PRIVATE INVESTMENT: KEY ASPECTS FOR GETTING A BOOST ON THE STARTUP'S DEVELOPMENT

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BACKGROUND

One of the significant causes of climate change is the CO_2 emissions from fuel cars. Sustainable entrepreneurs are the agents capable to make a positive impact on this problem. But SE aren't being financially supported. One of the reasons is the difficulty on getting investment to develop sustainable projects. Hopon is one of these sustainable startups who aims to reduce the CO_2 emissions by carpooling to the workplace.

To develop its projects, Hopon looks for private investment to fund its business. Different sources are already in the market, but the entry barrier is elevated due to the investor's requirements. This research studies the different aspects investors consider when investing and how can Hopon attract investors.

INTRODUCTION

Startups need financial help to innovate, scale-up, and deliver new products into the market (Shevchenko, 2018). However, getting investment for startups is a hard task. Startups, during fundraising stages, spend more time looking for investors than developing the projects (Cremades, 2019) (Hawkins, 2019).

"Each fundraising process is unique. Sometimes investors will have deep experience in a sector or know the team very well, both of which can accelerate the process significantly" (Fisher & Duane, 2016: 187). Investors converge in 4 different aspects they look when meeting startups (Fisher & Duane, 2016: 186): The Team, The Business, The Market, and The Angle. These aspects provide investors the necessary information to decide to invest in the startup or not.

OBJECTIVES

Provide an overview of:

- Private investment sources
- Key aspects for investing in startups
- Attract investors for Hopon

How can hopon attract investors to raise funds to develop its business?

METHODOLOGY

- Qualitative approach
- Semi-structured interviews
- Open-ended questions
- Face to Face / Skype interviews

SAMPLE

- Investors
- Sustainable Entrepreneurs
- Sustainable Startups

RESULTS

The research showed what are the main aspects investors look when investing in Startups

Startup Stage

- Investment occur during the Early Stages
- Early Stage = High risk = High Profit
- Some entrepreneurs prefer self-investment during Early Stages to avoid risks but the growth will be slower as well

Value Proposition

- **Idea**: What the purpose of the company is and which problem will solve its idea
- **Viability**: How the Startup will make profits and create financial stability
- **Scalability**: How the company will increase their profits
- **Sustainability**: It is an added value, but needs to be measurable and reachable

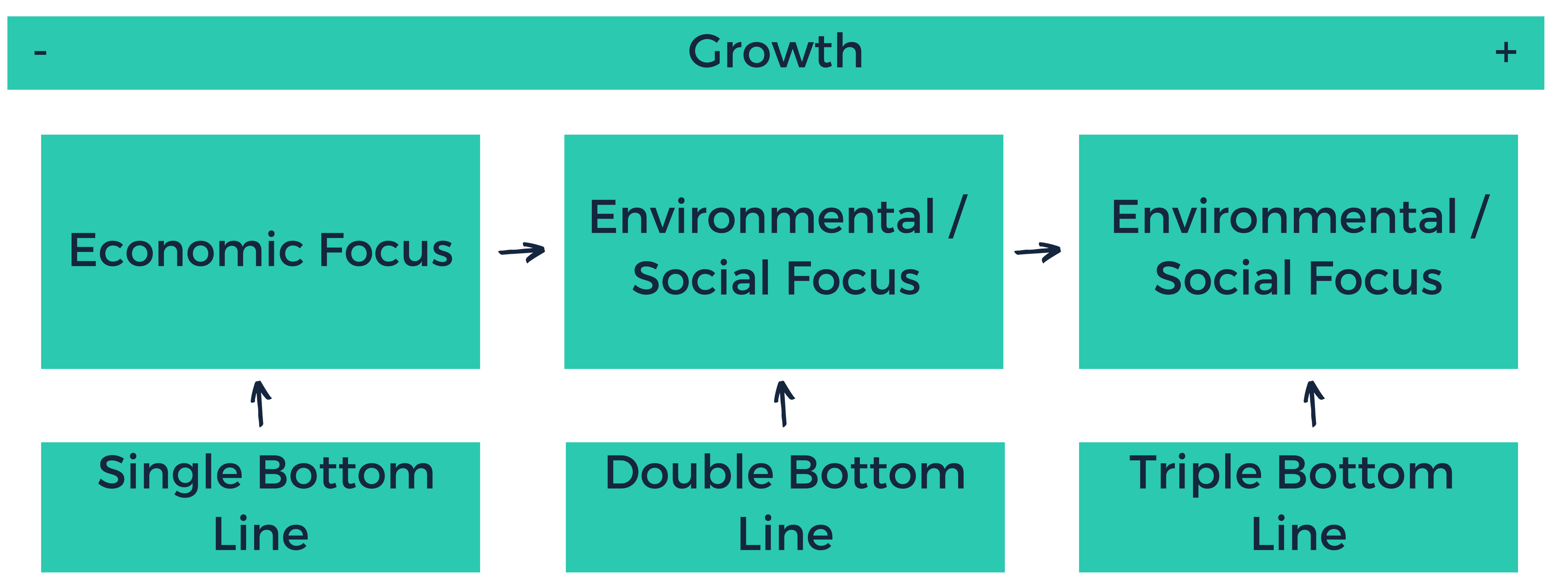
Startup Capabilities

- **Team**: Investors fund people, and the team are the ones that will conduct the business
- **MVP**: A visual concept of the product (unfinished)
- **Investment needs:** How much investment the Startup needs and how they will manage it

THEORETICAL CONTRIBUTION

This model is meant to guide startups in an organic growth from the one bottom line, where the focus is mainly in the economic part with the sustainable goal always in mind, and once the startup has financial stability, start adding a second and third bottom line (economic, environmental, and social).

Moreover, this model could help sustainable startups become more attractive to getting funding as they will present a stronger financial business core.



CONCLUSION

To become attractive and getting funding, an approach would be for Sustainable Entrepreneurs to focus more on the economic part during the early stages. This approach could help them to develop faster the business allowing them to get an investment that could be used to develop sustainable solutions while remaining viable and scalable. Investors insist on the fact that they do care about sustainability, but that the main focus is mainly in the finances of the startup when investing their money to make a profit in return of their investment.