

INSTRUCTION FOR MENTOR**ENTREPRENEURSHIP****3. Theme** Skills and competencies for starting a business**Exercise** “Financing”**Developed by:** *European Partnership, Lithuania***Aim:** to consider different financing opportunities.**Expected duration:** 30 min.**Description**

Before mentee starts his/her own business he/she have to consider different financing opportunities. It is important to calculate will it be enough to have one main source or will he/she need to look for additional. Maybe, he/she already has enough money – it is important to evaluate financial situation realistic.

Steps for performing the exercise

- Mentor introduces the theme and the exercise to the mentees, explains the aim of the exercise and how to perform it.
- There are 2 steps in this exercise:
 - 1 **Step:** Mentee(s) perform task individually, answering the questions about financing.
 - 2 **Step:** Mentor explains the correct and incorrect answers to the mentee(s) and encourages them to discuss their choices.

INSTRUCTION FOR MENTOR**ENTREPRENEURSHIP****3. Theme** Skills and competencies for starting a business**Exercise** “Financing”**HANDOUT FOR MENTEE****Task for mentee**

Please read each question and select correct answers (might be more than one correct answer). Mark your selection. At the end of the exercise the correct and incorrect answers will be explained.

- 1) Financing source - **personal property benefits** are:
 - a) No interest
 - b) No term
 - c) No risk for others
 - d) Fine is calculated
- 2) Financing source - **personal property drawbacks** are:
 - a) No risk for others.
 - b) High risk
 - c) No were to live
- 3) Financing source - **family property benefits** are:
 - a) No interest
 - b) No term
 - c) Jealousy.
 - d) No risk for others
- 4) Financing source - **family property drawbacks** are:
 - a) If lost – there is a pressure on responsibility.
 - b) If you gave a security of home, in failure – family has no were to live.
 - c) Disputes in family in fail situation.
 - d) No fine.
 - e) Can get loan just once.
 - f) The reserve is lost.
- 5) Financing source – **friends benefits** are:
 - a) Can borrow several times.
 - b) No interest or fine is flexible.
 - c) No risk for others.
 - d) Flexible terms.
- 6) Financing source – **friends drawbacks** are:
 - a) The reserve is lost.
 - b) Disputes.
 - c) Jealousy
- 7) Financing source – **shareholders / partners with personal contributions benefits** are:
 - a) Common objectives, so willing to invest.
 - b) Hard to get.

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- c) No interest.
 - d) No terms.
- 8) Financing source – **shareholders / partners with personal contributions drawbacks** are:
- a) Need to share.
 - b) Disputes.
 - c) Single use.
- 9) Financing source – **potential investors drawbacks** are:
- a) Disputes in family in fail situation.
 - b) Need to share.
 - c) Provides only when risk is decreased.
- 10) Financing source – **sponsors benefits** are:
- a) No need to repay.
 - b) Need to share.
- 11) Financing source – **sponsors drawbacks** are:
- a) The reserve is lost.
 - b) Hard to find.
 - c) Single use, not permanent.
- 12) Financing source – **banks benefits** are:
- a) Independent from others.
 - b) No terms.
 - c) Dealing on your own.
- 13) Financing source – **banks drawbacks** are:
- a) Hard to get for a start-up firm.
 - b) Fine is calculated.
 - c) High interest rate.
 - d) Short loan terms.
 - e) Strict terms.
 - f) Need a security for getting a loan.
 - g) Hard to find.
 - h) If suffered a failure to repay, banks contact bailiffs.
 - i) Need many various documents to get loan.
 - j) Provides only when risk is decreased.

EXPLANATION OF THE RESULTS**Task for mentor**

Below you will find correct and incorrect answers (incorrect answers are in red). Please explain them to mentees.

- 1) Financing source - **personal property benefits** are:
- a) No interest

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- b) No term
- c) No risk for others
- d) **Fine is calculated**

Note: The wrong one is answer d) **fine is calculated**. You don't calculate fine to yourself and it would rather be a drawback.

2) Financing source - personal property drawbacks are:

- a) **No risk for others.**
- b) High risk
- c) No were to live

Note: The wrong one is answer a) **No risk for others**. It is a benefit.

3) Financing source - family property benefits are:

- a) No interest
- b) No term
- c) **Jealousy.**
- d) No risk for others

Note: The wrong one is answer c) **Jealousy**. It is not a benefit.

4) Financing source - family property drawbacks are:

- a) If lost – there is a pressure on responsibility.
- b) If you gave a security of home, in failure – family has no were to live.
- c) Disputes in family in fail situation.
- d) **No fine.**
- e) Can get loan just once.
- f) The reserve is lost.

Note: The wrong one is answer d) **no fine**.

5) Financing source – friends benefits are:

- a) Can borrow several times.
- b) No interest or fine is flexible.
- c) **No risk for others.**
- d) Flexible terms.

Note: The wrong one is answer c) **no risk for others**. Friends also have risk, because they might never get back that money.

6) Financing source – friends drawbacks are:

- a) **The reserve is lost.**
- b) Disputes.
- c) Jealousy

Note: The wrong one is answer a) **the reserve is lost**. As it was mentioned in benefits – you can borrow for several times.

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7) Financing source – **shareholders / partners with personal contributions benefits** are:

- a) Common objectives, so willing to invest.
- b) **Hard to get.**
- c) No interest.
- d) No terms.

Note: The wrong one is answer b) **Hard to get.**

8) Financing source – **shareholders / partners with personal contributions drawbacks** are:

- a) Need to share.
- b) Disputes.
- c) **Single use.**

Note: The wrong one is answer c) **single use.** Shareholders might invest several times.

9) Financing source – **potential investors drawbacks** are:

- a) **Disputes in family in fail situation.**
- b) Need to share.
- c) Provides only when risk is decreased.

Note: The wrong one is answer a) **disputes in family in fail situation.**

10) Financing source – **sponsors benefits** are:

- a) No need to repay.
- b) **Need to share.**

Note: The wrong one is answer b) need to share.

11) Financing source – **sponsors drawbacks** are:

- a) **The reserve is lost.**
- b) Hard to find.
- c) Single use, not permanent.

Note: The wrong one is answer a) **the reserve is lost.**

12) Financing source – **banks benefits** are:

- a) Independent from others.
- b) **No terms.**
- c) Dealing on your own.

Note: The wrong one is answer b) **no terms.**

13) Financing source – **banks drawbacks** are:

- a) Hard to get for a start-up firm.
- b) Fine is calculated.
- c) High interest rate.
- d) Short loan terms.
- e) Strict terms.
- f) Need a security for getting a loan.

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- g) **Hard to find.**
- h) If suffered a failure to repay, banks contact bailiffs.
- i) Need many various documents to get loan.
- j) Provides only when risk is decreased.

Note: The wrong one is answer g) **hard to find.**