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# Equity Capital Sources for High Growth Entrepreneurs

There are three primary sources of equity capital for entrepreneurs starting and growing new ventures: friends and family (and some would say “fools”), angel investors, and venture capitalists. These investors make up a hierarchy of capital sources, that is, they provide a non-overlapping spectrum of equity capital, as is shown below:

Pre-Seed Stage	Seed/Start-up Stage	FUNDING GAP	Early Stage	Later Stages
Founder's Friends and Family	Angel Investors	Very few angel deals done above \$1 million  Very few VC deals done below \$4 million	Venture Capitalists	
\$0	\$250K	\$1.5 million	\$4 million	\$10 million up

Most friends, family, and fools (FF&F) rounds of investment tend to be smaller than \$100,000 with individual investors rarely investing above \$5,000. Rounds of investments from angels tend to range from \$250,000 at the lower end to \$1.5 million (rarely \$2 million) at the upper end. While some solo private investors and boutique venture capitalists do invest in the funding gap between \$1.5 million and \$4 million, the total number of investments per year is quite small. The average venture capital round of investment is \$7–8 million and the rounds size varies from a few million on the low end to hundreds of millions at the high end.

**Tip** Raising capital usually takes two to four months from angel groups and four to six months from venture capitalists.