



Access to Finance  
for businesses in a changing world.  
Castle Bromwich Parish Council  
Event

Dr. Steve Walker, Chief Executive, ART  
(Aston Reinvestment Trust). [www.reinvest.co.uk](http://www.reinvest.co.uk)

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# Before looking.....



- ❑ Current Position-profitable, finances **including personal** under control, orders?
- ❑ What is owner's stake in the business?
- ❑ How much needed now **and in future?**
- ❑ When is funding required? Stages?
- ❑ Does the business owner understand the plans?
- ❑ Can **evidence be provided** re realism of forecasts.

# What lender/investor looks for.

- Business Plan + discussions, which should reveal:-
  - **Knowledge** of product
  - **Understanding** of market and evidence of demand
  - How going to achieve sales
  - **Financial planning**, systems and controls
  - Credibility of people involved and **enthusiasm**
  - Clear assumptions that make sense
  - What if ? – the thought-through alternatives
- To be treated as a **partner** before AND after the lending.

# Help to access finance



## The private sector

- Finance Brokers – packaging combinations- now much more usual - [www.nacfb.org.uk](http://www.nacfb.org.uk)
- Accountants, specialist business advice, support schemes (mix private/public)
- Publicly funded support?**
- Information, advice and support (in association with the private sector) via Business Link -**now mainly information and signposting only.**
- [www.businesslink.gov.uk](http://www.businesslink.gov.uk)



# Sources of Finance



- Own money- saved or borrowed? Credit Cards?  
**Care –where is support/help?**
- **Care- Experian credit score...**

Family, Fools and Friends.

Grants – only a few remain-but keep watch –

TSB >Latest example for R&D.- National Schemes RBS/HSBC.

**Check local schemes.** Care time v reward. Local- Birmingham Post and Local Authorities many linked to European funding.

# Sources of Finance



- Overdrafts/Loans from Banks and other lenders- property, fixed assets. Most linked to security especially the banks.
- Government or regionally/locally backed loan guarantee schemes.

# National Government Scheme



## Enterprise Finance Guarantee Scheme –

- 75% guarantee of bank borrowings between £1,000 and £1,000,000: **Decision to lend and on terms are with the lender. CARE each lenders terms may be different. Residential security cannot be used.**

Small and Medium Sized Enterprises with turnover up to £25 million;

- Guarantee premium of 2%.
- Available through Banks and some other lenders.

# Some other Sources



- Factoring/Invoice Discounting- sales growth finance debtors- [www.abfa.org.uk](http://www.abfa.org.uk)

Leasing and Asset or Stock Finance-  
[www fla.org.uk](http://www fla.org.uk)

Specialist schemes- e.g. :-

Princes Trust, Carbon Trust-Energy Saving, -  
Charity Bank-Charity Sector , Big Society Capital  
funding SIFIs-Social Investment Finance  
Intermediaries-

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# Non-Bank Funding



For a list of sources of private and public sector finance see-

[www.betterbusinessfinance.co.uk](http://www.betterbusinessfinance.co.uk)

[www.businessfinanceforyou.co.uk](http://www.businessfinanceforyou.co.uk)

Other Sources A-Z...Non Bank Funding :  
e.g's:Business Loan Network(Thin Cats) ,  
Funding Circle, Zopa + more new entrants.  
Business Angels , Local Small Equity  
Schemes. For substantial growth venture  
capital.

# Angels and Equity

- Suitable for high growth businesses and plans.
- Need to be forecasting high profitability.
- You will be giving up a share of your business in return for funds and hopefully help/support.

Local angel networks and small equity schemes

Venture Capitalists usually £2million++

# CDFIs and other loan providers.



- **Community Development Financial Institutions - West Midlands CDFIs and other loan sources:**
- **Independent not for profit** loan providers - exist to provide finance when traditional lenders say “no” - in West Midlands, cover the whole Region.
- Size and type of finance offered can differ.  
**Main aim is to stimulate enterprise and support creation and preservation of jobs.**
- CDFA – National Trade Association – **Finding Finance**  
[www.cdfa.org.uk](http://www.cdfa.org.uk).

## Alternative loan providers in the West Midlands.

<b>Community Development Finance Institutions (CDFIs )</b>		
<b>Loans of up to £100,000</b>	<b>Range</b>	<b>Location</b>
<b>ART(Aston Reinvestment Trust)</b>	<b>£10k-100k</b>	<b>B’ham &amp; Solihull</b>
BCRS Small Business Loans(Black Country Reinvestment Society)	£10k-100k	Black Country &Staffs
Coventry & Warwickshire Reinvestment Trust	Up to £50k	Coventry& Warks.
Impetus – Marches Rural Reinvestment Trust	Up to £50k	Marches &Worcs.
<b><u>Others</u></b>		
<b>Finance Birmingham</b>	<b>£100k - £1m</b>	<b>Birmingham + Solihull limited to up to £200k</b>
Princes Trust -18-30yrs	£250-£5k	Regionwide

# CDFIs - West Midlands lenders.



Lend circa £6million a year covering the whole of the West Midlands.

Since start up in 1997, ART has lent over £11.0 million helping to create or preserve over 4900 jobs.

# Lending Criteria



- ❑ Refused loan by bank and other sources.
- ❑ Viable proposition - application form/business plan-
- ❑ **Concentration on the people and plan.**
- ❑ Social and Economic Benefits to area- usually jobs created or preserved.
- ❑ **Evidence of desire and ability to repay**

# Typical Terms



- ART -Small Business Loans –Birmingham and Solihull
  - For existing and start up businesses-  
£10,000 to £100,000, secured and unsecured. Average deal size currently £25k.  
Up to 7 year loan period . Average 5 years.
  - Can lend alone or as part of a package for large deals.  
Commercial rates of interest and fees- 12./base> minimum 10%.  
**Compare banks for similar loans-times have changed.**  
**15%>24%**  
**Wide range of sectors and size of business supported.**  
**CONTACT: 0121 359 2444 [art@reinvest.co.uk](mailto:art@reinvest.co.uk)**  
**[www.reinvest.co.uk](http://www.reinvest.co.uk) Steve Walker, Martin Edmonds , Andy King.**

# What's changed and changing



The banks will continue to tighten lending criteria to micro and small businesses.

Most difficult area is small start ups and early growth businesses.

Money is available but more expensive-likely to be a package from a number of sources.

Finance +Support is the key-look around for the alternative sources.

Avoid WONGA! There are many better ways!