



www.finditinbirmingham.com

Welcome to findit**in**birmingham's
breakfast meeting 'Access to Finance'

Thursday 3 May 2012

**with the Greater Birmingham & Solihull Local
Enterprise Partnership**



R. Shariat
Project Manager
Finditinbirmingham



www.findit in birmingham.com

Greater Birmingham
& Solihull
Local Enterprise Partnership



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& Solihull
Local Enterprise Partnership

Finditinbirmingham & GBSLEP Access to Finance Event

3rd May 2012



Background to LEPs

- Government invited business and LA leaders to form local partnerships in June 2010 to:
 - Set the strategy to drive economic growth
 - Rebalance the economy towards the private sector
 - Based on “functioning economic geography”
 - Business-led with a business leader as chair
 - Now 39 LEPs – covering 99% of businesses
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Greater Birmingham and Solihull LEP

- Key aims of the LEP:
 - Increase GVA by more than £8bn by 2020
 - Create 100,000 private sector jobs by 2020
 - Boost indigenous and inward investment
 - Achieve global leadership in key sectors
 - Build a world class workforce
 - LEP is an 'enabler' to drive growth
 - Inaugural Board meeting on 8th June 2011
 - Our emerging strategy has a long-term agenda with short and medium term objectives
 - Focus on a small number of key priorities
 - Framework based on: Business; People; Place
-



Business Board Members

- Andy Street (Chair) - MD, John Lewis
 - Steve Hollis (Deputy Chair) - Midlands Chairman, KPMG
 - Nick Bunker - President, Kraft Foods & Cadbury UK /Ire
 - Andrew Cleaves - MD Coach, National Express
 - Paul Heaven - Owner, Blue Sky Corporate Finance
 - Wade Lyn - MD, Island Delights
 - Alan Volkaerts - Operations Director, Jaguar Land Rover
 - Chris Webster – CEO, Miller Construction
 - Andrew Cleaves – MD, Coach – National Express
 - Patrick Hanlon – Area Manager - Handelsbanken
 - Prof David Eastwood - VC Uni of Birmingham
 - Christine Braddock MBE - Principal, B'ham Met College
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Early Achievements

- Awarded a vanguard Enterprise Zone
 - Designation as Creative City
 - National pathfinder with LBRO to reduce regulation
 - Mid-sized Business Review Pathfinder
 - Launch of LEP Planning Charter
 - Development of LEP 'City Deal' with Government
 - Full support given to HS2, with the concerns of Lichfield recognised
 - Launch of Birmingham Business Hub
 - Front of mind for Ministers – Greater Birmingham first
-



Funding Secured

Regional Growth Fund (RGF) Round 1 (JLR and A45 improvements)	£85.7m
RGF Round 2 – successful bids supported (* includes £5m National Creative England bid, Zytex)	£11.35m*
RGF Round 2 – Advanced Engineering Supply Chain Fund, cross-LEP bid (*increased by £100m to become national scheme)	£25m*
Growing Places	£22.5m
Start-Up and Capacity Fund	£0.28m
TOTAL	£144.8m



Contact Details for the LEP:

- Email - gbslep@birmingham.gov.uk
 - Phone - 0121 303 4369
 - Address:
 - LEP Executive, Greater Birmingham & Solihull LEP,
Baskerville House, Centenary Square, Broad Street,
Birmingham, B1 2ND
 - Website – www.gbslep.com
-



creatively seeking solutions

What is Finance Birmingham?

- Finance Birmingham was formed in partnership with Birmingham City Council in December 2010 to provide support and access to finance for local SMEs
- Finance Birmingham initially launched with a £10m Business Loan Fund followed by a £10m Equity Fund, £1m High Tech Equity Fund and £5m Creative Equity Fund
- The partnership is a groundbreaking initiative created to deliver bespoke, creative and innovative financial solutions to SMEs based in the city of Birmingham
- Finance Birmingham's focus is to prime the local economy by supporting SMEs who have found it difficult to access funding
- Priming the local economy is all about job protection and creation
- Extending our territory with the Solihull MBC £1m Business Loan Fund

**WE ARE COMMITTED
TO HELPING CREATE
AND PRESERVE JOBS
IN THE BIRMINGHAM
AREA**

Who qualifies?

- SMEs that pay business rates to BCC/SMBC
- Viable SMEs that require funding for growth and job creation
- At least 2 years trading history and track record
- Commercially viable business plan
- Strong management team capable of delivering growth
- Funding £100k to £1m
- Apply at www.financebirmingham.com

WE THINK OUTSIDE
THE BOX

How we work with other funders

INTERACTING WITH OTHER FINANCIAL INSTITUTIONS

- Complementary rather than in competition with the banks
- Big Four banks
- Other banks
- Other lenders
- Other investors

Bank Funding

BANKS

- Traditional source
- Overdrafts, loans, mortgages, asset finance, specialised finance, EFG loans
- Banks are secured lenders
- Direct security or third party
- Full banking relationship
- Financial viability still crucial

Bank Funding

ASSET BACKED LENDING

- Invoice discounting and factoring
- Asset finance – plant and machinery, vehicles, stock, etc
- Commercial mortgages
- Security calculations

Presented by

Andy Povey andypovey@financebirmingham.com 0121 233 4903

**WE ARE HERE TO
SUPPORT YOUR
BUSINESS**



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**
- **Member of the Bham/Solihull LEP Board**
- **Investment Readiness**
- **Help Preparing Business Plans**
- **Equity/Debt/Grants/Business Support**

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%)**
- **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**

AMSCI

- **Advanced Manufacturing Supply Chain Initiative**
- **Supply Chain Expansion/Efficiency**
- **£125m Funding from RGF 2**
- **Grants or Loans from £200k+**
- **Collaborative Bids Welcome**
- **Managed by Birmingham City Council (Finance Bham)**
- **TSB & BIS Involved in Process**
- **1st Round Close Date 13th June 2012**

OTHER GRANTS

■ Innovation Networks

- SME Collaboration – Capital Spend /Tooling/IP
- £10k Grant (£25k Spend)

■ Electric & Intelligent Vehicles

- £8k to £20k
- Max of 40% of Spend

■ Niche Innovation Scheme

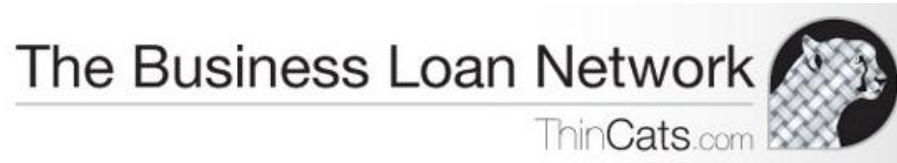
- £4k to £20k
- Reduction in Carbon Emissions
- Partnerships between SME's and Universities

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**

Local Debt

- **Community Development Finance Institutions (CDFI's)**
 - **ART, BCRS, CWRT, Impetus and Others**
 - **Loans of up to £50k (Lower Viability Threshold)**
- **Birmingham City Council – Business Loan Fund (up to £1m)**
- **British Coal/ British Steel Enterprise Funds (up to £1m)**
- **Michelin Development Fund – Unsecured Loans £5k +**
- **Advanced Manufacturing Supply Chain Fund – Coming Soon**
- **Business Loan Fund – www.thincats.com**



National Debt

- **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) – RBS/Barclays**
- **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**
- **Coming Soon:-**
 - **The Green Bank - £3 Billion Govt (£18 Billion Private Target)**

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+)**
- **VCT Funds (£2m+)**
- **Investbx/Plus (£0.5m to £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



■ Advantage Creative Fund

- Up to £250k
- 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

UK Innovation Fund

■ Hermes Environmental Innovation Fund - £125m

- WHEB Ventures Cleantech Fund
- Low Carbon, Energy Efficiency, Cleantech

■ EIF UK Future Technology Fund - £200m

- DFJ Esprit & Acton Capital Partners
- Life Sciences
- Digital Technology
- Advanced Manufacturing

Political Landscape

- **So What is Happening at National/Local Govt Level?**
 - **Regional Development Agencies (RDA's) abolished**
 - **Local Enterprise Partnerships (LEP's) formed**
 - **West Midlands to have 2 Enterprise Zones**
 - **Birmingham/Solihull**
 - **Black Country**
 - **Business Link local office now closed**
 - **National High Growth Coaching**
 - **Manufacturing Advisory Service**
 - **GBSLEP -ERDF bid made – outcome imminent**

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

Paul Heaven

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ANGEL FUNDING



Paul Isaacs

Partner

Jasper Development Capital LLP



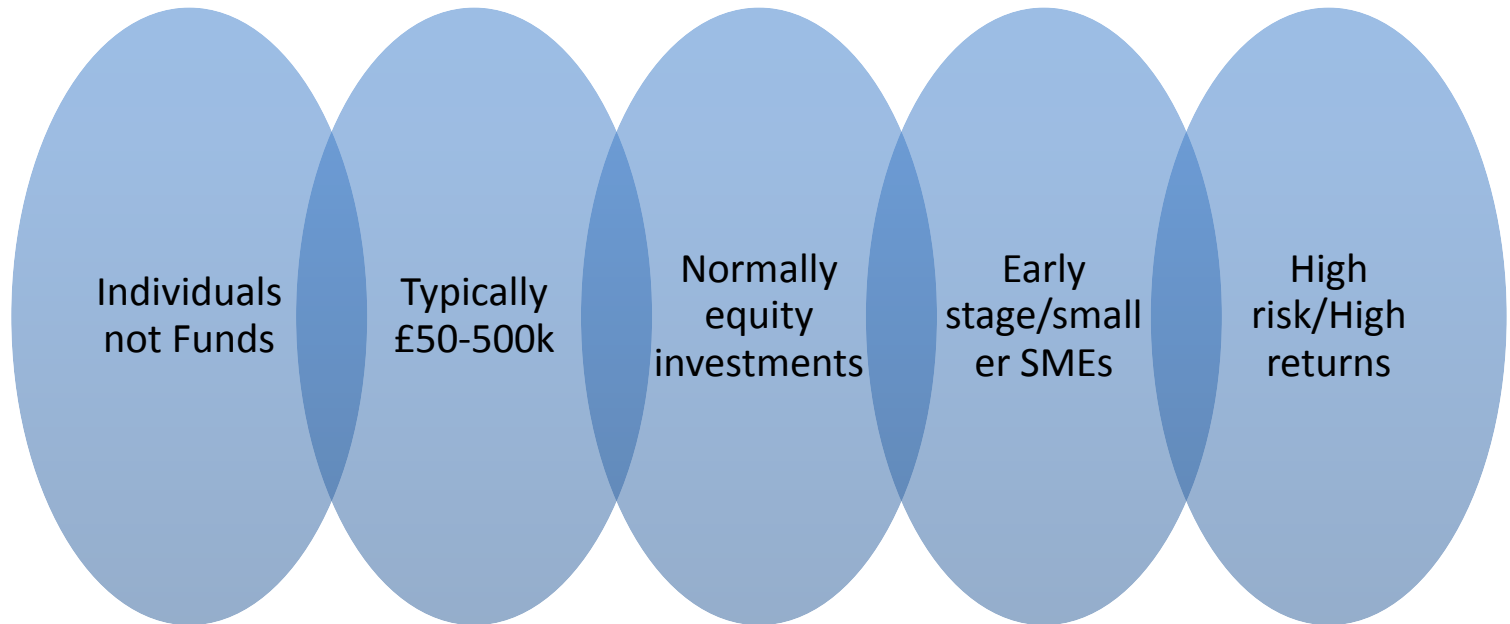
My Background

- ❑ Qualified ACA with PwC

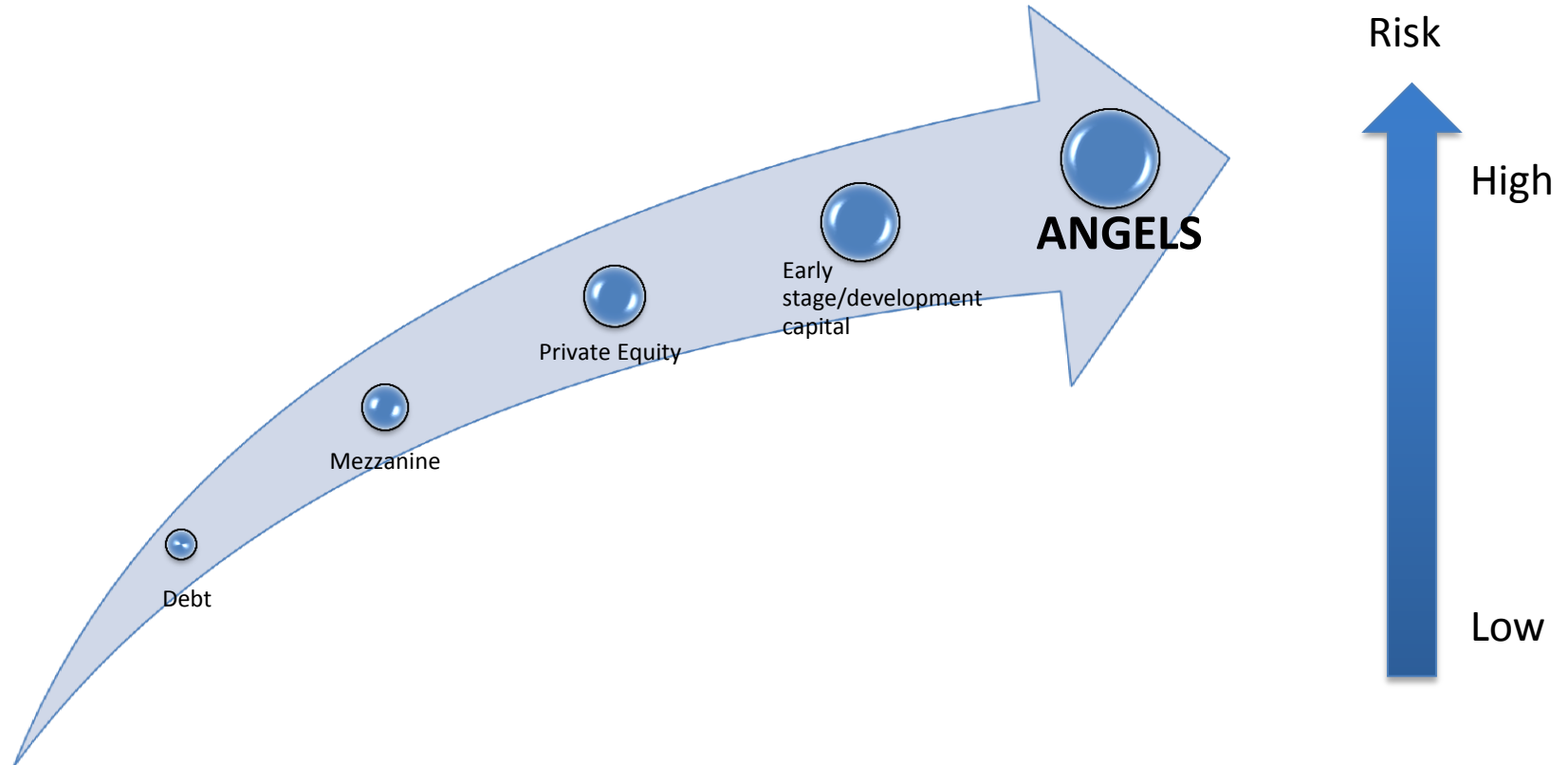
- ❑ 25 years investing in SMEs – over £500m invested
 - ❑ Bridgepoint – 10 years
 - ❑ Royal Bank PE – 4 Years
 - ❑ Forward Group Family Office – 4 Years
 - ❑ Personal – 7 Years/18 Investments

- ❑ Invested equity from £100k - £150m
- ❑ Partner in Jasper Development Capital LLP
 - ❑ Direct investments £100k-£2m

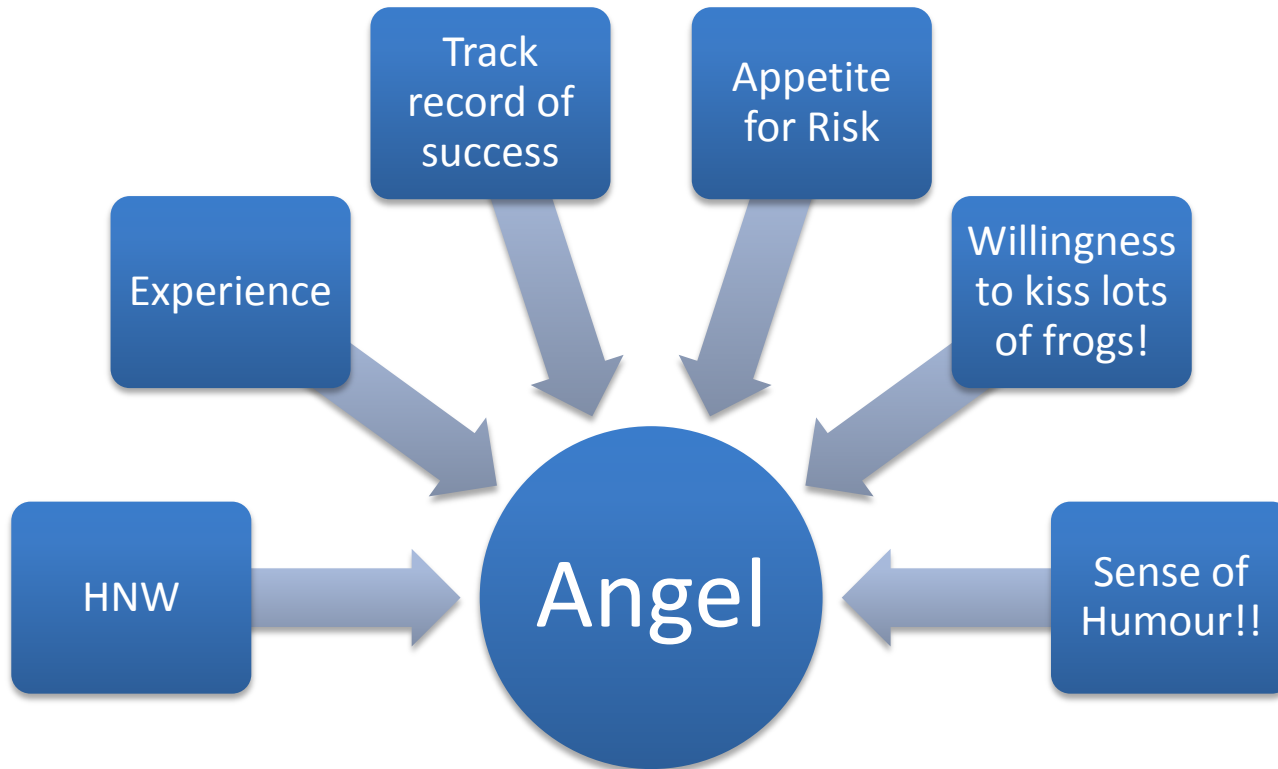
Characteristics



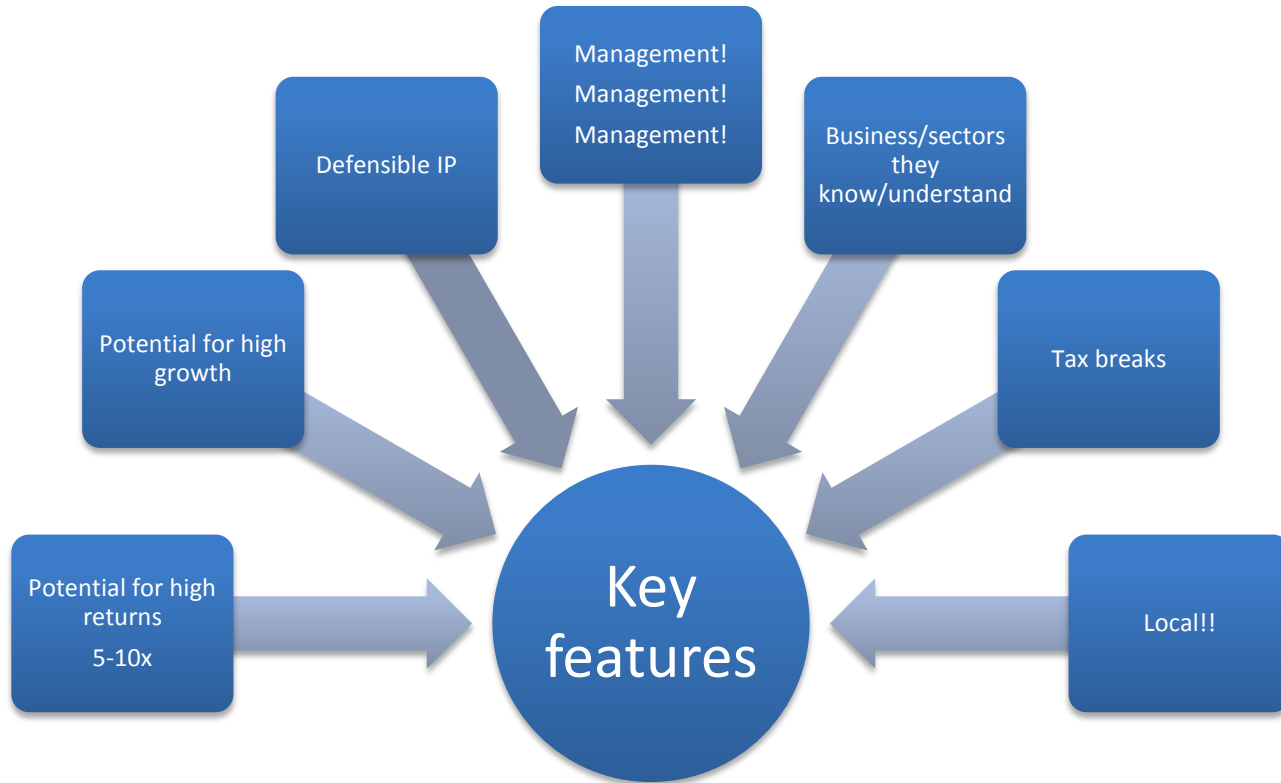
Where it fits in



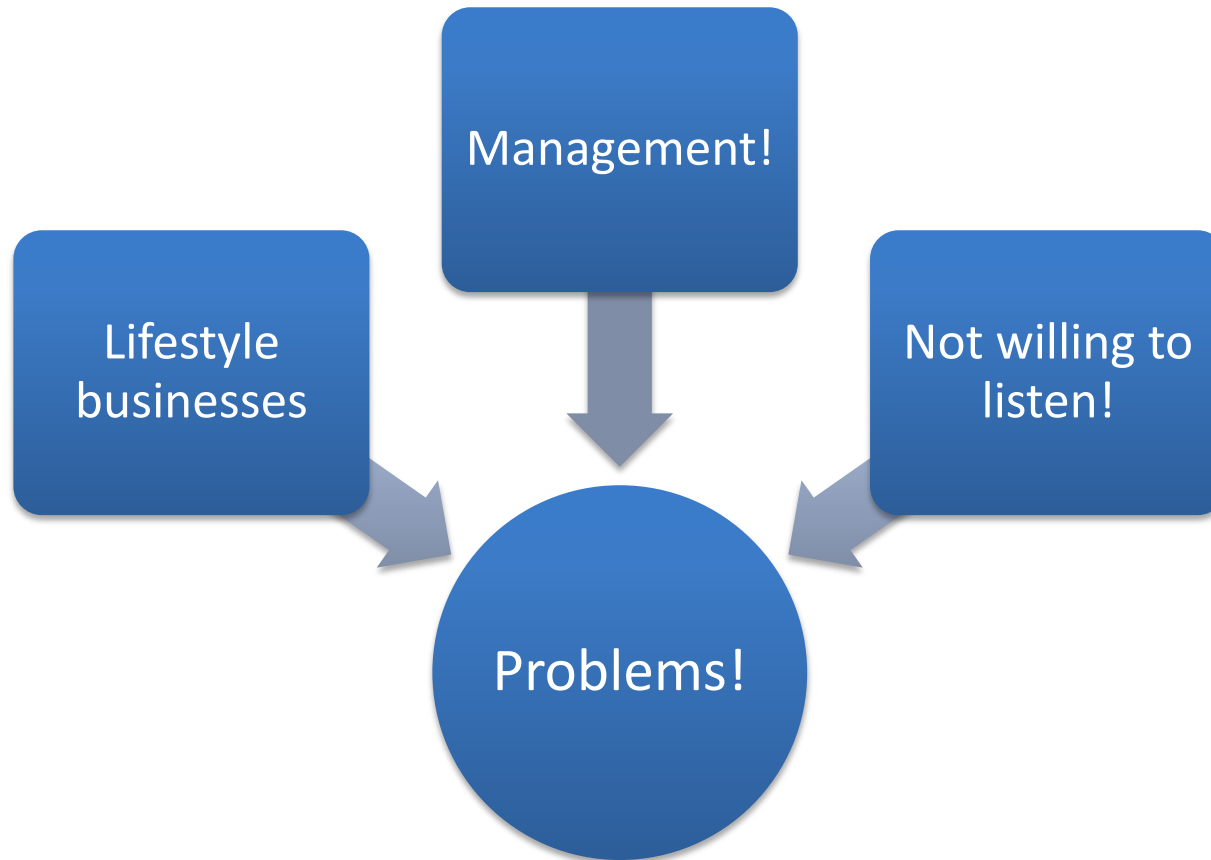
Typical Angel



What we like!



What we don't like!!



What we like to see



Where to find one!!

Angel Networks

- ABA
- Minerva
- CEBA
- Others

Corporate Advisers

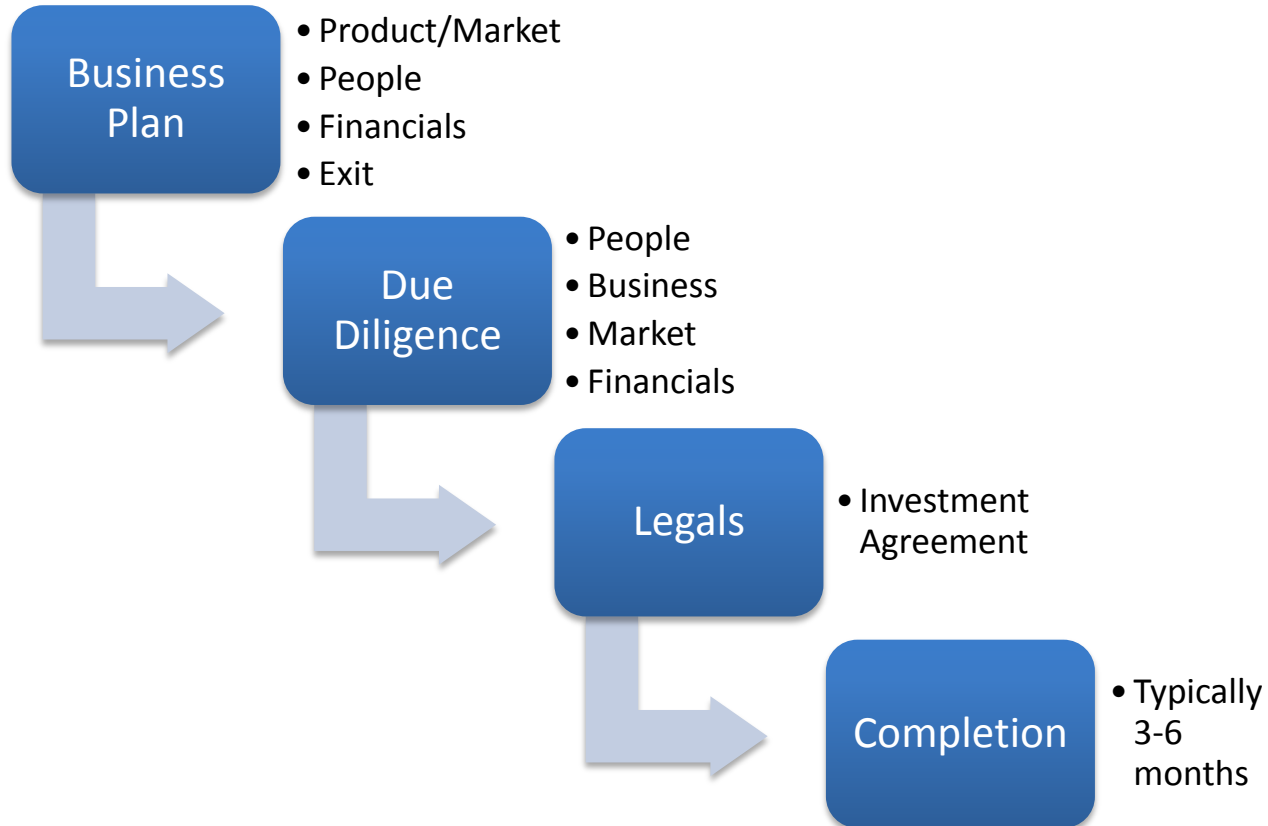
- Jasper
- Blue Sky
- Accountants
- Auditors

Networks

- Social Media – Linked In
- Friends/Family

Anywhere
you can!!

Typical Process





Thank you

Happy to take Questions

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Thank you for listening

Breakfast, exhibition and networking

