

**B U S I N E S S A N G E L**

-

**THE INNOVATIVE FORM OF  
FURNITURE COMPANY  
FINANCING**

**AND**

**THE CHANCE FOR THE USAGE  
OF THE PROFESSIONAL  
COACHING ALSO.**

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*We deal with **the continuing research of the intensity of the usage of the innovative forms of financing** in small and middle sized furniture company especially from one side of its view – the financing by “business angel s” finances.*

*We describe **the sense of business angel s relations and the business partnership** with him for the effective application of target company prospectus on market and possible barriers and ledges of their usage in relation to the agreement of the cooperation with the aboriginal company owner .*



*There are more than 23 million small and middle sized companies in European Union, which **are generated almost 57% added value** and they create about 90 million local job opportunities. They create more than 99,8% of all companies in that area. They are a centre core of European Union economy and a key part of European industry.*

*They are the main source of business skills and innovations, they contribute to industrial and social cohesion of European countries, they can flexibly adapt their activities portfolio up to the changed market demands. **Their ability** to create, develop, apply or adapt the new technologies **is unique.***

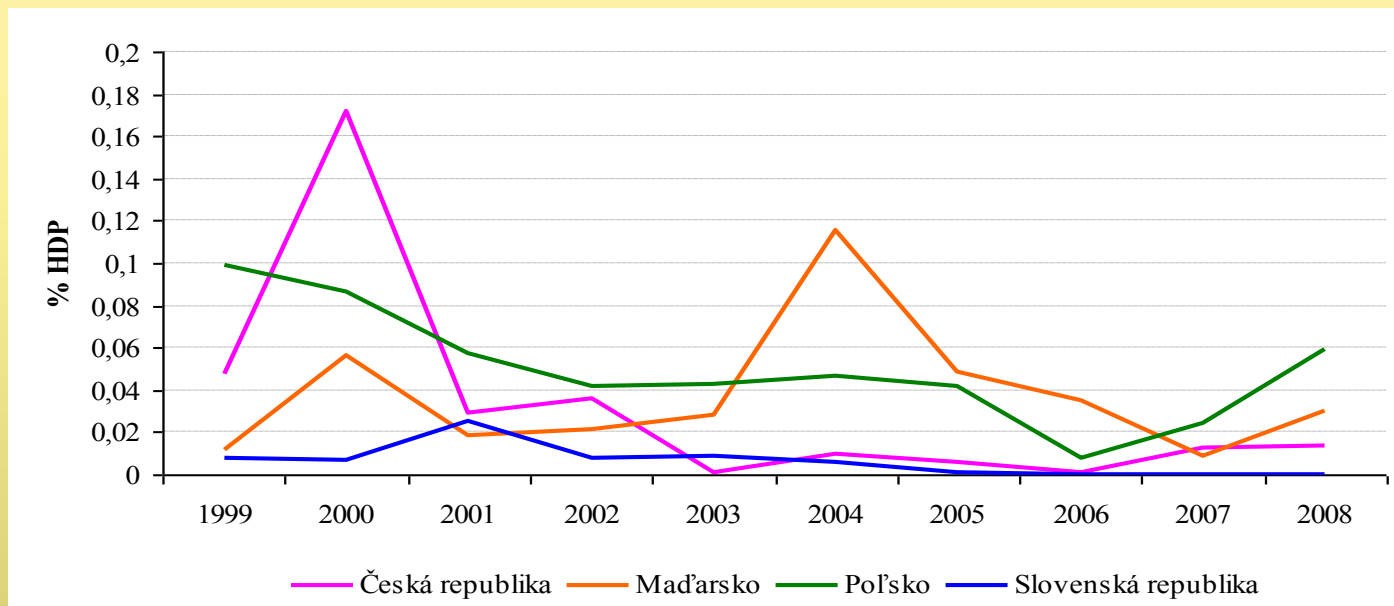


*The venture capital and the private equity enter, the same way like the business angel capital enter does, it can be realized in its different evolution fazes.*

*The statistics data **the share of the country GDP of venture capital and private equity in the MSP s financing in their individual evolution fazes in V4 countries conditions, ergo in Slovakia, Poland, Bohemia and in Hungary countries, illustrates the graph 1.***

Graph 1

The share of the country GDP (HDP) of venture capital and private equity in expansion and in debt financing faze of company (GDP (HDP) in current prices)



Source: The adaptation under The European Innovation Scoreboard 2008 data

*The fundamental **barriers stopping the cooperation with the business angels** in small or middle sized furniture company can be summarized as follows:*

- 1. the apprehension of company **loss control**,*
- 2. **unrealistic expectations** as far as the EU grants,*
- 3. **unreadiness for the cooperation** with potential investor and*
- 4. apprehension the entrepreneur of **the sharing the decisions - making** and the company profits*



*As far as the business angel's capital enters, we say about agreed form of capital investment his abundant finances when he is prepared to undergo relatively **high risk** but he also is prepared to receive relatively **high evaluation of his investment**, incomparably higher than the traditional loan financing forms from the banks offers.*

*This undergoes risk of possible invested capital loss tries the business angel to eliminate **by the control and influence the management process** of the target furniture company.*

*It goes mostly by himself **active enter** or **by his personal adding in** to the target company management.*



*The most **save position** for the business angel is the property sharing in the target furniture company after his capital entering when he controls the **two thirds** of it, from the business – law point of view.*

*The less save his position is when he controls more than a half of its property.*

*The **minority share** of the property stands in **aboriginal owner hands**.*

*It is genuine that this agreement the business angel and the aboriginal furniture company owner make because the target company is situated **in the position when it has no more own sources to continue its activities** and the institutions deal with the traditional money loan methods, like banks, they are not agreeable do the undergoing of such a risk without their active taking part in activities. But this is not their subject they are handling with.*



*The business angel capital enter **has embodied the exit in the agreement** between the aboriginal target company owner and the business angel from the beginning*

*– it means the way how the business angel role in the company **will finish and the business angel leave the target company in the future.***





*The business angel professional team includes top and high qualified traders, marketers, economists, analysts, advocates or scientists, who daily manage the invested assets in several parallel others venture capital investments with one aim – to create and to achieve made target MSP prospectus strategy in practice.*

*The leader of this professional team is the business angel.*

*The aboriginal target **MSP owner** who accept the business angel capital enter, he **lost the ability to manage this MSP independently but he becomes a full-value member of the business angel team** and he get the opportunity to daily cooperate and to participate in the creating and the fulfilling chosen prospectus strategy together with mentioned professionals. He becomes one of them.*



*He can see and he can **take part in the creation of task solutions** which he could not see in the aboriginal conditions not even to offer that solutions.*

*By the cooperation with the business angel the aboriginal owner has got the chance to know how that company, which the owner he was, it manages presently **by superlative leader**, by the business angel.*

*The aboriginal target company owner knows and learn **the new dimensions of his enterprising** he could not imaging them until this moment.*



*If the aboriginal target furniture company owner has the capacity to accept these **new dimensions of enterprising** to be his own and to improve his managers experiences by it, **than his partnership with the business angel has got to him more than he could even expect from it**, because he did not see them before his capital enter and he could not see them also.*

***The cooperation** with the business angel brings him not only his capital evaluation in the target company but it **brings him the experiences and the abilities to see the new dimensions of his enterprising.***



*These new experiences can allow to the aboriginal target furniture company owner **better and innovatively manage his business activities in the future** independently or in other cooperation with the business angel, too.*

*And **this is one of the positive attributes** of the enterprising which use **the business angel cooperation** as the innovative form of financing.*

*Thank you for your attention*

