

Raising Seed Capital from Family and Friends

Instructions: Read each question carefully and provide your best possible answer.

Check [✓] the correct answer.

1. Which of the following statements best sums up the text?

- a. The workshop reveals some guidelines on how to invest in a business.
- b. The workshop suggests ways to get family and friends to invest in your business.
- c. The workshop is about how to start your own business and grow it.
- d. The workshop tells the dos and don'ts of approaching family members for a start-up business investment.

2. Which of the following should you do when pitching someone to raise capital?

- a. Have a solid business plan and sign a Mutual Non-Disclosure.
- b. Never assume their financial situation.
- c. Be straightforward and honest about why you need the money, and how you plan on using it.
- d. All of the above.

3. Why is it important to be selective of people when it comes to raising capital?

- a. Not everyone has the means to invest a large amount of money.
- b. People have more advice to offer than money for investment.
- c. Some people might be trying to steal your idea.
- d. You have to employ different ways to pitch different types of people to invest in a business.

4. Why should you not be informal when pitching a family member or friend to invest?

- a. You are asking them for their hard-earned money.
- b. They could become your future business partners.
- c. You are going to share your business with them once they invest.
- d. They are more likely to consider investing if you are formal with them.

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5. Which of these should you do when asking a family member to give you money for your start-up business?

- a. Ask them for the money straight away as it is better to get to the point.
- b. Talk about your dream of running your own business and urge them to invest.
- c. Know the exact amount of money you need and discuss your definitive plans.
- d. Pressure them into investing since they are related to you.

6. What is the meaning of the phrase “rule of thumb”?

- a. It is a general way of doing something.
- b. It is a specific business plan.
- c. It is a rule followed mainly by entrepreneurs.
- d. It is a generally accepted guideline based on practice.

7. Pick the antonym for the word “lucrative”.

- a. remunerative
- b. unprofitable
- c. wealthy
- d. successful

8. Pick the best synonym for the word “incarceration”.

- a. freedom
- b. exemption
- c. imprisonment
- d. privilege

Answer the following questions in complete sentences or phrases.

9. Write two advantages and two disadvantages of trying to raise capital from family members.

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Advantages	Disadvantages

10. Answer the questions below in a brief paragraph.

- * What kind of business would you like to run?*
- * Which suggestions given in the workshop did you like best and why?*
