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**Article**

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# **A Note on Internet Resources for the Entrepreneur: A Small Firm Finance Perspective**

James C. Brau

This article concentrates on internet resources that are available to those interested in entrepreneurial and small firm finance. Specifically, I present web pages that focus on general entrepreneurial issues and different avenues for acquiring capital. The three main areas of external financing that I include are venture capital, going public, and loans. Additionally, the advantages of using electronic mail, distribution lists, and personal web page applications are discussed and several examples presented.

## **I. INTRODUCTION**

In the spirit of McMahon's (1993) article, "Research and Teaching in Small Business Finance: A Note on Resources," this note concentrates on internet resources that are available not only to the researcher and teacher, but to practitioners and government alike. With the increased availability of personal computers and the ease of connecting onto the internet, we are experiencing an explosion of new resources available for anyone interested in entrepreneurial and small firm finance.

My intent in this note is not to present a step-by-step list of instructions on how to use the internet or to concentrate on the information technology itself. There is a multitude of existing sources that the interested reader can use for these purposes.<sup>1</sup> In presenting this note, I assume the reader is well versed on the internet. Therefore, this paper is designed to be a reference document that contains various small firm finance resources and applications located on the internet.<sup>2</sup>

This note is organized as follows. Part II lists specific resources on the web. Part III covers the resources of E-mail, Distribution Lists, and Web Applications. Part IV is the conclusion.

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## II. RESOURCES ON THE WEB

This section lists and explains many of the internet web page resources available to entrepreneurs. To list all of the web locations is not practical, so I have included those that I feel might be most helpful to the entrepreneur. The nature of the web is that pages constantly change, so it is possible some of the addresses listed in this paper will not exist or may be altered in the future.

### General Resource Pages

Several web pages exist to assist the entrepreneur in obtaining relevant information. These pages specialize in providing the latest news and instructional assistance for entrepreneurs. They provide information needed for someone who is interested in creating a business. There are several pages that provide such services and more are appearing each day. Listed below are a few resources I have found.

- The University of Central Arkansas sponsors the Small Business Advancement National Center home page at <http://www.sbaer.uca.edu/>. This page includes listings of publications, conferences, bulletins, training seminars, and other related topics for those interested in small business.
- The Jim Moran Institute for Global Entrepreneurship (JMI), located at the Florida State University, can be found at <http://garnet.acns.fsu.edu/~jostery/jmi.html>. Among the services provided by the JMI are: an annual conference on global entrepreneurship, an awards program recognizing and honoring outstanding entrepreneurs, the JMI Venture Capital Network for investors and entrepreneurs, entrepreneurial assistance available from the Jim Moran Institute, and a link to other entrepreneurial sites.
- The U.S. Small Business Administration (SBA) sponsors a page at <http://www.sbaonline.sba.gov/> provided specifically to help answer entrepreneurial questions. There are sections on how to start, finance, and expand a business. The page also contains links that explain the various resources and services provided by the SBA.
- The U.S. Securities and Exchange Commission (SEC) web page has an "Information for Small Businesses" link located at <http://www.sec.gov/smbus1.htm>. This site includes the following links: Q & A: Small Business and the SEC; Pending Initiatives of Interest to Small Businesses; Completed Initiatives of Interest to Small Businesses; Federal/State Cooperation; Government/Business Forum; The Work of

the SEC; U.S. Business Advisor Web Site; and Small Business Administration Web Site.

### **Acquiring Capital**

Transitioning from the general information provided above, consider the specific issue of small firm capital acquisition. Fazzari, Hubbard, and Petersen (1987) and Ang (1991) assert that small firms have significant difficulty finding external equity financing. The internet offers a new avenue for entrepreneurs to find needed capital to fund positive net present value projects. Specifically, there are three main areas for finding external financing: venture capital (VC), going public, and loans. One of the best reference pages dealing with each of the three areas is InterSoft Solution's FinanceHub at <http://www.FinanceHub.com/welcomec.html>. This location has links for both seekers and investors of VC. It provides searchable data bases for both, with over 11,000 investors searchable by those seeking funds. The site also provides over 100 links to various VC pages. FinanceHub also has listings of 200 banks that specialize in providing funds for entrepreneurs.

### **Venture Capital**

There is a multitude of venture capital sites that represent individual as well as investment groups. These sites include searchable databases of investors and require fees ranging up to \$500 for each search. Not only are there databases of angels (investors), there are also listings of growth companies that are looking for venture capital.

- <http://www.FinanceHub.com/vc/vctab.html>. This page lists searchable databases for both the provider and seeker of VC. The search database boasts over 11,000 "major investors" and guarantees a minimum of four hits (i.e., successful matches). The page also provides links to 56 VC websites as well as to 40 VC consultants.
- [http://www.yahoo.com/Business\\_and\\_Economy/Companies/Financial\\_Services/Financing/Venture\\_Capital/](http://www.yahoo.com/Business_and_Economy/Companies/Financial_Services/Financing/Venture_Capital/). This page, provided by Yahoo, lists an index of VC sites. It is updated regularly as interested parties register with Yahoo. From this site, it is also possible to hyper-link to other search engines for expanded listings of venture capital pages.
- <http://www.businessfinance.com/> Whereas most of the VC sites located on the web charge a fee for their service, this page is an exception. "This Site Is 100% Free To All Business Users !!! Discover Funding Sources For: Commercial Lending, Venture Capital, Business Investment,

Equipment, Real Estate, Government Programs and much more.” (Quoted from <http://www.businessfinance.com/>).

- <http://www.v-capital.com.au/>. With the power of technology, international funds are much more accessible. There are many international web pages providing channels to world opportunities. The purpose of this specific site is two-fold:  
(i) to provide individual and corporate investors, from around the world, with an up-to-date list of direct investment opportunities in private companies, meeting certain investment criteria; and (ii) to provide a forum for such companies to notify of their intention to raise capital. (Purpose quoted from <http://www.v-capital.com.au/>).

### Going Public

For those entrepreneurs wishing to go public, there is information on Small Corporate Offering Registrations (SCORs) and how this procedure can be used to obtain external debt or equity financing. Along with information regarding making a SCOR offering, the internet also provides a market-place to publicly trade them. One of the unique characteristics of small firms that Ang (1991) lists is “No publicly traded securities.” The internet is changing this uniqueness by providing such a marketplace.

- <http://www.scor-net.com/>. This page contains a wealth of information on SCORs. It provides not only an explanation of the program, but also an extensive list of companies, sorted by states, that have initiated SCOR offerings. This site also contains links to its SCOR-Board, which provides a forum for trading SCOR listed securities. Although there are currently only a few companies listed, there exists a great potential for growth in this area.<sup>3</sup>
- The SEC site discussed in section 2.1 also contains valuable information for entrepreneurs regarding regulations for making an initial public offering.

### Loans

There are also several sites detailing small business loans and their availability to entrepreneurs. Among these are databases of banks that commonly lend to small firms. The Small Business Association (SBA) provides references for each of its available loans.

- <http://www.ge.com/capital/smallbiz/> This is the site of General Electric’s “Capital Small Business Finance” service. It is a source of

financing for entrepreneurs, providing up to \$2 million in loans for qualifying businesses. Licensed by the SBA, loans through the Capital Small Business Finance service offer borrowers up to 90% financing and terms extending to 25 years.

- <http://www.FinanceHub.com/finance/bankstab.html>. This site lists over 200 lending institutions that provide funding to entrepreneurs. Approximately 100 of them are domestic banks, whereas the others are international and investment banks. Many of these institutions have links, allowing immediate connection to their web pages and electronic communication via e-mail.
- [http://www.sbaonline.sba.gov/business\\_finances/FinancingYourBusiness.html](http://www.sbaonline.sba.gov/business_finances/FinancingYourBusiness.html). This page, sponsored by the SBA, provides links explaining each of its programs of financial assistance. Specific links include: SBA's 7(a) Loan Guaranty Program (General Business), Microloan Program, 504 Certified Development Company Program, Certified and Preferred Lenders Program, Secondary Market Program, Small Business Investment Company (SBIC) Program, Surety Bond Program, and Size Standards. Each of these links contains the relevant information needed by entrepreneurs seeking funds. For example, the "SBA's 7(a) Loan Guaranty Program" contains links to: general description of the program, what SBA seeks in a loan application, loan amounts, eligibility, loan maturities, interest rates, associated fees, and guaranty percents.

### **Advertising**

Along with using the internet to acquire capital, entrepreneurs can also use the web for advertising. Advertisements can be designed using either an existing internet account or by hiring an internet marketing firm. Many advertising service providers are popping-up who will create advertisement pages and provide use of an internet server for minimal fees. (These prices vary. A local example is \$20 per month to create the web ad and provide a URL for it on the server.) While the internet may prove to be an effective medium for advertising, I have found no empirical studies confirming this.

### **III. E-MAIL, DISTRIBUTION LISTS, AND WEB APPLICATIONS**

This section is focused on resources and applications available specifically for the researcher/teacher of entrepreneurship. The intent of this section is to point out the potential of the internet as a tool for enhancing the study of entrepreneurship.

### **E-Mail**

Electronic mail is an efficient way to convey messages when compared to fax machines or telephones. Researchers can use e-mail to attach and send entire electronic files to co-authors in seconds. Co-authors can edit and add their comments to the paper and send it back all in electronic version, saving considerable time, money, and effort.

I have discovered that many of the governmental workers with whom I need to communicate have e-mail accounts. This has proved a highly effective avenue for me to obtain information on various federal and state regulations as well as obtaining survey data. Government officials also communicate among themselves via e-mail which potentially increases both vertical and lateral channels.

Not only is e-mail efficient for research, it also can be used as a valuable tool for teaching. I use e-mail as a form of "24-hour" office hours. Any time students have a question, they can e-mail me. As I check my e-mail throughout the day, I answer those questions and reply via e-mail. During the weekends, it gives my students the opportunity to ask me questions. I log on the internet via a modem from home on the weekends and during evenings to check my e-mail.

### **Distribution Lists**

Along with the web, newsgroups and mass mailing distributions (via e-mail) are also a valuable resource for those interested in entrepreneurial and small firm finance. The World Association of Small Business Electronic Commerce periodically e-mails the Newsletter for Information Technology in Small Business (NITSB) to interested subscribers at no cost (assuming the subscriber has an e-mail address). NITSB is a news briefing for faculty, students, and practitioners in the field of information technology in small business. While not aimed specifically at financial researchers or practitioners, this publication is a valuable resource to anyone interested in entrepreneurship.

Social Science Electronic Publishing, Inc. publishes the Financial Economics Network's (FEN) multiple electronic journals that are e-mailed directly to subscribers' addresses. FEN provides a series of working paper journals and a series of accepted paper journals. Some examples of available electronic journals are: Corporate Finance and Organizations (APS-A), Banking, Economics and Methodology (APS-B), Capital Markets (APS-C), Derivatives (APS-D), and Real Estate (APS-E). To find out more information or to buy a subscription to any of these journals, FEN's home page is at <http://www.ssrn.com/FEN/index.html>.

## **Instructor Web Pages**

Another helpful tool I have found as an instructor is the use of my personal web page. I have a link specifically to the class that I am currently teaching. Prior to the start of a new semester, I provide my syllabus on the web for any interested students. While it is helpful to know basic HTML (web computer language) programming skills, other tools exist to help the instructor create a web page. For example, to post my syllabus onto a web page, I used a converter program that I had downloaded free from the internet. This program automatically converted my Microsoft Word 6.0 document (i.e., my syllabus) to HTML code within a minute. I was then able to display the syllabus on the net.

As well as a syllabus, I also have a link to class announcements on web pages for those students who may have been absent from class. If all of my students have access to the internet, then I save the time of making administrative announcements in class and post them on a web page. Using another conversion tool (that I also downloaded free from the net) I convert my Microsoft Excel 5.0 spreadsheet of class grades after each test to HTML and post them on a web page (for those students requesting their grades). This saves students the time of coming to my office to check their grades. At the end of the semester this is especially valuable as students are eager to see their final grades. They can log on from any computer with a modem and check their scores. An outstanding example of a web page designed specifically to help students is located at <http://garnet.acns.fsu.edu/~ppeters/>. On this page, Pamela Peterson not only provides announcements for her students, but also class lectures, exam reviews, practice problems, and detailed solutions.

## **IV. CONCLUSION**

The internet has the potential to be a valuable tool for the researcher, teacher, practitioner, and government worker. To those seeking resources pertaining to entrepreneurship and small firm finance, the internet contains a wealth of information. Although technology is constantly changing, the resources described in this paper have the potential to open an entirely new dimension to entrepreneurship.

## **ACKNOWLEDGMENT**

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## NOTES

1. Two specific sources located on the web are EFF's (Extended) Guide to the Internet at <http://www.eff.org/papers/eegtti/eegttitop.html> and InterNIC Directory and Database Services at <http://www.internic.net/>. A host of printed literature is available at most bookstores.
2. If the reader is not well versed on the internet and desires more information, an expanded version of this paper that was presented at the 1996 Academy of Entrepreneurship and Small Firm Finance meeting is available from the author upon request.
3. For an explanation of SCOR, please see Osteryoung, Brau, and Kerr (1996) and Osteryoung and Brau (1996).

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