

**INTESA SANPAOLO PROJECT
FINANCIAL EDUCATIONAL/INFORMATION PROJECT
“INVESTMENTS”**

Milan, 2 August 2018

INVESTMENTS

LaFabbrica

The *Financial instruments* sheets and the video [What is the financial market](#) ([*link*](#)) focus in particular on the investment of savings through the purchase of a series of financial products designed to guarantee a return to the saver.

But investments, with respect to companies, have a broader meaning. On the one hand, they represent the company's assets invested in production, and on the other hand, the possibility for the company to finance itself through bank loans or the issue of debt securities. In both cases investment always aims to generate new wealth. And in the case of an enterprise "wealth" can have immediate effects related to social progress and development of the Country.

Investments and enterprises

For an enterprise investments include what renders the company's capital productive.

- Investments for the permanent portion of the assets: the purchase of property, machinery and plants ...
- Investments for raw materials in the case of manufacturing companies, for software that facilitate digital organization and management, for research and development, for the purchase of patents and licenses
- Investments in everything needed to increase awareness of the company in the territory and to render it competitive in the market (brands, advertising, social responsibility initiatives ...).
- Investments in "human capital", i.e. that the company supports for training, retraining and instruction of personnel. A large number of companies investing in human capital is a sign of the development and progress of the Country.

Human capital. Human capital means the entirety of people who work in a company, in various positions. Today, it is unanimously considered to be one of the main success factors of a company, as long as there are investments in the organization of work and continuous training of

LaFabbrica

workers, with incentives for professional growth. ([link Human capital video](#))

Sources of investment financing

Businesses need cash to obtain the necessary means to carry out their activities. They can do this in various ways.

Using **own capital**, i.e. the financial means provided by the entrepreneur and by the partners at the time the business was established.

Using **savings capital**, profits realized that the company does not distribute entirely among its shareholders.

By issue of **shares** and **bonds**, mentioned in the Financial instruments sheet and in the video [What is the financial market](#) ([link](#));

Using **bank loans**. Also with respect to companies, the "business" bank loan is very varied, with different programs aimed at the protection and development of companies, large and small. In addition to short-term loans (advances on current accounts to settle invoices ...) and in the medium and long term, banks offer information so that companies discover new opportunities to develop, for example abroad, or by engaging supply chain from the small producer to the large distributor. The success of a company guarantees to the bank, which is in turn a company, the success of the loan and therefore its own growth!

Like private individuals, companies also have the opportunity to find out about and choose the most convenient sources of financing through digital tools.

Startups: a new business model.

It is a new generation of companies in their initial phase of activity, small in size, often promoted by young people, highly innovative, and featuring a high technological content.

LaFabbrica

In this case also, banks today value new innovative companies and support them with dedicated financial services, offering to young people who intend to launch advice on how to "sell themselves", putting them in contact with potential investors.

Individuals launching a start-up must demonstrate to the possible investors the wholesomeness of the idea and the concreteness of the project, the financial feasibility and the forecasts of return on the investment. Precisely because it is a company that is still at the beginning, those who invest do so because they accept the challenge of the future commercial and financial success of the initiative.

Shared investments. **Crowdfunding** is a social form of entrepreneurship support, in particular new start-ups, which takes advantage of appropriate online platforms that favor the meeting between the demand for business financing (e.g. startups) and the cash surplus of those who want to invest.

An example in Slovakia

An interesting slovak model of scale-up is the Bratislava start-up that designed the Ecocapsules, small transportable houses anywhere that produce clean energy and filter rainwater, with various possible uses from mountain retreat to electric car charging stations. The next step in the start-up is its consolidation or scale-up, namely the growth and expansion of the company in terms of market and turnover.

More information...

Start-ups can rely on a bank, use crowdfunding, or an "incubator", a physical or virtual place that "accelerates and renders the process of creating new businesses methodical", as defined by the European Commission.

LaFabbrica

Bratislava has been called by the Financial Times the Danube Valley, the central European response to Silicon Valley, owing to the myriad of startups that operate in areas such as computer security, mobile navigation apps, digital games, plasma perforation technologies...

More information...

*Today we can no longer be satisfied with corporate budgets that speak only of costs and revenues. An enterprise must now also compare and contrast the territory, the environment, the workers and the company annual report must take these needs into account and become a **report on sustainability**. In other words, the corporate policy must be able to reconcile its financial objectives with the social and environmental objectives with a view to future sustainability. In Slovakia social responsibility is incentivized: 1.5% of taxes owed can be transformed into donations to non-profit organizations that meet the quality requirements established by the State.*