for your product.

**3** Your idea may be grand and have the potential to change the world, but you are only going to do this one step at a time. Look for simple solutions, test them and learn from the feedback. If you're starting a restaurant, work for someone else first. If you're creating a software product, learn by doing some consulting assignments or create some utilities. You don't have to start with the ultimate product.

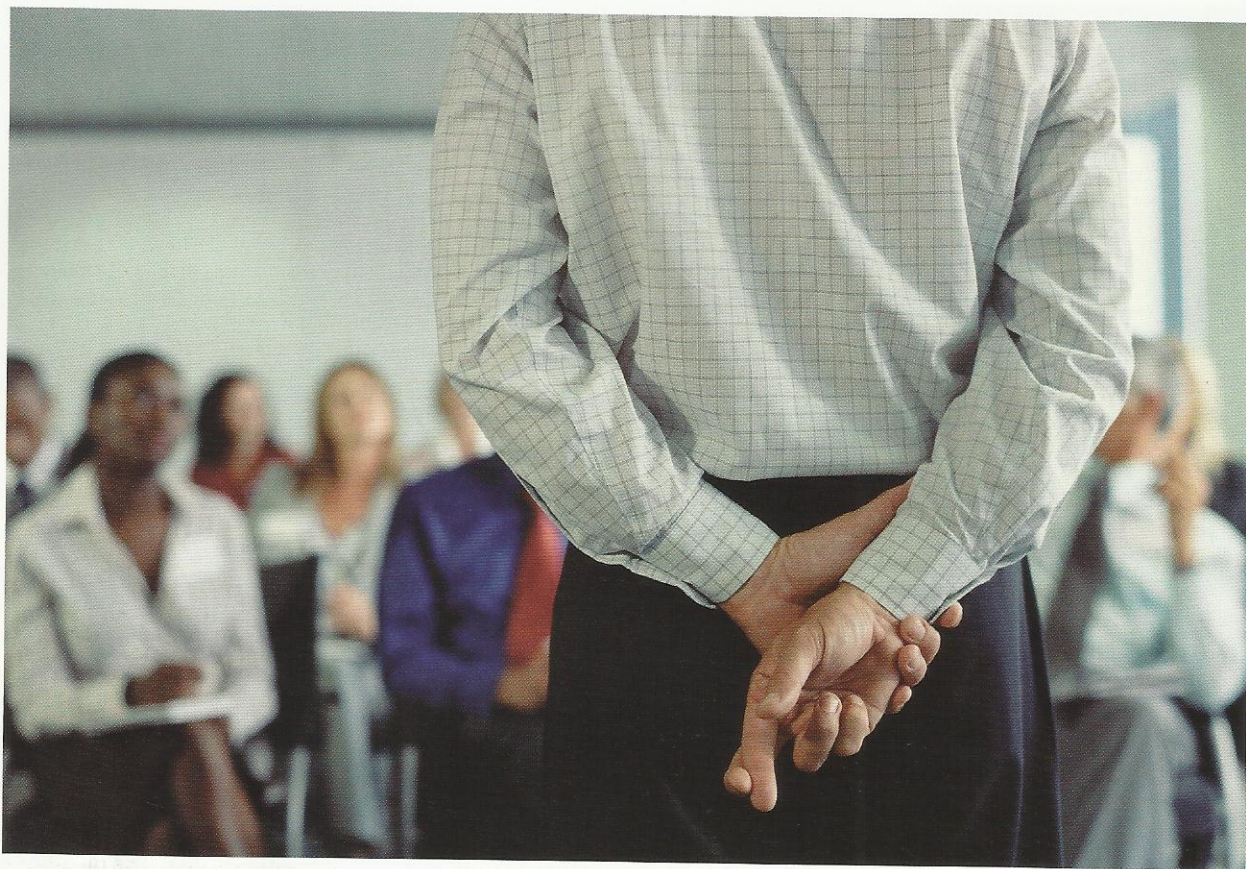
**4** Focus on revenue and profitability from the start. Find creative ways to earn cash by selling tactical products, prepaid licenses or royalties. Pay employees partially in stock. Look for access to free hardware or premises. And sweep the floors yourself. In short, use any method to avoid costs.

**5** It's going to take longer than you think. There will likely be product problems, unhappy customers, employee turnover, and lots of financial challenges. You may even fail a number of times before you achieve your goals. By learning from each success and failure alike, you increase the odds that you eventually make it.

**6** Never forget the importance of business ethics and your own values. Ethics need to be carefully sewn into the fabric of any start-up. And the only way to reach long-term success is by achieving outstanding customer satisfaction.

With a lot of luck and hard work you may build a successful company that markets products customers really want. It is very likely that by this stage, you receive the phone calls from venture capitalists. This is the time to think of exit strategies and decide if you want to own a small piece of a big pie or a large piece of a small pie.

## 6.4 Speaking Taking questions in presentations



## Discussion

**1** Work in small groups. The question and answer session is an important but unpredictable part of most presentations. Decide whether you agree or disagree with the following statements.

If there are no questions, it means that you've made a really good presentation.  
 It's better to answer questions during the presentation rather than waiting till the end.  
 There's only one type of question: awkward!  
 The question and answer session is an opportunity, not a threat.  
 When answering a question, keep it brief.  
 Never admit that you don't know the answer to a question. Bluff if necessary!

## Listening

**2** **2:15** Juliette Duncan, a presentations specialist, is giving a seminar on *Perfect Presentations*. Listen to the first part of her talk. What four pieces of advice does she give for fielding questions?

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_
- 4 \_\_\_\_\_

**3** **2:16** Listen to the second part of Juliette's seminar. She mentions five types of question. Complete the list.

## Five types of question

- 1 Useful
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_
- 4 \_\_\_\_\_
- 5 \_\_\_\_\_

## Internet research

Search for the key words presentations making questions to discover more tips on handling the question and answer session.

**4** Match each question type in 3 with the advice in a–f. There is one piece of advice you do not need. Listen again to check your answers.

- a Make sure the question is irrelevant, be diplomatic and go on.
- b You've already answered these questions in your talk. Remind the questioner and go on.
- c Elicit questions by answering one of your own.
- d They clarify what you're saying. Thank people for asking them.
- e Ask somebody in the audience if they can answer the question.
- f Don't bluff or lie. If you don't know the answer, offer to find out. If you don't want to answer, say so.

## Commenting on questions

**5** Read these comments on questions. Decide which of the five question-types in 3 they answer.

- 1 A question I'm often asked is: 'Where do you see the firm in five years?'
- 2 I'm afraid I don't have the figures with me. Can I get back to you on that?
- 3 I think I covered that in Part Two, but let me just recap.
- 4 To be honest, I think that raises a different issue.
- 5 I understand your position but I can assure you we've done our homework.
- 6 I'm glad you raised that point.
- 7 So, in other words you're asking ...
- 8 That's a very good question.

## Speaking

**6** Imagine your partner has given a talk about a company. Write five questions about the company using the prompts below.

- a last year's profit figures
- b when the company was founded
- c the reasons for their successes
- d who invented the company logo
- e what colour they prefer

**7** Work in pairs. One of you is the presenter and the other is the questioner. The questioner starts by saying that they have no questions, so that the presenter has to start the session. The questioner asks his or her questions from 6. When you have finished, swap roles.

## Explaining and reformulating

**8** A speaker is answering questions after a presentation about a new wind turbine. Put these expressions for explaining and reformulating in the correct gaps in the answer.

That's why   so   It's quite simple   In other words   To be precise   To put it into perspective

(1) \_\_\_\_\_, really. Our turbine is the most efficient on the market. (2) \_\_\_\_\_, twenty per cent more efficient than any of our competitors'. (3) \_\_\_\_\_ we're convinced that we'll meet our sales targets next year. (4) \_\_\_\_\_, we will sell more than 450,000 units in the European market in the next twelve months. (5) \_\_\_\_\_ that's twice as many units as this year, (6) \_\_\_\_\_ the future is rosy.

## Presentation

**9** Work in groups of three. Each member of the group should prepare a 60-second talk on one of the following topics.

- your future career plans
- the economy of your home town/country
- a business idea you think will work
- a subject of your own choice

**10** When you have prepared your talk, tell your partners the subject so that they can prepare at least three questions each to ask you. When you are all ready, take turns delivering your talks and answering the questions using appropriate comments.