

Frugal Innovation
Classroom Course

**FINANCIAL PLANNING
FOR
INNOVATIONS**

MODULE 6





How to do better with less?

COURSE CONTENT

1. The business case for Frugal Innovation
2. Market opportunities for frugal innovations in Poland/Hungary/Croatia/Ireland/UK
3. Creative problem solving
4. New market development, human centered design and prototyping
5. Sustainability and social inclusion in frugal innovation
- 6. Financial planning for innovation**
7. Management of frugal innovations

Do you know that...

You can use modules in the way you wish. This course is tailored for individual needs. You can read full modules, you can focus on the main terms, which will be highlighted in each modules, you can go shortcuts and read only summaries. Either way we are sure that we will make you read more about how to profit from doing business frugally.

Icons you may come across in the course



Important term



Exeample



Test



Activity



Video



Source

FINANCIAL PLANNING FOR INNOVATION

Tired of books and articles, in which you cannot find practical and useful knowledge.

Start the module Financial planning for innovation, which will provide you with information on:

- Crowdfunding as a way to raise money for original and innovative solutions
- How to write a successful business in applying for loans or credits?
- Can my business use a special financial programmes dedicated to support innovative activities in Poland and in the West Pomeranian Region?

We advise you to join the whole module.



Starting with your business idea?

Planning to launch your frugal innovation?

At all stages of business you would need money. It's easier to convince to the business idea when a product or a services is already on the market. But when a brilliant idea is only in your mind, it can be much harder to get financing. You can always try to ask your family to support you. Maybe a rich uncle from abroad would be eager to invest in your business. All methods are good, especially when they are successful.

One of the way would be to try with crowdfunding platform. Typical venture capital funds, which in the past were investing in start-ups, shift their interests at the later phase of start-us development.



What is crowdfunding ?



Crowdfunding is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet. Crowdfunding is a form of crowdsourcing and alternative finance. In 2015, a worldwide estimate totaling over US\$34 billion was raised by crowdfunding.

Crowdfunding campaigns provide producers with a number of benefits, beyond the strict financial gains. The following are non financial benefits of crowdfunding.

- Profile – a compelling project can raise a producer's profile and provide a boost to their reputation.
- Marketing – project initiators can show there are an audience and market for their project. In the case of an unsuccessful campaign, it provides good market feedback.
- Audience engagement – crowdfunding creates a forum where project initiators can engage with their audiences. An audience can engage in the production process by the following progress through updates from the creators and sharing feedback via comment features on the project's crowdfunding page.
- Feedback – offering pre-release access to content or the opportunity to beta-test content to project backers as a part of the funding incentives provides the project initiators with instant access to good market testing feedback.

Source: <https://en.wikipedia.org/>

Which crowdfunding platform?

Try to find crowdfunding platform in your country.

In Poland the most popular crowdfunding platforms are:

PolakPotrafi.pl, Wspieram.to, Wspólnyprojekt.pl i OdpalProjekt.pl

You can also try platform which operate worldwide like:

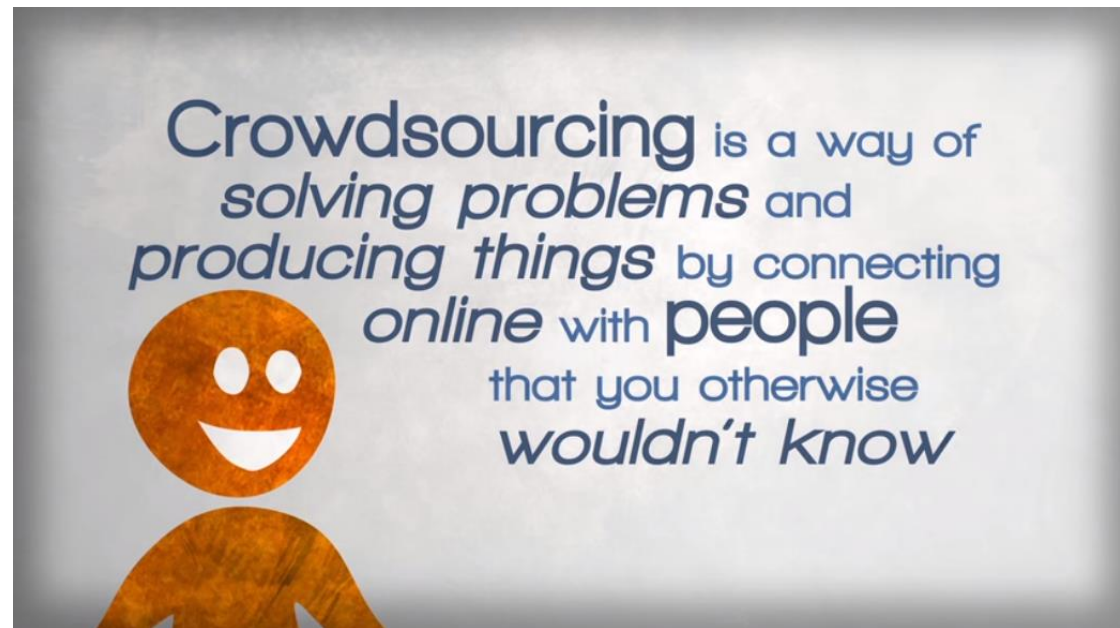
- Kickstarter.
- Indiegogo
- Patreon
- Crowdrise
- Razoo
- Crowdfunder
- Give.



How to Launch a
Successful Kickstarter

<https://www.youtube.com/watch?v=MXKEccRiMeQ>

Crowdfunding vs crowdsourcing



Crowdsourcing and Crowdfunding Explained

<https://www.youtube.com/watch?v=-38uPkyH9vI>

Crowdfunding as a way to make frugal innovation a reality



Why Crowdfund? To Make Your Idea A
Reality | Simon Walker | TEDxStPeterPort

<https://www.youtube.com/watch?v=hIO0KH9JfsE>

Credits and loans for innovative business

- ✓ Business Credit is typically a bank loan to a company, also called commercial lending or commercial credit.
- ✓ To get a commercial credit or a loan for an innovative ideas, you need to convince the lender that it is worth to give you money.
- ✓ Usually business plan is requested



Corporate Credit - How to Write a Business Plan

<https://www.youtube.com/watch?v=o95e3gx913E>

Cash flow

Let's presume that you succeed in getting the money from a crowdfunding platform or a bank. And this money is now on your bank account, which means you have to manage your cash flow.

For young entrepreneurs cash flow is an area of fear, as it determines the ability of the business to pay its bills.



How To Manage Your
Business Cash Flow
Effectively And Efficiently



<https://www.youtube.com/watch?v=8F6X6GYKssY>

Opportunities to get external financing in Poland

There are many financial programmes available on national and regional level. Here are some examples:

- **Starting Platform: Unicorn Hub.** The aim of this programme is to develop your idea into an innovative product or services with the support of experts. Ideas should be related to the following sectors: Smart City/transport and automotive, medicine /public health or IT/ICT. In the frame of this support young entrepreneurs can apply for 800 000 PLN for the development of an incubated idea.

Deadline: 27 July 2022

- **Design for Entrepreneurs.** The aim of this programme is to finance the professional design process of new product or the improvement of existing product and its implementation.

Maximum financing is 1 125 000 PLN. The maximum cost of the project is 1 500 000 PLN, which means that beneficiary has to contribute 15% to the project.

Deadline: 31.05.2019

More information you can find on www.parp.gov.pl



Opportunities to get external financing in the West Pomeranian Region

- **Jeremie 2** is a loan programme led by Polish Entrepreneurs Foundation together with Bank Gospodarstwa Krajowego, who offer a loan for people for starting their business. Loans of up to 20 000 PLN are addressed to those, who are starting their business and who do not qualify for traditional bank financing.
- **Micro-loan Fund KLON** dedicated for these entrepreneurs, who have already started their business activity. They can obtain a loan up to 50 000 PLN, which then they can return in 60 months.
- **Special loan to start business activity** for students (at the last year of studying), graduates (up to 4 years after graduation) or unemployed (who haven't run any business activity for the last 12 months). The maximum amount of a loan is circa 90 000 PLN. It should be returned within 7 years.

More information on www.pfp.com.pl





Sources

Are you interested to learn more about financial planning for innovation?

We recommend you to use the following sources:

Websites:

<https://www.crowdfunding.com>

<https://www.kickstarter.com/>

<http://crowdfunding.pl>

<https://www.forbes.com/sites/chancebarnett/2013/05/08/top-10-crowdfunding-sites-for-fundraising/#557358843850>

<https://www.indiegogo.com/>

<https://www.patreon.com/>

<https://wspieram.to/>

<https://polakpotrafi.pl/>

Videos



How to Finish Your Business Plan In 1 Day

https://www.youtube.com/watch?v=6sAcmyM3C_M

Crowdfunding today, tomorrow, together | John T. Trigonis | TEDxJerseyCity

<https://www.youtube.com/watch?v=tGb7bQKtA3o>

Crowd Funding Creativity | Kate Russell | TEDxSalford

<https://www.youtube.com/watch?v=LKKUV3YrdHU>

Other sources:

Borst I., Moser C., Ferguson J From friendfunding to crowdfunding: Relevance of relationships, social media, and platform activities to crowdfunding performance,. , *New Media & Society* , Vol 20, Issue 4, pp. 1396 – 1414, <https://doi.org/10.1177/1461444817694599>

Grazia Cecere, Fabrice Le Guel & Fabrice Rochelandet (2017) Crowdfunding and social influence: an empirical investigation, *Applied Economics*, 49:57, 5802-5813, DOI: [10.1080/00036846.2017.1343450](https://doi.org/10.1080/00036846.2017.1343450)



Ready for a quick TEST?

T

You can quickly verify the knowledge you gained after attending this module.

Choose right answers

1. Crowdsourcing means

- a. asking people on the street about your product
- b. asking friends for money to develop your product
- c. solving problems and producing things by connecting on-line with people who otherwise you wouldn't know

2. A business plan should

- a. explain the highlights and main points of your business
- b. encompass a company description
- c. be focused only on the description of an innovative solution

3. Cash flow should be managed

- a. only on the operational level
- b. only on the strategic level
- c. both on the operational and the strategic level



TEST

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T

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Choose right answers

4. Crowdfunding is

- a. the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.
- b. is a form of crowdsourcing and alternative finance
- c. is illegal in the EU.

5. Crowdfunding

- a. provides non-financial benefits, like marketing and audience engagement
- b. provides only non-financial benefits
- c. is a high-risk investment, as investors usually invest a lot of money in projects

6. To be successful in crowdfunding, you need to concentrate on

- a. building audience
- b. doing your product in secret, so that nobody steal your idea
- c. disseminate many materials about the progress of your work

Activity

Let's say you are planning to write a business plan for your frugal innovation idea. Please try to stick to the following points and write down a short business plan

Executive summary - a snapshot of your business.

Company description - describes what you do.

Market analysis - research on your industry, market, and competitors.

Organization and management - your business and management structure.

Service or product - the products or services you're offering.

Marketing and sales - how you'll market your business and your sales strategy.

Funding request - how much money you'll need for next 3 to 5 years.

Financial projections - supply information like balance sheets.

Appendix- an optional section that includes résumés and permits.

