



# 5 tips for entrepreneurs seeking financing for their business ideas

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Sometimes entrepreneurs come up with promising business ideas but are constrained in moving their ideas into a viable business by unavailability of finances. Such an entrepreneur may consider approaching an investor to provide critically needed working capital for the business.

Below are 5 matters an entrepreneur should consider before approaching an investor with an idea requiring business finance:

**1** Carefully consider the nature of entity that is best suited to your type of business before you proceed to register or incorporate the business. Professional assistance may be helpful where your research leaves you in doubt.

**2** If the business entity you intend to use is a company, carefully consider matters such as the authorized share capital of the company, number of shares you will be allotting and classes of shares you will seek to create as these will be pertinent where you have an investor coming on board. Note that your idea and the work already done by you in

proving it to the market should not be ignored when it comes to allotting shares as it entitles you to some shares.

**3** Certain aspects of an entrepreneur's ideas could amount to Intellectual Property. It is therefore important to promptly ascertain what needs protection using patents, copyright or trademarks so that other persons do not register before you.

**4** Meetings with prospective investors invariably involve discussing some confidential aspects of your idea. An entrepreneur should have a professionally prepared non-disclosure agreement that protects the aspects of the entrepreneur's idea that will be shared with the Investor from theft by unscrupulous persons.

**5** Endeavor to find persons to assist in your board that will supplement the skills that you lack and help you negotiate favourably especially when dealing with seasoned investors who will have their own representation on your board once they agree to finance your idea.