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Greater Birmingham & Solihull LEP 'Access to Finance' Special Event

Welcome by R. Shariat

Project Manager of FinditinBirmingham



Greater Birmingham & Solihull LEP Access to Finance

Paul Heaven
Blue Sky Corporate Finance Ltd

Blue Sky Corporate Finance

- **Since 1998**
- **Start Up's & Early Stage Finance**
- **Specialist Advisors up to £5 Million**
- **Disposals/Buy-Outs/Buy-Ins and Growth Capital**
- **Members of the Regional Finance Forum**
- **GBSLEP Board Member**
- **Chair of GBSLEP Access to Finance Sub-Group**
- **Chair of GBSLEP Growing Places Fund**
- **Member of AMSCI Board**

Where is the Money?

 **Grants**

 **Debt**

 **Equity**

Grants

- **Best Type of Funding**
- **Typically Non-Repayable**
- **No Ownership of Business**
- **Rarely Covers the Whole Cost (33% to 50% at best)**
- **Often Related to External Spend Only**
- **Notoriously Difficult to Get**
- **Requires Patience/Dedication and Persistence**
- **Mainly Govt Money and Public Expenditure is Falling**

R&D Grants

- **The Technology Strategy Board (TSB)**
- **Proof of Market Grant (Max 60%)**
- **Proof of Concept Grant (Max 60%)**
- **Development of Prototype Grant (35% to 45%)**
- **Circa 20% Success Rate**
- **2 to 3 Month Process**

OTHER GRANTS

■ Birmingham Post Growth Fund

- £10,000 to £100,000
- 50% (Min) Match
- Capital + Revenue Costs
- Job Creation + Growth Focus

■ GBSLEP Business Development Programme

- £10,000 to £15,000
- 55% (Min) Match
- Revenue Costs
- Job Creation + Growth Focus

GRANTS COMING

■ GBSLEP Green Bridge Programme

- £20,000 to £100,000
- 50% (Min Match)
- Revenue + Capital Costs
- Green/Energy Efficiency/Clean Tech Focus

■ Regional Growth Fund

- £1000,000 + (Although Collaborative Bids Welcome)
- 50% (Min Match) and more expected
- Revenue + Capital Costs
- Job Creation/Growth/Investment Focus
- Round 4 Bid Deadline – 20th March

Debt

- **No Share of Ownership**
- **Always Repayable – Maybe a Holiday**
- **Viability**
- **Serviceability**
- **Security; Security; Security!!!**
- **Lots of Types**
 - **Factoring/CID/Payroll/Inventory/Asset**
 - **Loans/Overdrafts/Import**
- **Blended Solutions**

National Debt Schemes

- **Enterprise Finance Guarantee Scheme**
 - **Up to £1 million/75% Govt Guarantee**
 - **Invoice Guarantee Top Up/Overdraft Top Up Extensions**
 - **Export EFG Scheme (60% Govt Guarantee)**
- **ECGD – Bond Support Scheme (50% Govt Guarantee)**
- **Business Growth Fund (£2 to £10 Million) – Debt/Equity/Mezzanine**
- **Big Society Capital (Social Enterprise) – through SIFI’s**
- **Money for Lending Scheme – “Disappointing”**

Peer-to- Peer Loan Schemes

- **National + Local (Most are National)**
- **Most offer Business Loans but some (ZOPA) offer Loans to Individuals**
- **Most seek Trading Track Record**
- **Most seek Security of some description**
- **Internet Based Reverse Auctions set Loan Interest Rates**
- **Interest Rates in Range 8% to 12%**
- **www.fundingcircle.com is probably the Largest**
- **www.thincats.com is the Local Network**
- **Blue Sky is a Registered Sponsor of Both**

The Business Loan Network

ThinCats.com



Local Debt Schemes

- **Community Development Finance Institutions (CDFI's)**
 - **ART, BCRS, CWRT, Impetus and Others**
 - **Loans of up to £100k (Lower Viability Threshold)**
- **Birmingham City Council – Business Loan Fund (up to £1m)**
- **Solihull Business Loan Fund**
- **Bromsgrove/Redditch**
- **British Coal/ British Steel Enterprise Funds (up to £1m)**
- **Young Britain Scheme – Start Up Loans (£2500)**

AMSCI

- **Advanced Manufacturing Supply Chain Initiative**
- **Supply Chain Expansion/Efficiency**
- **Focus upon Jobs & Growth**
- **GBSLEP/Black Country/Coventry + Warwick/Liverpool City**
- **Funding from Regional Growth Fund**
- **Loans from £200k+**
- **Managed by Birmingham City Council (Finance Birmingham)**
- **Launch 21st March 2012**

GBSLEP Growing Places Fund

- Shovel Ready Infrastructure Projects**
- Commercial Development Focus but Residential Considered**
- No Lower Limit but typically - Loans from £100k+**
- Will Lend at the Margin (Bridge/Mezzanine)**
- In Exceptional circumstances will consider Equity/Grant**
- Commercial Rates of Interest**
- GBSLEP Area (but other LEPs operate similar Programmes)**
- Managed by Birmingham City Council (Finance Birmingham)**

Equity

- **Ownership/Participation = Interference**
- **High Growth & Exit Plans**
- **Like IPR Based Business**
- **High Risk – High Return Expectations**
- **Expensive to Arrange**
- **Modest Service Costs**
- **Investment Agreement**
- **Non-Executive Director**
- **£50k to £Gazillions**

Types of Equity Investment

- **Seed/Start-Up (F, F & F)**
- **Business Angels “Dragons” (£50k+)**
- **Regional Govt Backed Equity Funds (£50k to £1m)**
- **National Govt Backed Equity Funds (£1m to £2m)**
- **EIS Funds (£500k+)**
- **SEIS Funds (£125k)**
- **VCT Funds (£2m+)**
- **Venture Capital (£5m+)**
- **AIM (£5m+)**

Local Business Angel Networks

■ www.abangels.com

■ www.cebangels.com

■ www.beerandpartners.com

■ www.minerva.uk.net



Local Equity Funds

■ Early Advantage Fund

- £18 Million Fund
- Up to £250k Matched Investments (£750k Total)
- Fund managed by Midven



■ Exceed Midlands Advantage Fund

- £18 Million
- Up to £250 to £750
- Fund managed by Midven



■ BCC Creative Fund

- Up to £500k
- Creative Industry Focus



■ Mercia Technology Fund

- £50k to £1 Million
- High Technology Focus
- In the process of raising a new fund



National Govt Backed Equity Funds

■ Enterprise Capital Funds

■ £500k to £2 Million Equity

- IQ Capital Fund
- 21st Century Sustainable Technology Growth Fund
- The Seraphim Capital Fund
- The Amadeus Enterprise Fund
- The Catapult Growth Fund
- Dawn Capital ECF
- Oxford Technology Management ECF
- MMC Venture Managers
- Panoramic Growth Equity

How to get to the Money?

- **Invariably it is Structured!**
- **Rarely a Single Answer**
- **What is the Right Type of Finance for the Company/Owners?**
 - **High Growth/Ownership/Control/Exit Strategy/Lifestyle Business**
- **What is the Art of the Possible?**
 - **Asset Finance**
 - **Trade Finance (Factoring/CID/Payroll/Inventory)**
 - **Loans**
 - **Equity**

Summary

- **These are Tough Times to Raise Finance**
- **Fewer Funds, Less Money and More Expensive**
- **But there are Funds out there**
- **Only the Best Propositions will Procure Finance**
- **The Days of “Trial Runs” and “Easy Money” are over**
- **Only One chance to make a Good First Impression!**
- **Preparation; Preparation; Preparation**
- **.....and maybe some Luck!**

Thank You

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Find it

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The *business community* where members *Buy Birmingham First*



**Forward Thinking
Finance**

**“Access to Finance”
Presentation by Clive Broadhurst**

7 March 2013

What is Finance Birmingham?

- Finance Birmingham was originally formed in 2010 in partnership with Birmingham City Council (BCC) to launch a £10m Business Loan Fund. More recently a £10m Equity Fund, a £1m High Tech Fund and a £5m Creative Fund have been introduced. In late 2012 we launched a £1m Solihull Loan Fund backed by Solihull Council.
- It is a groundbreaking initiative created to deliver bespoke, creative and innovative financial solutions to small and medium businesses (SMEs).
- The funds have and will support a diverse range of commercially strong Midlands-based companies, which have found it difficult to access more traditional sources of funding.
- Finance Birmingham is critical to the region's growth and recognises the changing landscape of the typical sources of finance.
- The Business Loan Fund is evergreen.
- In the last two years we have advanced over £8.5m and completed nearly 30 deals.

We are committed to helping create and preserve jobs in the Birmingham & Solihull area

Our Funds

Birmingham City Council

Business Loan Fund

- SMEs that pay business rates to BCC
- Viable SMEs that require funding for growth and job creation
- At least two years' trading history and track record
- Commercially viable business plan
- Strong management team capable of delivering stability and growth
- £100,000 to £1,000,000 loans (initial loans capped at £500,000)

Equity Fund

- Key criteria as per Loan Fund
- Three year business plan, including financial forecasts illustrating growth and the potential for a medium term exit
- Purpose of investment must be growth and development capital
- £250,000 to £1,000,000 (initial investment capped at £500,000)

Our Funds

Birmingham City Council

High Tech Business Investment Fund

- All sectors within high tech that are innovative, with high growth and employment characteristics
- £20,000 to £50,000 initial investment, plus the ability for a second tranche of £50,000 and further investment from the other Funds
- Strong management team capable of delivering stability and growth
- Proof of concept established with good IP protection.

Creative Fund

- Open to creative business (intellectual property, technological focus)
- Three year business plan, including financial forecasts illustrating growth and the potential for a medium term exit
- Purpose of investment must be growth capital
- £50,000 to £500,000

Our Funds

Solihull Metropolitan Borough Council

Business Loan Fund

- SMEs that pay business rates to SMBC
- Viable SMEs that require additional working capital, support towards capital expenditure or are looking to grow headcount
- At least two years' trading history and track record
- Have a sound business plan including financial forecasts
- Good management teams capable of delivering stability and growth
- £100,000 to £200,000 loans

How has Finance Birmingham helped companies like you?

“We spoke to the banks on a number of occasions about longer term finance. Whilst they loved our business model, they were not in a position to help because of the changes in their internal credit requirements as a result of the credit crunch.”

“Finance Birmingham took the time to understand our business model and the potential for opportunity”

Finance Birmingham took the time to understand our business model and the potential for opportunity. We chose to use them because we realised it would be a very quick decision-making process and we understood that they would bring some extra value to the table in terms of experience.

The team at Finance Birmingham has been fantastic – they really understand our business and their flexible approach works brilliantly for us.”

Finance Director of Pure Business Services, Gavin Tedstone



“The investment from Finance Birmingham has helped us manage our cash flow more effectively, which became strained as a result of the company’s growth. In the process we have been able to make investments in people, equipment and systems to improve our business performance.

“We have been able to make investments in people, equipment and systems to improve our business performance”

“The Finance Birmingham team told us upfront what our chances of a successful application were and then worked with us to help pull together all the relevant information for the application. They ‘held our hand’ during the application process and guided us through effectively.”

Managing Director of Dunton Environmental, Neil Roe



“We approached Finance Birmingham to be one of four investors of a larger investment fund to help develop the business. We found the team easy to work with and they were quick to make a decision. It has also been helpful to have their financial expertise on the board.

I’ve been using the investment to take advantage of PR on the back of the Apprentice and develop the growth of the business – we now have six employees and have built commercial relationships with most of the UK’s major supermarkets.”

“We found the team easy to work with and they were quick to make a decision”

Co-founder of Whisk and BBC Apprentice 2012 finalist, Nick Holzherr



“The Finance Birmingham team were refreshingly realistic and practical in their understanding of the challenges facing a management team, and the ‘real world’ of business”

“As we came out of recession WAA had many opportunities to win new business, but such opportunities required additional working capital for the investment needed to win large accounts. Even with a proven track record and a business plan which illustrated success, our longstanding bank was unable to provide us with any further funding, substantially

limiting our growth opportunities. Finance Birmingham understood the opportunities and our approach, and provided the funds which enabled our growth to continue, the agency to thrive and more jobs to be created. The process was straightforward and efficient, and the Finance Birmingham team were refreshingly realistic and practical in their understanding of the challenges facing a management team, and the ‘real world’ of business.”

Chief Executive of WAA, Andy Wilson



AMSCI

Advanced Manufacturing Supply Chain Initiative

- £125m Regional Growth Fund programme
- BCC became the first local authority to deliver a national programme on behalf of Central Government (Business for Innovation & Skills)
- Two streams
 - £100m national fund across all sectors, minimum application £2m. Loans and grants being delivered – first draw downs commenced December 2012
 - £25m four LEPs (Midlands, Coventry/Warwickshire, Black Country and Liverpool) for aerospace and automotive sectors, minimum application £200k. March 2013 launch planned
- National projects in progress totalling £278m and targeting in excess of 5,000 new jobs

Growing Places Fund

- A £500m national fund launched in 2012 to help stimulate economic growth
- £24m allocated to Greater Birmingham & Solihull LEP towards infrastructure projects
- Objective is to create new jobs and prosperity by kick starting “shovel ready” capital projects
- Councils provide support these plans with their technical and financial expertise - leaving the LEP to focus their attention on ensuring the funds go to where they will be used most effectively.
- Public and private sector projects will be considered.
- Current projects in the Midlands include
 - Public – strategic link roads and access works
 - Private – hotels, leisure \ recreational facilities, heritage attractions

Our team



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What next?

- Extend our geographical reach
- Continue to bring innovative financing solutions to SMEs in the region
- Blended finance – debt, mezzanine and equity
- Work with our portfolio businesses - several companies have benefitted from follow on loans and our expertise
- One stop shop to access finance



Breakfast, Networking and One-to-One Appointments

R. Shariat

Project Manager of FinditinBirmingham