

# Investment Structure Decision Tree

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## Instructions

Run your situation through this framework before approaching any investor or lender. Each scenario leads to a different capital architecture. Work through the conditions in order and stop at the first that matches.

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## Decision Sequence

**Condition 1: You can fund the entire build-out from personal savings or existing revenue.**

**Action:** Bootstrap. Retain 100% equity. Use SBA/SME government-backed lending only if the interest rate is below 7% and the loan can be serviced from projected month-six revenue.

Does this apply? [Yes / No]

**Condition 2: You need external capital and want to retain full creative control.**

**Action:** Revenue-based financing. Fixed repayment as a percentage of gross revenue (typically 2–8%) until a predetermined cap (1.2x to 2.5x the original advance) is reached. No equity dilution.

Does this apply? [Yes / No]

**Condition 3: You need a strategic partner with operational expertise, not just money.**

**Action:** Single angel investor or angel syndicate. Median individual angel cheque: approximately \$22,000. Median syndicate cheque: \$127,000. Syndicated capital with collective governance materially outperforms scattered individuals.

Does this apply? [Yes / No]

**Condition 4: You want community ownership and marketing momentum.**

**Action:** Equity crowdfunding. Cap your round and treat every backer as a micro-ambassador. Model the administrative cost of managing 200+ shareholders before launching.

Does this apply? [Yes / No]

**Condition 5: You have co-founders contributing operational labour before break-even.**

**Action:** Slicing Pie dynamic equity model. Track unpaid time and expenses at fair market value week by week. Lock equity percentages permanently when the venue reaches profitability.

Does this apply? [Yes / No]

**Condition 6: You are scaling an existing profitable venue to a second site.**

**Action:** Structure an IP holding company and license the brand to the operating entity. Royalty rate: 3–5% for IP licensing, 2–5% for management. This protects the original brand if the new site fails.

Does this apply? [Yes / No]

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## Critical Warning

Transfer pricing regulations require that royalty rates between your own entities match what you would charge an unrelated third party. Keep rates within documented industry benchmarks to withstand scrutiny.

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### Your Selected Structure

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