FUNDING THE DREAM CHALLENGE

Individual Online Assignment: Funding the Dream Challenge (20 Points)

Purpose

In this assignment, you will practice real-world entrepreneurial decision-making by selecting the best funding strategy for a startup scenario. You will evaluate multiple capital sources, compare trade-offs (cost, control, and access), and pitch your recommendation using clear business reasoning.

Learning Goals

By completing this assignment, you will be able to:

- *Identify and explain common funding sources (debt, equity, grants, and alternative financing)*
- *Evaluate financing options based on **cost**, **control**, **risk**, and **availability***
- *Recommend a realistic funding plan that fits a startup's stage and needs*
- *Communicate a persuasive funding pitch in professional writing*

Step 1: Choose Your Startup Scenario (Pick 1)

*Select **one** scenario from the list below OR create your own startup idea (must be approved by your instructor). When you choose your scenario, include 2–3 sentences describing:*

- *What the business is*
- *Who the customer is*
- *What the startup needs funding for right now*

Step 2: Identify Two Strong Funding Options

*Choose **two funding sources** that best fit your scenario **right now** (not "someday"). Your two sources must come from **different categories** (example: one debt + one equity, or one grant + one crowdfunding).*

Funding Source Menu (Choose From These)

Debt-Based (repay money):

- *Bank loan / credit union loan*
- *SBA microloan or SBA 7(a) / SBA Express*
- *Line of credit*
- *Equipment financing or leasing*

- *Business credit card (use cautiously)*

Equity-Based (share ownership):

- *Friends & family investment*
- *Angel investor*
- *Venture capital*
- *Strategic partner investment*

Non-Dilutive (no ownership given up):

- *Grants (local, state, federal, nonprofit)*
- *University innovation fund / pitch competition*
- *SBIR / STTR (for research/tech ventures)*

Alternative Financing:

- *Crowdfunding (reward-based or equity crowdfunding)*
- *Pre-orders / deposits*
- *Revenue-based financing (more advanced)*

Step 3: Evaluate Each Option Using the Funding Scorecard

*Complete the scorecard below for **each** of your two funding options. Use complete sentences and scenario-specific reasoning.*

A) Cost (What does this funding "cost" you?)

*Include at least **3 points**:*

- *Interest rate or repayment pressure (if debt)*
- *Equity/ownership given up (if equity)*
- *Fees, platform costs, or fundraising costs*
- *Hidden costs (time, reporting, legal costs)*

B) Control (How much decision-making do you keep?)

*Include at least **3 points**:*

- *Ownership retained vs. shared*
- *How involved lenders/investors will be*
- *Restrictions on how funds can be used*
- *Risk of losing control if performance is weak*

C) Availability (How realistic is it to get?)

*Include at least **3 points**:*

- *Requirements (credit score, collateral, revenue, traction, pitch deck)*

- *Timeline (fast vs. slow approval)*
- *Likelihood of approval for your stage*
- *Common reasons applicants get rejected*

D) Best Use of Funds (What will the money pay for?)

*List at least **4** specific uses tied to your scenario, such as:*

- *Equipment, inventory, staffing, marketing, app development, rent, legal/permits, website, training, etc.*

Step 4: Choose Your Best Funding Strategy (Decision + Justification)

*Pick your **top recommendation** and explain why it is best right now. Then briefly explain why the other option is your backup.*

Your response must include:

- ***Your final choice** (Funding Option #1 or #2)*
- ***2–3 reasons** it fits your scenario best*
- ***1 major trade-off** you are accepting (risk, cost, or loss of control)*
- ***Your backup option** and when you would use it*

Step 5: 1-Minute Pitch (Written)

*Write a mini pitch you could deliver to a lender, investor, or grant committee. (About **8–12 sentences**)*

Your pitch must include:

1. *Business idea + who you serve*
2. *What you need funding for right now*
3. *Your recommended funding source*
4. *Why it is realistic and strategic*
5. *How you will reduce risk (repayment plan, traction plan, or milestones)*

Step 6: Reflection (Short Paragraph)

Answer this prompt in 5–7 sentences:

"Why is this funding source best for my venture right now?"
*Be sure to mention **risk vs. control** and how your venture's **stage** influenced your choice.*

What to Submit (One Document)

Submit a Word or PDF with these labeled sections:

1. *Scenario Selection (2–3 sentences)*
2. *Funding Option #1 (scorecard answers)*
3. *Funding Option #2 (scorecard answers)*

4. *Final Decision + Backup Plan*
5. *Written 1-Minute Pitch*
6. *Reflection*

Suggested length: *1.5–2.5 pages (bullets allowed)*

Grading Rubric (20 Points)

1) Understanding of Financing Options (8 points)

- *Correctly identifies two realistic funding sources*
- *Explains how each source works (debt vs. equity vs. grants, etc.)*
- *Funding choices fit the venture and its stage*

2) Reasoning & Trade-Offs (6 points)

- *Evaluates cost, control, and availability clearly*
- *Uses scenario-specific logic (not generic statements)*
- *Includes a clear decision with trade-offs acknowledged*

3) Pitch Quality: Clarity & Persuasiveness (4 points)

- *Pitch is organized, realistic, and convincing*
- *Clearly explains why the funding choice is best*
- *Communicates professionally*

4) Individual Effort & Completion (2 points)

- *All required sections are completed fully*
- *Work shows thoughtful effort and detail*

Expanded Scenario List (Pick 1)

1. *Student launching a local coffee truck on campus*
2. *AI-driven fitness app startup*
3. *Boutique clothing store expanding into e-commerce*
4. *Food delivery service using electric bikes*
5. *Biotech company researching a new skin treatment*
6. *Mobile game developer with high user growth, no profits yet*
7. *Sustainable packaging startup seeking scale-up capital*
8. *Freelancer platform connecting local tradespeople*
9. *Farm-to-table restaurant in a small town*
10. *Student-run podcast studio needing better equipment*
11. *Green tech firm developing solar roof tiles*
12. *PMU training academy expanding to new cities*
13. *3D printing startup prototyping medical devices*
14. *Mobile pet grooming service buying a second van*