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|   | **Michele****Entrepreneurship – Source of Funds****Assignment Type:**Individual Project   **Deliverable Length: 4** pages    **A Plan for Growth**Andy Rexford had started his custom embroidery shop in his garage with just one, two-head machine and an old computer. From this humble beginning, Custom Stitches had grown into a full-time family business with sales of more than $750,000 a year and supplied the local college and businesses of all sizes with embroidered caps, shirts, bags, and other items. Andy established a niche early on, taking on small jobs (often just one or two items) that the big shops would not consider. The quality of his work and his willingness to fill those small orders were important factors in getting the company to its current position. Although the business is much bigger now, Andy still handles small jobs quite willingly.Custom Stitches now has five, six-head machines (machines that can produce the same designs on six items simultaneously) and the old two-head machine Andy had used to start the company. "It still works just great," he told a friend. "Besides, how could I get rid of the machine that started all of this?"Recently, Andy attended a workshop on business planning sponsored by the local chamber of commerce. After the workshop, Andy spent 2 months developing a business plan for Custom Stitches, a process that he found extremely valuable. One result of developing the plan is that Andy sees an opportunity for his company to grow significantly over the next several years. In fact, with the new accounts he has been bringing in, the contacts he has been cultivating, and a plan for the future, he believes he can easily double the size of the company within 2 years. The primary challenge he faces is finding the money to finance that growth. The financial forecasts Andy developed for the plan show that the business cannot generate enough cash to fuel growth at that pace. Further, Andy’s forecast shows that he will need $700,000 in external capital to meet the goals and objectives he has set for Custom Stitches. As he sits at his desk looking at his business plan, Andy wonders where he can find that much money to finance his company’s growth.* Where would you suggest Andy look for the financing he needs for Custom Stitches? Consider three options.
* Explain the advantages and the disadvantages of the three sources of funding you suggested in question 1.
* Based on the three sources of financing you have explained earlier, which do you think would be most promising for Andy’s capital needs and why?
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