

6.4: Finding the Money

As your parents have helpfully pointed out, it doesn't grow on trees. But here are a few leaves you can turn over to find potential investors.

6.4.1 Business plan competitions

Numerous colleges, universities and companies offer business plan competitions open to students from all institutions. Browse the Internet and check out entrepreneurship web sites for more resources. If your school runs a business plan competition, get involved. Not only do you get a chance to win some hard cash for your business, you have a motive to get your business plan written, and probably some guidelines to help you make it work.

6.4.2 Venture forums

A venture forum is an educational program designed to help entrepreneurs at various stages of business development. One of the best-known examples is the MIT Enterprise Forum. The Forum has twenty-three chapters nationally and internationally and offers seminars and online publications.

Search the Internet for more venture forums, or call your local Chamber of Commerce to find out what's happening in your area.

6.4.3 Venture fairs

Venture fairs have been around for years, but, according to David Freschman, President of the Delaware Innovation Fund and chairman of a venture fair known as Early Stage East, an increasing number of venture capital fairs are catering to early-stage businesses. These fairs are attended by individual angel investors, and early-stage venture capitalists. They help entrepreneurs increase the number of investors exposed to their companies, and compress the time frame for raising critical early-stage financing.

Venues for pitching to investors at venture fairs include social receptions, display booths, meals where tables are clearly marked as "owned" by entrepreneurs (investors get to choose who they sit with), and formal presentations.

6.4.4 Talk to your professors

Although academics aren't known for having access to a boatload of cash, try talking to your professors. Some professors are in fact interested in investing in student projects. Others may have contacts in the business world and may be able to introduce you to potentially interested funders.

6.4.5 Talk with alumni

Ask the alumni relations office for help in contacting people in your field. If your school has an entrepreneurship club, some of these contacts may already have been made. Even if you don't find immediate funding through alumni, the contacts you make may lay fertile ground for the future.

6.4.6 Your friends, your parents, your friends' parents

Tell everyone what you're up to. Getting the word out is key to getting what you need for funding. Let people know that you're looking for funding resources, and make it clear what you're expecting to give in return. People like to help people, and many people are natural connection-makers. The more you talk about your work and your funding needs, the greater the chances that you'll stumble upon the right person.

6.4.7 Grants

Grants are inexpensive: there is no interest charged, no need to pay it back, and you don't give up any equity (more on equity in the next section). There are two popular government programs that give grants to high-tech companies: SBIR (Small Business Innovation Research Program) and STTR (Small Business Technology Transfer Program). These grants are distributed in two major phases, with the first providing up to \$100K to pay for a proof of concept, and the second up to \$1 million for prototype development. Solicitations are usually twice a year; many workshops around the country provide information on applying for the grants. (For a good explanation and more information on SBIR/STTR, visit their website.)

A Cooperative Research & Development Agreement (CRADA) is a grant in which a government lab works with a company to develop or test a particular technology/product. The government doesn't provide any money to the company, but CRADAs can be an excellent way to obtain skills and equipment, and to test a product. For more information on CRADAs, see their website.

And then of course there is the world of private grants. There are numerous foundations and other organizations around the country (including the NCIIA) that provide funds to technology entrepreneurs. Several websites are devoted to this topic—The Foundation Center is a good starting place. Also, see below to start learning about what an NCIIA grant can do for you.

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