

TABLE 18.4 Comparison of major selected sources of growth capital.

Source of Capital	Amounts	Advantages	Disadvantages
1. Individuals (Angels)	\$10,000 to \$1 million with low to medium levels of patience and expertise	Create little dilution for the venture; can move fast because of minimal negotiation and due diligence requirements	Lack sufficient funds for capital-intensive opportunities; can lack long-term perspective; may not provide good advice
2. Venture Capital Firms	\$1-\$20 million with high levels of patience and expertise	Possess large sums of money to deploy; provide recruiting assistance and other services; enhance venture's reputation and credibility immediately	Require larger percentage ownership of the venture; expect significant role in making major decisions; play active role in building executive leadership team
3. Corporations	\$5-\$50 million with medium to high levels of patience and expertise	Generate moderate dilution for the venture; provide opportunity for distribution and product development assistance and advice	Create problems with other potential relationships (e.g., corporation's competitors); can put the venture's intellectual property at risk