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Start Up Funding

For New Product Ideas

VITAL INFORMATION

TRADE INVESTMENT
BUSINESS INNOVATION AWARDS
UK Government Trade and Investment
Innovation Winner

Introduction



NEW BUSINESSES REGISTERED IN 2018



OF UK COMPANIES ARE SMALL BUSINESSES



OF UK GDP GENERATED BY SMALL BUSINESSES



UK GDP IN 2018

* UK National Statistics

There are a number of avenues to raise funds for a new idea. We have presented a few in the next chapter but it is not an exhaustive list. The aim of this guide is to give you vital information on how to increase your chances of success to raise finance, whether you are using on-line methods such as Crowdfunding or a more traditional approach like pitching your product to industry.



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FREE IDEA REVIEW

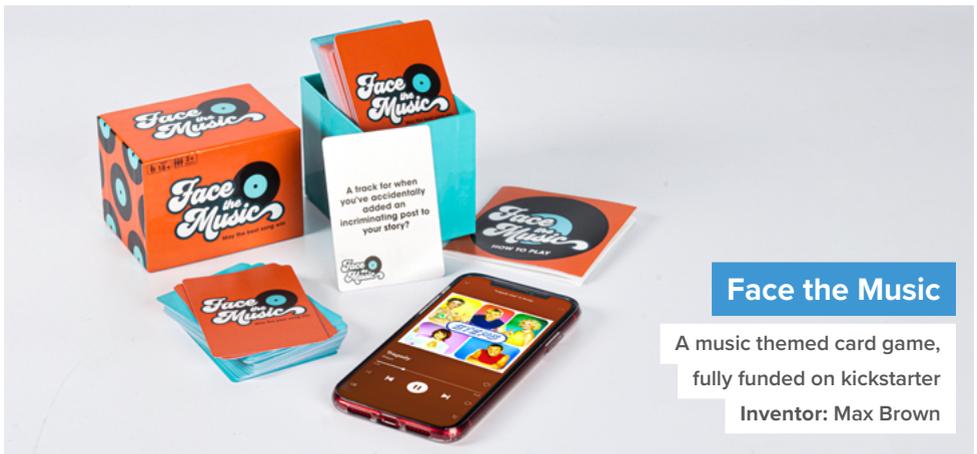
 Click Here

Preparation Before Fundraising

Help potential investors understand your product by preparing presentation material, making a prototype and getting initial manufacturing costs. This effort shows you understand what is necessary to not only raise money, but also what it takes to succeed with a new product.

Include these items in your presentation:

- A statement of what your product is. For example, an improved masking tape for corners, window sills and doors.
- A prototype is best, but a 3D model or a good illustration of your product will also work.
- A short statement of why your product is needed. For example, it's tough to find good masking tape that works around window and door woodwork.
- A list of the more popular existing products that try to accomplish the same task as your product.
- A small market survey to show that your product is preferred by consumers.
- A list of any market contacts you have. These could be industry sales representatives, retail store owners in relevant markets, or key influencers in the marketplace.
- Your patent status, if any. Only include this if you have started the patent process.
- An outline of how you will structure your business, which could be a limited company, partnership etc.
- An explanation of how you plan to spend the investment.



Face the Music

A music themed card game,
fully funded on kickstarter
Inventor: Max Brown

What is Crowdfunding?

Also known as crowd financing and equity crowdfunding, Kickstarter describes it as “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.”

There are 3 Main start-up funding models:



Reward Based:

Raise finance in exchange of a reward and/or voting rights. This can be monetary or non-monetary such as a product sample. The reward could be an early version of your product or even just a thank you.



Equity Based:

Raise investment capital and contributors receive equity in the resulting business. Many countries have strict regulation; Please refer to the Financial Conduct Authority (FCA) for the latest information.

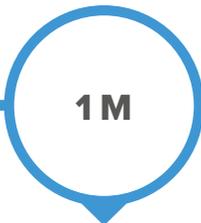


Lending Based:

Borrow money from individual investors or a group of investors that must be repaid typically with interest.



RAISED BY CROWDFUNDING PLATFORMS IN 2018



CAMPAIGNS SUCCESSFULLY FUNDED IN 2018



RAISED BY PEBBLE ON KICKSTARTER

Why Use Crowdfunding?

There are three main ways to make money from an idea; Licensing, Crowdfunding and/or Self Manufacture.

PROS:

Can require minimal up front investment and reduced risk to founders.

Can be used for marketing purposes to increase awareness of your product.

Successfully funding a campaign establishes market demand for your product, which could help you win orders from retailers.

CONS:

Making your idea public gives others a chance to copy it. You might wish to investigate IP protection before Crowdfunding. Some crowdfunding websites may require you to deliver promised rewards, even if your funding goal isn't reached. This could leave you out of pocket, always check the terms and conditions before choosing a website.

Summary

There are benefits and draw backs to any funding method. Carry out thorough research and seek professional advice to find the right method for your project.

Click here to visit the [‘How Innovate Can Help’](#) section.



The Big Four



Kickstarter

Kickstarter is widely considered the best platform to launch products. This is because if the required money is not raised, the project won't go ahead and everyone who backed the project will be refunded



Crowdfunder

Free fundraising for start-ups, businesses, charities, communities, social enterprises, sports clubs, political movements & individuals



Indiegogo

Indiegogo users are usually creating campaigns for tech innovations, creative works, & community projects.



Crowdcube

Crowdcube is an equity funding platform with a backing of over 6,500 including Balderton Capital, Draper Esprit, Numis & Channel 4.

				
Must reach funding goal to get funds?	✓	✗	✗	✗
% Fee to raise funds?	5% +	4-9% +	5%	5%
Project duration? (Days)	30	< 40	14-56	< 60

Other Popular Sites



Suitable for:

- Creative projects
- Charity causes
- New business ideas
- Inventions
- New product Ideas
- Civic projects.

Suitable for:

- Start-Ups
- New Projects initiated by established companies or individuals

Suitable for:

Business Start-Ups only where a part of the profits or the company can be shared with the investors

[Click here to see a full list](#)

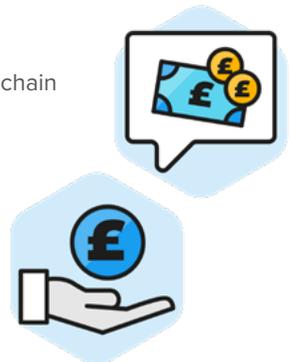
Things to Think about When Considering Crowdfunding:

- A patent application is a legal and technically complex document. Although you are not legally obliged to use a trained professional to write the application, it is advisable as the wording of the application is of the utmost importance.
- How much money do you need to take your idea to production? This includes money for further development, tooling, ordering products, shipping and taxes. Take away any funds you are prepared to invest and this is how much you need to raise.
- Some crowdfunding websites can reject campaigns. You should always read through the terms and conditions carefully before investing time and money in a campaign.
- Communicate your project professionally and persuasively with strong visuals and presentations. Here's some advice from Indiegogo: "Your pitch is your first impression with your audience, and the single most important part of your campaign...Instead of explaining your campaign in huge blocks of text, visualise as much of your information as possible". [Click here to see how Innovate can help](#)

Be Enthusiastic

Prepare a Video and show yourself. An enthusiastic, likeable founder can be a great asset to a crowdfunding campaign.

- Good Rewards - what to offer. A production product, Collaboration or Experience. Offer a variety of prices to reach a wide cross-section of investors. The most popular reward price on Kickstarter is approximately £25 with an average of £75.
- Consider the cost of the reward including production, supply chain and shipping costs.
- Organise your social media before launching a campaign.
- Keep updating your project.
- Don't forget to Protect your idea before telling anyone about it.



[Click here to view our IP section](#)

Marketing and Reaching Your Target:

- Start building your audience and your online community at least 3 – 4 months before launching your campaign.
- Organise a Kickstarter party within your community.
- Press release on specialist or local newspapers.
- Update all your social media: Twitter, Facebook, LinkedIn, Google+, Pinterest to include a link to your campaign.
- Research influencers in your field such as bloggers, columnists, editors, retailers that could direct traffic to your campaign & get in contact with them.
- Email to specific audience , online groups and communities.
- Once the campaign is launched, put and share new contents and updates on all your social media platform.

Investment

Top Investment Sources

- Venture Capital
- Angel Investors
- Friends & Family
- Personal Savings & Credit
- Bank Loans
- Crowdfunding

There were over
500K
start-ups in the UK in 2018

A Great Idea, but is it a Business?

Feasible

Does it work?

Viable

Does it make money?

Desirable

Will people buy it?

Validate

Know Your Market

- What are your key markets, what size?
- Main competitors & competing products?
- Opportunities for growth & key emerging trends?
- Who are your customers?
- Identify & profile your target audience
- Needs, wants, demographics, lifestyles, buying behaviours



Do Your Research

- Consumer & Market Reports, Product & Trend Analysis
- Trade Magazines & Events, Consumer Media
- Government Agency Statistics, Web Search, Blogs
- Focus Groups Marketing Strategy

Marketing Strategy

Product

- What is your USP?
- Competitive advantage ?
- Why would someone want to buy this product ?
- Product development opportunities

Price

- What will the consumer be prepared to pay?
- What's the perceived value?
- Promotion or Paid-for & free advertising
- Online presence, bloggers, social media
- Trade events, consumer exhibitions, industry awards

Distribution strategy

Key Factors:

- Nature of Product
- Market Size
- Channel and Industry
- Key players in the Industry
- Risk
- Resource Availability



Three Main Options:



There are benefits and drawbacks to each route to market. Wholesale requires the lowest investment in marketing and logistics but offers the lowest profit margins while Retail and Consumer require greater marketing efforts but reap higher profits. By selling direct to the consumer, a company has complete control over their sales process.



Pitch Your Idea To Industry

Personality

This plays an important part when presenting your invention /business to potential investors. Things to consider:

- Demonstrate to the investors that you have what it takes to go through all the ups & downs and still come out on top.
- Communicate your enthusiasm and knowledge of your product & market.
- Investors invest not only in a business, but in an individual inventor/ entrepreneur. You need to convince them you are the best person for the job.



Pitch

Your pitch must be clear, articulate and concise. It needs to include the following points:

- Explain the problem(s) you are solving.
- What does your company offer and how it differs from your competitors?
- What are your accomplishments to date?
- Present & understand your numbers (revenue, expenses, sales, statement of cash flow, growth, forecast, etc.)



Presentation Materials

Visualise & conceptualise your idea with presentation materials (presentation boards, products or prototypes, PowerPoint presentation etc.) helps the investors understand your product/business. Try to:

- Make it as professional as you can.
- Make sure you explain your product or service and how it will be used.
- Use language that is suitable to your audience, don't make it too technical.
- Point out your uniqueness.



Intellectual Property

Why Protect Your Idea Before Raising Funds?

It is generally wise to take all possible steps to protect your idea before putting it into the public sphere. However protection can be expensive. It's also very useful to receive market feedback early to help develop your idea and assess market demand...luckily there are various ways to protect ideas, legally, practically and commercially.

What kinds of legal protection are available?

Automatic Rights

There are a number of rights that arise automatically, without the need for you to take any steps or specifically spend money on acquiring the rights. These include copyright, unregistered design rights and unregistered trade mark rights (typically known as 'passing off'). Enforcement of unregistered rights is typically more difficult, requiring various legal tests, such as whether copying has occurred, damage and similarity. Legal advice would need to be sought to obtain further details, as this is only a brief overview.

Registered Design

Designs can be registered in the UK and Europe fairly cheaply and potentially without using professional help, as the official offices for registration are very helpful. The visual appearance or ornamentation of your project may be registered for up to 25 years, renewed in 5 year periods. The design needs to have novelty and individual character, but are not examined so the registration itself is cheap.



Gigwam

Gigwam is a connectible tepee tent system

Inventor: Dustin Toland

Patent Pending

A first filing of a patent application, including a provisional application, gives a right to file other patent applications within 12 months - in the meantime it is a very sensible commercial alternative to agreements to keep things confidential, or just relying on trust.

If steps are not taken within 12 months from this first filing date the application will be abandoned and in most circumstances, any publicly disclosed inventions may never be capable of patent protection.

But if the steps are taken any 'matter' not covered in the application may not be able to rely on the filing date, so to be safe the first filing is best broad and inventive, considering the invention as thoroughly as a full application; and it is helpful to include clear drawings showing every feature of the invention to help with this.

This first filing gives what is known as 'patent pending' status. This does not really provide any real legal rights as such but can have a number of useful commercial benefits, including kudos and a date to show when you had the idea.

Trade marks

Words, pictures, logos, words and pictures, shapes, colours and even smells may be registered as monopoly marks for trading in relation to 'classes' of goods and services. It is possible to register trade marks nationally, regionally or using treaty applications.

Registering a trade mark in the UK is not costly (from £270 no VAT), and the registration will last for 10 years, renewable indefinitely.

A registered trade mark allows you to prevent others from using a mark in trade that is the same or similar to your registered mark, and used for the same or similar goods or services, where there is a likelihood of confusion.

You may find trade marks helpful if your idea:.

- **Lacks any other protectable feature**
- **Rests on the branding**
- **Will be first to market in the field**
- **Is already public**
- **Is a business method or similar**

Trade marks need not be registered before use (see Automatic Rights above) but ought to be registered before any serious commercialisation efforts commence.

Granted Patent Protection

A patent protects the idea behind a product: such as HOW it works, WHAT it does and WHY it has certain features.

Patents can be extremely valuable assets. In order to be deemed worth the protection of a granted patent an invention must be Novel, Inventive and fit into one of the following categories:

- a new idea
- an improvement upon an existing idea
- a new combination of existing ideas

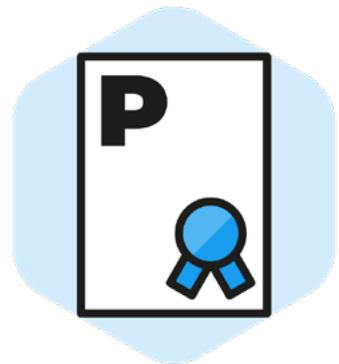
Patent applications can take up to 4½ years to be granted but as soon as you have filed your patent application you have a date you can use to show that you had the idea first (see 'Patent Pending' below!).

Granted patents give protection against others using your invention for up to 20 years from filing the application, provided you maintain the renewal fees which keep the granted patent in force (in the UK paid annually from 4 years). Granted patents stop others using your idea in the country where your patent is granted and in force. There is no such thing as a worldwide patent but there are ways of making an application that can be used in multiple countries.

The most far reaching application you can obtain is through something called the PCT (Patent Cooperation Treaty) which provides a single application method for around 160 countries. Other applications include the EPC (European Patent Convention) covering the majority of Europe. These types of applications are expensive however you have 12 months from your first filing to extend protection into other countries.

Patent law varies from country to country so it is important to see a patent attorney when applying outside the UK to make sure you are applying correctly. For example in America, what the UK know to be a patent would be referred to as a 'utility patent'. Other countries have other systems like cheap short-term patents called 'utility models'.

America allows software and business method patents but these are not typically possible in the UK.



Need Help With Your Campaign?

Deciding to create a crowdfunding campaign is only the beginning of an intensive process to gain the necessary funds needed to bring your idea to life. We can provide you with the crowdfunding necessities to create an effective crowdfunding campaign.

Each crowdfunding platform has different requirements, however some of the things you will need include:

1. Professional Product or Idea Visuals that tell your story

Innovate can provide you with professional product visuals from qualified product designers, engineers & prototypers ensuring that the product is visualised but with insight into the technical feasibility, manufacture limitations & production methods necessary to reduce your risks after the initial campaign funding.

...ent of the bottle has a profile to allow the user to grip whilst wearing a boxing glove

2. 3D Model and consideration of manufacturing constraints

We can help with 3D computer Aided Design (CAD) models for visual, prototype & manufacture stages of your process.

3. A Prototype (depending on campaign platform)

Innovate Product Design has extensive experience with prototyping and can help you with an array of prototypes. Please see our prototyping gallery.

4. Designing Rewards That Matter and Stand Out

Innovate can help with the technicalities and costs associated with a design. We can also help you with setting up manufacturers & retrieving quotes from our trusted manufacturers. We also provide you with realistic goals and time margins

5. A Video and Description to Explain the Story

Innovate can help with the video production and all the tools or props needed, such as prototypes or marketing models.

6. Ongoing Guidance Through your Creative Journey

You will be involved throughout the whole design process. We provide you with the updates on the areas that we can help with and are necessary for you to keep your backers updated.

Got an Idea?

To see if we can help you with your project, submit your idea online here. A review of your idea is free and 100% confidential (an NDA is included)

[Submit Your Idea](#)



List Of Crowdfunding Websites

Name	Funding Model	Focus	Country
ZOPA	Debt	Start-Ups	UK
Fund Razr	Reward	Personal, charitable, entrepreneurial, and political causes	Canada, UK
FundedByMe	Reward	Equity and rewards	Sweden, Finland, Norway, Italy, Germany, Denmark
Fundly	Reward	Personal, charitable, and political causes	US
Indiegogo	Reward	Allows a broad range of projects	US, Canada, UK, Europe, Australia
Kickstarter	Reward	Creative projects	US, UK, Canada, Australia, New Zealand
Crowdfunder	Reward	Community projects, business, sports, campaigns, charity and personal causes	UK
Angels Den	Equity, Debt, Donations	All Businesses	UK
AngelList	Equity, Debt	Start-ups	US
Bank to the Future	Equity, Debt, Rewards	Small businesses and new start-ups	UK
Companisto	Equity	Start-ups	Germany, Switzerland, Europe
CrowdCube	Equity, rewards	Start-ups, small businesses	UK
EquityNet	Equity, Debt	All Businesses	US
Fundable	Equity, Debt, Rewards	Start-ups	US
Microventures	Equity	Tech Start-ups & high growth	US
Seeds	Equity	Start-ups	UK & Europe
Symbid	Equity, Rewards	Start-ups	Netherlands, US, UK
Syndicate Room	Equity	Early-stage companies	UK
Spacehive	Other	Local Businesses	UK
UK Crowdfunding Association (UKCFA)	Other	All businesses	UK

List of Schemes and Websites

1. Government Schemes

- www.gov.uk/apply-start-up-loan
- www.gov.uk/business-finance-support-finder
- <https://apply-for-innovation-funding.service.gov.uk/competition/389/overview>
- <https://www.gov.uk/guidance/venture-capital-schemes-apply-to-use-the-seed-enterprise-investment-scheme>

2. Grants

- www.grantsonline.org.uk
- www.J4b.co.uk
- www.fundingcentral.org.uk
- www.grantfinder.co.uk
- <https://www.princes-trust.org.uk/help-for-young-people/support-starting-business>

3. Bank loan

- www.startuploans.co.uk
- <https://fleximize.com/>
- <https://www.virginstartup.org/start-up-loans>
- <https://www.barclays.co.uk/business-banking/borrow/loans/>
- https://www.lloydsbank.com/business/business-loans/fixed-rate-loan.html?WT.ac=lloyds-bb-loans-hub-tile-FOM-fixed_loan#tab-row-1
- <https://www.business.rbs.co.uk/business/loans-and-finance/small-business-loan.html>
- <https://secure.ybonline.co.uk/business/our-products/loans-and-finance/borrowing-facilities/>
- <https://www.thincats.com/>

4. Equity Funding & Venture Capital Association

- www.bvca.co.uk/
- www.ukbusinessangelsassociation.org.uk/be-an-angel
- www.ngfc.org.uk/

5. Credit card

- <https://www.capitalontap.com/en/>
- <https://www.business.natwest.com/business/cards.html>
- <https://esmeloans.com/blog/business-loan-vs-credit-card>

6. Peer to Peer Lending (P2P)

- <https://www.fundingcircle.com/uk/>
- <https://www.lendinvest.com/>
- <https://www.assetzcapital.co.uk/>
- <https://www.lendingclub.com/>
- <https://www.prosper.com/>
- <https://www.rebuildingsociety.com/>

7. Swapping or trade equity for work

- www.letslinkuk.net/
- www.bartercard.co.uk/
- <https://www.slowmovement.com/lets.php>

8. Startup Incubator

- <https://fi.co/s/london/blog>
- <https://seedcamp.com/>
- <https://activate.co.uk/startup-programme>
- <https://bethnalgreenventures.com/apply/>

Innovate can help you every step of the way,
from concept and protection through to production and
business advice.



Our Services

Protection

Patent advice Intellectual Property (IP) advice

Worldwide patent search Patent drafting

Concept Development

Product design Design engineering

Design for manufacture Mobile Applications

Prototyping

Proof of concept Functional Production

Business & Marketing

Promotional web site design Logo design

Packaging design Crowdfunding

Business advice Business start-up advice

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