



**Enterprise
Nation**



50 WAYS

TO FIND

FUNDING

FOR YOUR

BUSINESS



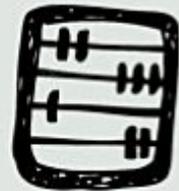
Emma Jones



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Introduction

As the UK witnesses record numbers of people starting a business, accessing the funds to start and grow has become a popular topic.

In researching and writing this eBook, I've come to see that small business lending is an incredibly exciting area as we witness an evolution in the funding options on offer. Note the rise of crowdfunding, the increasing number of corporates opening up accelerators to offer funding, mentoring and space to the brightest of businesses, and the government pumping money into schemes such as StartUp Loans, as well as offering tax incentives to ensure angel investing becomes the norm for proven entrepreneurs and high earners.

For the purposes of this eBook we undertook a survey on Enterprise Nation asking where you had turned to look for funds in the past 12 months – and where you will look if raising money in the next 12 months.

The results showed, rather unsurprisingly, that 'friends and family' was the most popular funding source in 2012. What was more surprising was that in 2012:

- 8% of respondents turned to crowdfunding and
- 4% of respondents turned to an accelerator

And in the next 12 months:

- 25% of respondents say they will crowdfund and
- 14% will apply to an accelerator

These were the two biggest winners, with crowdfunding showing the most significant increase across all funding options and, with 25% of

responses, emerging as the most popular choice for fund-raising in 2013. This bodes well for platforms such as Seedrs, Kickstarter, Crowdcube and Peoplefund.it, all of which are profiled in these pages.

As a small business there are other fund-raising options open to you, from charities to government, social enterprise funds to credit cards, and community lenders. Fifty such options are presented in this eBook with links to find out more on the sources that suit you most.

There are case studies of companies who have successfully raised funds, from £5,000 to £57,000, and the story of how Ben Ramsden of Pants to Poverty secured his funds through a bonk. Want to know what one of those is? You'll have to read on!

There's expert advice from bodies including the British Bankers' Association, UK Business Angels Association and entrepreneurs such as Jeff Lynn, co-founder of Seedrs.com, and the dynamic Simon Devonshire who is spreading the Wayra word across Europe.

You may be looking for funds to promote your business, develop a prototype, or for working capital to tide you over from one order to the next. Whatever the reason and however much the amount, I hope you'll find here a source of funding that provides a perfect match.

Emma Jones, Enterprise Nation

[@emmaljones](#)

About the Author

Emma Jones is a business expert, author and founder of small business community Enterprise Nation. Her books include *Spare Room Start Up*, *Working 5 to 9* and *Go Global: How to take your business to the world*.

Following a five-year career at an international accounting firm, Emma started her first business at 27. That business was sold 18 months later, and the experience led to Emma's next venture, Enterprise Nation.

Its website (www.enterprisenation.com) was launched in 2006 and became the most popular site for home business owners in the UK, attracting over 100,000 visitors each month.

In seven years, Enterprise Nation has grown into a community of over 75,000 homegrown businesses that find help and support on its website, in its books and at live events. In 2011, the company gave away over £10,000 in funding to UK start-ups, and has recently launched a premium membership scheme, which helps its members promote their businesses and take their venture to the next level.

Emma is also a co-founder of StartUp Britain, a national campaign to encourage more people to start a business.

Emma was awarded an MBE for services to enterprise in July 2012.

With thanks to

Profiled case studies

- Phil Coombes, MyOnesie
- Darren Fenton, DM Innovations
- Tracy Gray, Button and Bean
- Lucy Foster, Swogo
- Ben Ramsden, Pants to Poverty
- Helen McAvoy, Rocktails
- Rupert Lee-Browne, Caxton FX

Expert Q&As

- Lisa Gagliani, Bright Ideas Trust
- Irene Graham, British Bankers' Association
- Jeff Lynn, Seedrs
- Charlotte Chung, Social Enterprise UK
- Sam Collin, Community Development Finance Association
- Charles Dodwell, Fredericks Foundation
- Simon Devonshire, Wayra
- Ian Merricks, Accelerator Academy
- James Meekings, Funding Circle
- Bill Morrow, Angels Den
- Jenny Tooth, UK Business Angels Association
- George Whitehead, Angel CoFund

With contributions and quotes from:

- Syed Kamall, Conservative MEP for London
- Mark Adams, Collider12
- Christoph Rieche, iwoca

- Guy Rigby, Smith & Williamson
- Bruce McMichael, author of *Cook Wrap Sell*
- Alison Lewy, author of *Design Create Sell*

50 Funding Sources

Accelerator Academy (Large Corporates and Accelerators)

Angels Den (Angels)

Arts Council (Charities)

Banks (Barclays, HSBC , Lloyds, Metro, NatWest, Santander and Virgin Money)

Beer & Partners (Angels)

Borro (Asset-based funding)

Buzzbnk (Crowdfunding)

Community Development Finance Institutions (CDFIs)

Community Enterprise Funding (Social Enterprise)

Collider12 (Large Corporates and Accelerators)

Community Business Loan (Social Enterprise)

Credit cards

Crowdcube (Crowdfunding)

Dragons' Den (TV!)

Enterprise Finance Guarantee Scheme (Government)

Friends & Family

Funding Circle (Working Capital)

Grants (Government)

Growth Accelerator (Government)

IBM Smartcamp (Large Corporates and Accelerators)

Indiegogo (Crowdfunding)

Iwoca (Working Capital)

Kickstarter (Crowdfunding)

Microsoft BizSpark (Large Corporates and Accelerators)

MITIE Millions (Large Corporates and Accelerators)

Nesta (Charities)

New Enterprise Allowance (Government)
Peoplefund.it (Crowdfunding)
PleaseFund.Us (Crowdfunding)
Retail Bond (Retail Bond)
Seedrs (Crowdfunding)
Shell LiveWIRE (Large Corporates and Accelerators)
Social Enterprise UK (Social Enterprise)
Seedcamp (Large Corporates and Accelerators)
Spacehive (Crowdfunding)
Springboard (Large Corporates and Accelerators)
Sponsume (Crowdfunding)
StartUp Loans (Government)
The Angel Society (Angels)
The Prince's Trust (Charities)
The Young Foundation (Social Enterprise)
Technology Strategy Board (Government)
UKTI, including Export Insight Visits & Tradeshow Access Programme (Government)
Unbound (Crowdfunding)
Universities
UnLtd (Charities)
Wayra (Large Corporates and Accelerators)
Wonga for Business (Working capital)
Zopa (Working capital)

And if all else fails, try source number 50: down the back of the sofa!!

Central Government

The government offers funding via three main routes:

- Direct funding, i.e. funds straight from government to the business
- Indirect funding through programmes such as the Regional Growth Fund and Funding for Lending Scheme
- The government as your customer, so accessing funds in the form of secured contracts

Let's look at the options.

1. Direct Funding

Not as plentiful as it once was but the government does operate a number of loan and grant programmes for the benefit of small businesses. Many are focused on certain areas/regions, industry sectors and the stage of business you're at.

Some of them, such as StartUp Loans, lend money whilst others like the Growth Accelerator don't give funds to the business but do cover costs.

StartUp Loans

With Lord Young of Graffham (Enterprise Adviser to the Prime Minister) as originator, StartUp Loans was launched in May 2012 to offer young people (aged 18 to 24) a personal loan to start a business.

In January 2013 the age limit was increased to 30 and an additional £30 million made available, so the loans pot now totals £110 million over three years.

If you are within the age range, you can apply for a loan at www.startuploans.co.uk. From here, you will be directed to a local loan delivery partner who will assess your business plan and, if the business plan is agreed and application successful, you will be awarded a loan (average loan sizes are £2,500) along with a mentor and copy of a StartUp Loans Kit.

www.startuploans.co.uk

[@startuploansuk](#)

Tip: Visit the FAQ page (www.startuploans.co.uk/faqs) to have your questions answered on eligibility for a loan as well as terms and conditions of the funding package.

CASE STUDY: Phil Coombes, MyOnesie

Having seen news of the StartUp Loans launch in May 2012, Phil Coombes, aged 22 and a StartUp entrepreneur, couldn't wait to put in an application.

“I had been attempting to get a loan from the bank but my age had always been the main factor in receiving loan offers of over 22% interest. Or my application was rejected based on not having any assets against which to secure the loan. This is despite a business manager at one of the banks telling me I had a very strong business plan.”

After contacting StartUp Loans, Phil was directed to local loan distribution partner Young Britain (www.youngbritain.com), which offers loans to young people across the West Midlands. Following a successful application, Phil received a loan of £7,500 and a mentor.

He's now working on expanding the business through introducing new designs and offering fully personalised versions of the onesie.

It's thanks to Young Britain and StartUp Loans that this expansion is possible!

@MyOnesie

Q&A with Lisa Gagliani, CEO, Bright Ideas Trust

Bright Ideas Trust is a StartUp Loans delivery partner. CEO, Lisa Gagliani, talks about what the trust looks for in loan applicants.

Q: What kind of companies do you look for when investing?

A: Any kind of company; we have lent to manufacturers, fashion designers, cake makers, cleaners and really technical online ideas too. What we look for is solid ideas which have a strong chance of success. For that, we look at where the idea has come from, in other words, does this person have a genuine interest and knowledge and skill in this area?

Q: Do you lend on a loan or equity basis?

A: We are a delivery partner for the StartUp Loans Scheme which is a loan, but we also invest for equity and will be running both types of investment from now on. Some individuals are likely to benefit from initial loans to test their ideas and we can then offer further investment of up to £25,000 if required. At that point we are likely to invest for an equity share of around 10% and the rest as a loan over three years.

We are looking to offer 100 StartUp Loans in 2013 and planning to invest in a further 15 to 20 companies ourselves.

www.brightideastrust.com

@Bright_Ideas

New Enterprise Allowance

After a successful pilot year, the New Enterprise Allowance (NEA) has been extended by the government so over 30,000 jobseekers will be given financial support and mentoring to ease the move from unemployment to self-employment. When it was first launched jobseekers had to be on benefits for six months before qualifying for money to help start a business. This waiting period has now been scrapped so people can now automatically go onto the scheme. According to the Department for Work and Pensions:

“People will be able to start working with a business mentor from their first day on Jobseeker’s Allowance, instead of having to wait, and those who produce a viable business plan will be able to get funding straightaway.”

Jobseekers receive a weekly allowance worth up to £1,274 over 26 weeks and a loan of up to £1,000 to put towards start-up costs.

www.gov.uk/moving-from-benefits-to-work/starting-your-own-business

@dwppressoffice

If based in Scotland, Smart Exporter (www.smartexporter.co.uk) offers free export training up to the value of £1,000.

Growth Accelerator

If your ambition is to grow the business at pace, accessing support from GrowthAccelerator could be an option. Rather than providing cash, the accelerator covers the costs of having an industry expert at your disposal. The expert works in your business to help with sourcing new sales, commercialising intellectual property or accessing funds. As a participating company, you pay £600 towards the cost if the business employs up to nine people, or £1,500 if employing 10 to 49 people. The government covers the remainder of the cost, which can be thousands of pounds worth of value.

www.growthaccelerator.com

[@growthaccel](#)

On Location

For filmmakers, the British Council offers a Travel Grant Fund to help filmmakers present their work abroad: film.britishcouncil.org/our-projects/on-going-projects/shorts-support-scheme

UK Trade and Investment

For businesses looking to go global and enter international markets, government agency UK Trade and Investment (UKTI) extends funding via specific programmes.

Export Insight Visits – Rather than cash in hand, this programme covers the costs of visits to potential new markets.

“There is a nominal charge of £99 +VAT for each of the Export Insight Visits. You are required to cover

the cost of transport to the departure airport or railway station, with UK Trade & Investment then taking on the cost of group flights, accommodation and group transport and activities in the market.”

To apply visit www.embltd.co.uk/ukti.

Tradeshow Access Programme – Access a grant to attend an overseas trade show or fair. The amount of grant awarded is £1,000, £1,400 or £1,800 with “the level set for each show agreed after discussion with the Accredited Trade Organisation responsible for recruiting for the event. Generally, higher grant levels will apply to selected shows outside Europe.”

View the frequently asked questions here www.ukti.gov.uk/export/howwehelp/item/108969.html and apply for a grant here www.ukti.gov.uk/export/howwehelp/item/110682.html.

www.ukti.gov.uk

@ukti

Tip: When applying for financial support for flights and show expenses from UKTI, don't buy travel tickets or accommodation in advance as UKTI wants to see need, i.e. that you would not be able to attend a show or visit a new market without government support.

Technology Strategy Board

The Technology Strategy Board's (TSB) role is to “stimulate technology-enabled innovation in the areas which offer the greatest scope for boosting UK growth and productivity”.

This happens through support and investment in technology research and development and what it means for small business is that the TSB hosts competitions offering funding and grants to small businesses from sectors considered to be those offering the greatest growth potential for the UK.

Over 60% of the firms which receive awards are small businesses and in November 2012 the TSB announced it would invest a further £6 million in 'Launchpad' competitions (www.innovateuk.org/content/featured-items/new-investment-in-sme-clusters-to-fast-track-econo.ashx) as well as being the host organisation for Smart schemes which offer grants to small businesses for proof of market, proof of concept and prototype development.

Companies at every stage of development (pre-start to growing) can apply for Smart schemes (www.innovateuk.org/deliveringinnovation/smart.ashx).

To view a full listing of TSB programmes related to small business visit: www.innovateuk.org/deliveringinnovation/working-with-smes.ashx

www.innovateuk.org

[@innovate_uk](#)

2. Indirect Funding

The government recognises the vital importance of getting funds to small businesses and has created a number of programmes to encourage others to lend. The main ones are:

Regional Growth Fund

The Deputy Prime Minister launched the Regional Growth Fund in 2010 as a:

“£2.6 billion fund operating across England from 2011 to 2016. It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment.”

Commitments from the fund can be seen in projects referenced in this eBook, including a £30 million commitment to Community Development Finance, support of Barclays Ready for Business events, Santander’s Breakthrough Programme and the Angel CoFund.

The Regional Growth Fund does not directly invest in small businesses but via third parties such as banks or other lending institutions.

www.gov.uk/understanding-the-regional-growth-fund

[@bisgovuk](https://twitter.com/bisgovuk)

£100 million via non-traditional lending channels

Through the Business Finance Partnership, the government has created a £110 million fund to provide finance to small businesses through secondary lenders, including peer-to-peer and asset finance providers.

Of the first £55 million allocated, Funding Circle and Zopa were awarded £20m and £10m respectively to lend directly to small businesses.

“Small- and medium-sized businesses need access to a diverse range of finance options, including non-bank lending. These new forms of finance are still small in scale today but they should, over time, bring additional choice and greater competition to the lending market.”

Vince Cable, Business Secretary

Funding for Lending Scheme (FLS)

Launched by HM Treasury and the Bank of England, this scheme enables banks and building societies to access finance at cheaper than market rates on the condition that they increase lending to businesses.

According to Bank of England data:

“Lenders drew down £4.36 billion from the scheme in its first two months, in what analysts said was a moderately encouraging start.”

In January 2013 banks confirmed they would increase amounts lent to small businesses on account of FLS to jump-start small business spending and investment. ^[1]

www.hm-treasury.gov.uk/ukecon_fundingforlending_index.htm

@HMTreasury

Enterprise Finance Guarantee (EFG)

According to government figures, since the scheme launched in 2009 over 18,000 small businesses have been offered EFG loans with a total value of £1.88 billion.

It is open to any UK business seeking finance of between £1,000 and £1 million and works through the government providing the lender (likely to be a high street bank) with a guarantee for 75% of each individual loan. It was launched as:

“A loan guarantee scheme which enables banks and other lenders to lend to small businesses that lack the security or proven track record to be offered a normal commercial loan.”

The borrower is responsible for repayment of the full loan and pays a 2% per annum pro-rata premium to the Department for Business Innovation & Skills as a contribution towards the cost of the government guarantee.

Participating lenders include all the main high street banks in addition to a number of community development finance institutions (CDFIs).

See the chapter ‘Banks’ for details on bank lending and the chapter ‘Community Development Finance Institutions (CDFIs)’ for information on raising funds from CDFIs.

www.bis.gov.uk/efg

@bisgovuk

3. Government custom

Consider the government and public sector as your customer and raise funds through making sales (in my view, the best way to raise funds!). For details on public procurement, visit Contracts Finder (www.gov.uk/contracts-finder) an online tool displaying contracts for central government valued at above £10,000, with special fields denoting contracts of specific relevance to small businesses.

Grant-givers

Visit these information and search portals to input details of your business (location/sector/size/stage of development) and generate immediate results on available grants from the public sector.

Business finance and support finder – find publicly-backed finance or support for your business

www.gov.uk/business-finance-support-finder

j4bGrants – a searchable database of available grants from the UK and Europe

www.j4bgrants.co.uk

Funding Central – a directory of over 4,000 grants, loans and contracts

www.fundingcentral.org.uk/Page.aspx?SP=6089

Approach your local Enterprise Agency who may be the administrator of local grant schemes. Find your agency by visiting the National Enterprise Network site:

www.nationalenterprisenetwork.org

1 Reuters, uk.reuters.com/article/2013/01/03/uk-banks-plan-idUKBRE90206E20130103
[return to text]

Friends & Family

According to the Enterprise Nation 'Finding Funds' Survey, raising funds from friends and family was the most popular source of funding in 2012.

Friends and family are people you can trust – and asking them for money hopefully won't come with strings attached. Do consider having a written agreement, though, that covers the amount borrowed and a payback schedule.

Tip: Consider investing £22 to download the Simple Loan Agreement from Clickdocs to put the business relationship in writing and keep the family relationship in tact!

www.clickdocs.co.uk/simple-loan-agreement.htm

Banks

Banks can provide you with an overdraft, or unsecured and secured loans.

Here we look at accounts from the main high street banks and any additional services on offer to small businesses.

“Book an appointment with a small business advisor at a couple of different high street banks. Take a smart, detailed copy of your business plan with you to talk through. They will be keen to know what your business does and how you will make money from it. Prepare yourself for the meeting by running through the presentation with a friend or colleague, and know your numbers.”

Bruce McMichael, author, *Cook Wrap Sell*

www.enterprisenation.com/shop/cookwrapsell

Barclays

From starting a business through to international services and sourcing a Barclaycard, the Barclays Business site (www.barclays.co.uk/business) offers links to the resources you'll need across the site.

Start-ups receive free business banking for up to two years and their own business manager. For existing businesses, there's free skills training (www.barclays.co.uk/skillstraining) and, for an extra monthly charge, access to MyBusinessWorks, an online package with tools to help manage finances through to creating a website.

When it comes to securing capital, Barclays has sourced its own funding from the Regional Growth Fund to partner with the National Enterprise Network and put on 'Ready for Business' events (www.startupedge.co.uk) across the UK that offer start-up businesses:

“The best preparation for success via expert support, advice and training, leading to the development of a robust business plan in preparation for external funding and future business success.”

The bank says that whilst funding is not guaranteed, “there is an increased likelihood of obtaining funds if requested through Ready for Business, due to the strength of a robust business plan developed as part of the programme”.

Funding options include a business loan, commercial mortgage, business overdraft or cashflow finance. This page outlines the options: www.barclays.co.uk/Businessloansoverdraftsandmortgages/P1242558528777. Plus there's an 8-step guide to help you decide on the kind of finance that's best for you before applying: www.barclays.co.uk/Businesslending/BarclaysBusinessLending/P1242597562175

www.barclays.co.uk/business

@BarclaysOnline

Q&A with Irene Graham, Managing Director, Business Finance and Strategy, British Bankers' Association

Q: Are banks seeing an increase in the number of loan applications from small businesses?

A: The banks continue to work hard to support British businesses. British business accounts for over £400 billion of bank lending to businesses today, of which £160 billion is for small and medium sized enterprises (SMEs). The major banks provide £6 billion of new lending to SMEs every quarter.

In addition, more than 80% of the 520,000 new lending applications received in 2012 were approved.

The banks are actively encouraging businesses to come forward to discuss their ideas with them, and, as the figures above show if your business proposition is viable, the banks are very much open for business and ready to lend.

Q: What do you feel is the most significant role the banks can play in ensuring the health and vitality of the small business sector?

A: The banks have a vital role to play in supporting small businesses both through the finance they provide directly to viable businesses and the finance provided by working with and through partners such as the Business Angels, the Community Development Finance Institutions, and equity providers. The banks provide extensive practical support, guidance and help for businesses that are just starting out, growing or expanding overseas.

The banks are committed to building trust and confidence with British businesses and have a series of national initiatives to help and support small enterprises as they develop and grow. These initiatives operate under the Better Business Finance programme umbrella (www.betterbusinessfinance.co.uk), and include:

- a national mentoring support programme for businesses (www.mentorsme.co.uk) which provides access to over 110 mentoring organisations and to 27,000 mentors
- regional events
- practical tips and guidance when applying for finance and
- a series of new and in development finance options such as:
 - The Business Growth Fund (www.businessgrowthfund.co.uk)
 - Business Finance for You (www.businessfinanceforyou.co.uk)

Banks recognise that they have a responsibility to provide support to small businesses and to help connect the financial landscape, and for ensuring that UK businesses have access to the right finance at the right time to achieve their business goals.

RBS/NatWest

Start-ups are currently offered two years free business banking, a fee-free £500 overdraft and no annual fee on a business credit card for the first 12 months. Growing businesses can access – at extra cost – the Smarta Business Builder (www.smarta.com/businessbuilder), and benefit from advice from a relationship manager.

Links to packages on offer for start-ups and growing businesses are available via the main business banking page: www.natwest.com/business

Finance products on offer include small business loans, asset finance, invoice finance or a business overdraft, with full details at: www.natwest.com/business/products/borrowing.ashx

In 2011, NatWest increased new lending to small businesses to over £30bn, which they claim is more than twice that of their nearest competitor. The bank is providing new loans to over 4,000 businesses a week and opening around 2,000 start-up accounts per week.

“We’re offering our best terms ever on loans, using the Bank of England’s funding for lending scheme to cut interest rates and abolish arrangement fees – saving £4,500 on the average small business loan. We are offering interest rate cuts from 1% up to 1.7%, and abolishing arrangement fees on loans for businesses through the scheme – no other bank is doing this.”

www.natwest.com/business

[@Natwest_help](#)

In Northern Ireland, Ulster Bank (a wholly owned subsidiary of RBS) sponsors a small business community and active website in the form of Small Business Can (www.smallbusinesscan.com) where you can “talk with thousands of other small businesses and entrepreneurs. You can share insights, ask questions, tell war stories, pass on contacts and find new ways to promote your business.” The site also hosts successful offline events in locations across Ireland.

CASE STUDY: Darren Fenton, Founder, DM Innovations

DM Innovations specialises in transforming ideas into products. The company invents its own products and helps others turn their ideas into commercial products. It was whilst working on a new product that the company needed some financial flexibility:

“The required overdraft was to pay specialists for their time prior to making any sales which would then cover the overdraft. It was for £15,000. We were a new company and setup an account with First Trust. Once the account was setup, I said I needed an overdraft but the bank wouldn’t even meet me about it, saying I was a new customer and they couldn’t help. I then approached Ulster Bank with whom I’d never had dealings and they agreed to the overdraft.”

It took Darren two weeks from meeting the business manager to securing the funds required.

In the coming year, the company is embarking on new and research-based projects which will require further funding and Darren will be approaching the bank again to ask if they can offer an overdraft to cover the gap that’s left after projects have secured support from research bodies.

When it comes to advice to other small businesses, Darren says:

“I believe there is funding out there from the banks and it pays to shop around and talk to a couple of banks. I also think it comes down to the business and product. We had something innovative and different and it helped that we had partial funding from schemes to encourage innovation as it makes it easier to get the remaining amount from the bank.”

www.dminnovations.com

Lloyds

Details on Lloyds’ start-up account package which includes 18 months free business banking, support from a relationship manager and free Sage Planning for Business software can be found here: www.lloydstsbusiness.com/accounts There’s a full library resource for growing businesses at: businesshelp.lloydstsbusiness.com

Lloyds offers business loans, overdrafts, commercial mortgages and invoice finance (www.lloydstsbusiness.com/finance/index.asp) along with a handy tool to decide which form of finance is most suited to you (assets.lloydstsbusiness.com/financeselector).

The bank claims to be one of the most active Enterprise Finance Guarantee lenders, with figures showing “by the end of September 2012, more than 5,100 EFG loans had been extended, worth more than £390 million – 27 per cent of all loans granted through the scheme so far”.^[2] Lloyds SME Charter includes a promise to hold at least 200 business seminars a year on issues that matter to small business including exports, sustainability and London 2012’s legacy.

www.lloydstsbusiness.com

@asklloydstsb

For university students or graduates of less than five years who are running a business, there’s also the Lloyds Enterprise Awards offering cash prizes of up to £50,000.

Cash prize of £50k could be yours!

Now in its second year, the Lloyds TSB Enterprise Awards offer cash prizes, mentoring and profile to regional and national winners. Start-ups launched by university students who are still students or within five years of graduating are eligible to apply. Initial applications are carried out online with ten companies shortlisted in eight regions and invited to pitch to a regional judging panel. Winners from these heats are put forward for national judging with ultimate winners announced at a Gala Awards Dinner. Here is a video of the 2012 winners talking about how securing the winning prize has benefited their businesses: www.youtube.com/watch?v=yqij_TavuZo

www.lloydstsbenterpriseawards.com

@LTSBawards

See the section on the Shell LiveWIRE Awards within the chapter ‘Large Corporates and Accelerators’ and the chapter ‘Universities’ for details on other funding from universities.

Santander

At Santander, the start-up Business Account offers free banking for 12 or 18 months, support from a local business manager and online guides on a range of business topics. Businesses with a turnover of over £250,000 are upgraded to a Corporate Banking relationship (www.santander.co.uk/csqs/Satellite?appID=abbey.internet.Abbeycom&c=Page&canal=CABBEYCOM&cid=1237898884770&empr=Abbeycom) and if your turnover is between £500,000 and £1 million, you may qualify for the Breakthrough Programme (www.santanderbreakthrough.co.uk) which offers funding and safari tours to successful companies and sessions with leading entrepreneurs.

www.santander.co.uk/business

@santanderuk

CASE STUDY: Tracy Gray, Button And Bean

Tracy Gray had been a business account holder with Santander for four years when she turned to them for a loan of £5,000 to buy a new piece of machinery to expand her product range of personalised jewellery.

In terms of information, Tracy needed to show how much money she needed and what this was going to be used for; in this case £5,000 for a new piece of equipment and some branding work. From pulling together the information to securing the loan took one year and the money has enabled Tracy to launch a new range, Between You and I, to grow the business.

“My advice to others would be: before you apply, be prepared. Be clear on how much you want to borrow, what it’s for and how you are going to pay it back. Remember to work out the total cost including interest and any fees and work these into your costings.”

www.buttonandbean.co.uk

www.betweenyouandi.co.uk

@buttonandbean

Metro

Metro Bank claims that over half its lending is to small businesses and suggests that:

“By being open 7 days a week, 361 days a year, early and late, we offer unique advantages and expertise to serve your commercial banking needs.”

An entrant in the UK market in 2010 with four stores, the bank is now present in 12 locations across Greater London and plans to have over 200 stores open by 2020. Metro recently committed to supporting up to £100 million in lending for growing businesses as part of the government-backed GrowthAccelerator.

For business account holders there are no fees for the first 12 months and no monthly fee after 12 months if you maintain a £2,000 minimum balance in your account.

The bank offers business overdrafts, loans and a credit card facility (www.metrobankonline.co.uk/Commercial) but does not provide details on volume of lending to small business.

www.metrobankonline.co.uk/Commercial

@metro_bank

HSBC

The start-up offer is 18 months free banking alongside online and traditional branch services and access to free business guides and resources through an online Knowledge Centre (www.knowledge.hsbc.co.uk). The bank offers overdrafts and small business loans (www.business.hsbc.co.uk/1/2/start-up-business/business-loans-and-finance) and, with a strong focus on international trade for which this bank is renowned, has recently committed to a £4 billion International SME Fund (www.business.hsbc.co.uk/1/2/news/4billionfund) to support businesses trading in overseas markets.

www.business.hsbc.co.uk

[@hsbc_uk_press](#)

See the chapter 'Community Development Finance Institutions (CDFIs)' for details of how The Co-operative Bank is funding small businesses through a commitment to Community Development Finance Institutions and Community Enterprises.

Factoring in finance

Banks and factoring agencies can help cash flow by buying invoices from you (for a fee) and providing up to 85% of the invoice value straightaway. Find out more from the Asset Based Finance Association (www.abfa.org.uk) and you can find your nearest service company at: www.abfa.org.uk/members/searchMembersM.asp

Source: *Design Create Sell* by Alison Lewy

www.enterprisenation.com/shop/designcreatesell

Useful Links

Business Finance for You

This website brings into one place a range of finance providers including business angels, regional funds, government schemes and banks. Simply search on your geographic location, industry, and the amount of finance required!

www.businessfinanceforyou.co.uk/finance-finder

Better Business Finance

Better Business Finance brings together a range of practical help and support for businesses. A specific part of the site is aimed at start-ups, providing useful information including the top four questions likely to be asked by any lender, guidance on the sources of finance available and five top tips to help start-ups achieve lending application success.

www.betterbusinessfinance.co.uk

Publicly available information on lending volumes via main high street banks

Bank	Loan/approval rate	Volume of lending
Barclays	8 out of 10 loan applications are approved	Barclays new (gross) lending in Q3 2012 was £11.9bn to UK households and businesses, bringing the total for the first nine months of 2012 to £32.4bn. The bank does not split its business and consumer lending so the exact volume of business lending is not available.
HSBC	No details available	No details available.
Lloyds	8 out of 10 loan applications are approved	£10 billion of committed gross lending to UK SME businesses during the first nine months of 2012. Information sheet publicly available and updated quarterly at: www.lloydsbankinggroup.com/media/pdfs/lbg/2012/Supporting_business_Nov2012.pdf
Metro	No details available	Comment from the bank: "We do not make this information public."
RBS/NatWest	Providing loans to 4,000 businesses per week	"In 2011 we increased new lending to SMEs to over £30bn – more than twice that of our nearest competitor."
Santander	No details available	Comment from the bank: "Please refer to figures from the British Bankers' Association." (These are industry-wide figures as opposed to breaking down volumes from individual banks.)

The British Bankers' Association provides a quarterly view on levels of lending to small business with the latest report on quarter three of 2012 (released November 2012) showing:

"The third quarter of the year saw 117,000 applications from SMEs for loans or overdrafts. With approval rates remaining above 80% for smaller businesses and above 90% for medium businesses, £6.2bn of new facilities were approved, up from £5.9bn in Q2."

www.bba.org.uk/statistics/article/banks-support-for-smes-quarter-3-2012/small-business

Credit Cards

Visit comparison sites to access the best deals from the main providers who are:

American Express – Offers a business Platinum Card to companies that have been trading for more than one year and have a current UK bank or building society account. Benefits include up to 54 days interest free on purchases, a rewards programme and travel insurance. This comes as a package for a £450 annual fee.

www.americanexpress.com/uk/small-business/platinum-business-charge-card

Barclaycard – Offers four card options for small business with benefits on balance transfers, purchases or cashback.

www.barclaycard.co.uk/business/making-payments/small

Visa Business – Offers up to 56 days interest free credit and is accepted in more than 200 countries.

www.visa.co.uk/en/for_business/small_business.aspx

Capital One – Their Aspire business card is made for the self-employed, offering 5% cashback for the first three months, a credit limit of up to £7,500 and no annual fee, but interest is high at 24.9%.

www.capitalone.co.uk/creditcards/aspire-business-credit-card.jsf

Useful Links

Moneysupermarket.com: www.moneysupermarket.com/shop/credit-cards/business/

MoneyMagpie: www.moneymagpie.com/comparisons/credit-cards

Money Saving Expert: www.moneysavingexpert.com/cards

Asset-based lending

Launched in 2008, borro enables you to secure a loan against assets:

“We offer loans of £1,000 to £1,000,000 secured against personal assets including luxury watches, jewellery, diamonds, gold, fine art, antiques, luxury cars and more.”

The loans are typically for six months and come with no early repayment fees. You can apply online or by phone. Borro covers the cost of having your assets shipped to their valuation centre and then having them valued. You are made an offer and if you accept, the money is in your account within 24 hours.

www.borro.com

Crowdfunding

Without doubt, crowdfunding is on the rise. National newspapers have declared an end to traditional banking as we know it as small business owners turn in their droves to peers and the crowd to raise funds for growth and expansion.

The Enterprise Nation 'Finding Funding' Survey shows 8% of respondents turned to crowdfunding in the past 12 months, but this is set to increase to 25% when looking at funding plans for the next 12 months, taking crowdfunding to the top spot as the most popular form of funding in 2013.

On his recent investment in peer-to-peer lending site Zopa, Lord Rothschild, scion of one of the world's most well-known banking families, said:

“We are witnessing the growth of the non-banking lending market. Following the 2008 crisis many of the banks remain undercapitalised. In these circumstances alternative forms of credit will be developed on a significant scale. This is happening.”

Significant growth is predicted for crowdfunding, with a 2012 report from charity Nesta claiming:

“It is possible that within three years crowdfunding could provide around £15 billion of finance per year in the UK. With the right frameworks and standards, this could grow even further, and a day could come where crowdfunding replaces a large proportion of the £115 billion financial services industry.”^[3]

For the small business owner considering this form of fund-raising, there are three main types of crowdfunding:

Reward

This is where people fund your business in exchange for rewards. Possibly the most well-known site to offer this form of funding is Kickstarter (see below) with sites such as Unbounders having a focus on particular sectors.

Equity

This is where the crowd invests in your business in exchange for equity, i.e. a percentage of the business.

Loan

This is where you raise a loan and repay with interest.

In raising funds from the crowd, not only do you secure the capital you need but you also attract attention and an audience of potential customers.

As crowdfunding has become more popular, the number of crowdfunding platforms has increased.

Crowdfunding goes Pop!

“The crowdfunding idea began to take hold in 1997, when fans of British rock band Marillion launched an internet fund-raising campaign to bankroll an American tour. Over £35,000 was raised, and the tour went with a bang.”^[4]

The Telegraph

The main platforms are:

Crowdcube

Operating since February 2011, this early entrant to the UK crowdfunding scene has raised £4.4 million to date for small businesses. The site offers equity crowdfunding and has seen a 64% increase from 2011 to 2012 in listing applications.

When asked his advice for a small business wanting to raise money via the crowd, co-founder Darren Westlake says:

“Firstly, like any business fundraising, be ‘investment ready’ – have a comprehensive and well thought out business plan and financial forecasts. Secondly, specifically to crowdfunding, be prepared to put in some effort to make people aware of your fundraising and then engage with potential investors to answer any questions they may have.”

Darren and the team’s own plans for the next 12 months are to continue raising awareness of the platform and industry so entrepreneurs become increasingly aware of this new route to raising business finance.

www.crowdcube.com

[@crowdcube](#)

Kickstarter

When Kickstarter opened its virtual doors in the UK on 31st October 2012, this US headquartered site – considered the behemoth in its domestic market – gave a clear sign that crowdfunding had well and truly arrived in the UK.

In its first month of operation, the site reported 30 successfully funded projects with over £2 million raised by over 45,000 backers; 39% of backers came from within the UK and 61% from outside. “That works out to £48 in pledges each minute,” claims the site. ^[5]

www.kickstarter.com

[@kickstarter](#)

Seedrs

Seedrs is the UK's first Financial Services Authority (FSA) regulated platform and also the first to be granted membership of the UK Business Angels Association.

The average size of investment to date is £1,000 but individual investments have been as large as £50,000. Before investing, investors must either self-certify as high-net-worth individuals or sophisticated investors, or complete a questionnaire demonstrating their understanding of the risks involved in early-stage investing.

If start-ups receive investment they pay a 7.5% success fee, and investors pay no joining, annual or ongoing management fee but share with Seedrs 7.5% of any upside they receive from an investment.

www.seedrs.com

[@seedrs](#)

INTERVIEW: Jeff Lynn, co-founder, Seedrs

Q: You have been operating in the UK for just under a year. Have you seen a rising demand for crowdfunding from small business?

A: Absolutely. As startups come to understand the value of platforms like ours – not just in making capital available, but also in providing validation, a wide base of supporters/mentors, and an equity structure that is ideal for raising further capital from angels and VCs (the latter of which is unique to Seedrs) – we are seeing the popularity soar among entrepreneurs. The day is not too far off when nearly every new business turns to a crowdfunding platform like ours to raise its first capital.

Q: You are from the US. If you don't mind my asking, why did you decide to start Seedrs in the UK?

A: We started in the UK for a very simple reason: we believe that Britain is the best place in the world to build a high-growth, global startup today, and we wanted Seedrs to be part of financing the fantastic new businesses that are going to come out of this country in the coming years. We have

every intention of expanding into Europe and other markets, and we see lots of potential there too, but we think Britain is becoming the true startup nation, and we wanted to be part of it.

Q: What are the most popular/well-funded projects on Seedrs?

A: We have funded ten companies to date, ranging from £17,500 to £84,500. Among the businesses that have raised the most money have been NearDesk (£84,500), Digital Spin (£60,000) and UK Work Study (£50,000), but all of the businesses that have reached their target are exciting, high-potential startups, and we're thrilled to be a part of them all.

Q: What would be your advice to a small business looking for funds on Seedrs?

A: The key lesson we have learned is that momentum is everything. An entrepreneur needs to tap his or her own networks to get the first 10%, 20% or even 30% of the capital he/she is seeking in order for independent investors to join. It's important for any entrepreneur to think like an investor, and one of the first things to realise about how investors think is that they only want to participate when they see other people already doing so.

Q: And finally, what are your thoughts on the future of crowdfunding in the UK?

I naturally see a very strong future. For Seedrs in particular, we intend to become the go-to place for British (and eventually European) startups seeking to raise their first capital, and for investors who want to build a diversified portfolio of startup investments. And for crowdfunding in general, I think that it will become as standard for new businesses and projects to raise initial capital through crowdfunding as it is to design a logo or open a bank account.

CASE STUDY: Lucy Foster, Swogo

Anthony Ng Monica came up with the idea for Swogo whilst working as an IT Support Analyst. Colleagues would often come to him asking for help choosing electronics, and despite keeping up-to-date with the industry, Anthony would have to research for hours before choosing the right one. He wanted there to be an easier way.

The result was Swogo, which offers the simplest way to make the best purchase decisions, helping consumers choose a product in just 60 seconds. A user simply has to answer a short series of easy-to-understand questions about the desired product or service, from which Swogo's algorithm can determine the exact needs of the user. As such, the site is able to recommend the ideal product for the customer, alongside a tailored explanation as to why it suits their needs.

The company launched in the UK in December 2012 as a service providing high-quality recommendations for laptops. The plan is to expand into recommending other types of consumer electronics, such as tablets and televisions, before moving into different product markets with international expansion into the US on the horizon for 2013.

“We chose crowdfunding because we needed to raise a small amount of money (£17,500) in order to take us to MVP (Minimum Viable Product) stage. Our project was too early to involve angel investors, and crowdfunding seemed like the most sensible way to raise the capital that we needed.”

Having previously worked for Seedrs, it wasn't a tough decision for Anthony to choose this as his preferred platform. Anthony also liked the fact the site was FSA-regulated, which he believes contributed to the quality of investors sourced via the platform.

“We would say that the most important thing to remember when trying to raise crowdfunded investment online is not to ignore traditional methods of raising investment. Many entrepreneurs do not engage in offline networking, for instance, when using online crowdfunding platforms. Yet

many seasoned investors still want to meet the team, and engage with them, before giving away their capital. By networking offline, it also means you'll more easily gain the first push of investment, which makes your business more appealing to the crowd. Our team networked offline before going onto the Seedrs platform, and we believe this contributed to the fact we were able to raise our investment so quickly.

We would also suggest you don't try and raise too much in one go. At first, we tried to raise a larger amount of money on Seedrs, but it was simply too much for an idea-stage project, and we didn't need that much capital in order to reach MVP stage. We took it down, and went back onto the platform asking for £17,500. By doing this, you're more likely to reach your goal, and you give away less equity doing so. Investors can also see you've thought carefully about their investment. You can always try and raise a second round at a later stage. By doing this, you should also be able to raise more investment for your equity."

The team offered equity in exchange for funds and received their target investment of £17,500 in return for 5% equity. Raised in just ten days, they hold the record for being the fastest business to raise money on Seedrs. Good going, team Swogo!

www.swogo.com

[@goswogo](https://twitter.com/goswogo)

PleaseFund.Us

Launched in September 2011 with a focus on creative projects, this platform currently operates a reward-based lending system but will soon be introducing equity as an additional option. PleaseFund.Us runs an 'all or nothing' policy, so if the financial target is not reached, money is returned to backers. If the target is met, a 5% commission is charged. The company is working on a white-label solution for individuals and organisations wanting to establish their own platforms and hoping to introduce a PleaseFund.Us app.

www.pleasefund.us

[@pleasefundus](https://twitter.com/pleasefundus)

Words of advice

"Don't rush into launching your campaign. It's often tempting to get started as soon as possible, get your project live, and then make a start on the campaigning side of things. However, with nearly any crowdfunding project, it's imperative to get off to a good start. Take your time to build your project and to get some interest before launching – contact local press and build excitement. That way, you should hopefully get some initial backing when you do decide to launch, and people are more inclined to back a project that already has a certain percentage of funding."

Ben Hamilton, community manager, PleaseFund.Us

Sponsume

Over 1,000 campaigns have been crowdfunded on Sponsume since 2010. As applicant, you are permitted to keep the funds raised even if the target isn't reached and the company charges a 4% fee only on campaigns that hit their target. The platform enables reward-based crowdfunding as opposed to loans or equity.

www.sponsume.com

@sponsume

Peoplefund.it

A product of Keo Digital, the company behind River Cottage, Hugh's Fish Fight and Chicken Out!, Peoplefund.it is a reward-based funding platform that has recently merged with Crowdfunder to create a community of over 20,000 registered users. Taken together, the sites have raised over £500,000 for more than 200 projects.

The maximum level of funding on the site is £50,000, which can be raised in four to ten weeks. You can raise more but if you don't hit the target, you don't receive the funds.

Should you raise 100% or more you receive the total amount you raised less a 5% admin charge and 3% transaction fees to GoCardless. Visit the tips section of the site for advice on how to upload and promote a project (www.peoplefund.it/tips).

www.peoplefund.it

@peoplefundit

"We are alerting clients to reward, loan and equity crowdfunding as an important new source of finance as well as alternative finance providers like MarketInvoice. Angels also have a bigger part to play, particularly in view of the SEIS/EIS opportunities.

Banks will continue to be marginalised, good businesses will get funded one way or another, and hopefully entrepreneurs and growth companies will become more aware of where to go at what stage, so that they waste less of their time chasing rainbows."

Guy Rigby, Head of Entrepreneurs, Smith & Williamson

Buzzbnk

Constituted as a social enterprise itself, Buzzbnk is a platform enabling other social enterprises and charities to raise funds on a loan or reward basis.

The company is 63% owned by UK charities and foundations and has raised over £525,000 so far for profiled projects. According to the site, “typically ventures seek to raise between £5,000 – £30,000 in units of £10 to £20”.

There is a registration fee of £25 for social ventures joining the site and uploading a pitch. For this fee you receive support from the Buzzbnk team in developing your offer. If the target is met and funds successfully raised, a 5% administration fee is levied and if targets are not met, there is no fee and funds are returned to the backers.

“If you are able to attract your community to your crowdfunding page, you will be more than likely to convert them to becoming backers. There’s a theory that if you have at least 10 or 12 ‘project supporters’ on your page then people will feel more encouraged to join in with the crowd. One tip we always give to new Buzzbnk crowdfunders is to encourage friends and family to support as soon as the project goes live, so that by the time you send the information out to your wider community, there’s already a good number of people on board.”

Theresa Burton, CEO & co-founder, Buzzbnk

www.buzzbnk.org

[@buzzbnk](#)

CASE STUDY: Ben Ramsden, Pants to Poverty

Ben Ramsden launched ethical underwear company Pants to Poverty in 2005. When it came time to raise funds to grow, Ben decided the best way to do this was through a bank:

“The bonk is our latest and greatest crowdfunding campaign. Neither a bank nor a bond (those are both FSA registered words) a bonk is much more rewarding, offering 10.2% APR for lenders with a blend of 3% in cash and 7.2% in pants! So, for someone with £1,000 idly sitting in the bank, they can radically improve the performance of their money with an annual return of £30 cash and four pairs of the greatest pants on the planet!

But the pantastic benefits don't just stop there! Lenders also come to our annual general party, have the opportunity to join our advisory board and the opportunity to visit the communities we work with in India. However, central to the bonk is that it is supporting the transformation of farmer and factory workers' lives in India and young people in the UK through the delivery of our mission to prove how fashion can change the world, from cotton to bottom, through the greatest pants on the planet.”

Ben opted for the crowdfunding route as he believes it's cheaper to raise money via the crowd, lenders receive a higher return on investment, and you have a direct benefit with lenders (in this case bonkers) who engage in the business in more ways than just handing over money.

“Our bonkers open up their networks to us, engage in the brand where their skills best suit and join us on our journey. I guess it's simply a win-win for all and we laugh all the way to the bonk!”

Ben opted for Buzzbnk for its emphasis on social businesses:

“There are many platforms out there but Buzzbnk and their dynamic team are leaders in our field and so the choice was very simple.”

When it comes to advice for others looking to crowdfund, Ben says:

“The promotion and pitching of the investment has been very simple. First generate great content (a great video,

succinct offer and impact) and then promote it using social media and every networking opportunity available. Our first round raised just shy of £57,000 and was predominantly pitched and raised online with only a handful of lenders having face-to-face meetings. So the process and pitching has been delightful, however we didn't have enough time to allocate to it consistently throughout the campaign so next time we will prepare for that. Funds are raised only when energy is applied but the results are immediate and very effective!"

Pants to Poverty plans to return to the crowd for future fund-raising and will again offer what investors want in the form of a mix of product, financial return and deeper engagement in the brand.

"Succinctly communicate your offer and then go for it! You have a huge amount to gain and very little to lose and, in the future, when crowd funding is the norm and the market oversaturated, you'll be happy that you've gotten your army early doors!"

www.pantstopoverty.com

[@pantstopoverty](https://twitter.com/pantstopoverty)

Spacehive

With its focus on space, Spacehive describes itself as:

"The world's first funding platform for neighbourhood improvement projects. For people with inspiring project ideas, Spacehive allows you to pitch for support and funding from your community. For everyone else it's a refreshingly easy way to transform where you live: just find a project you like and pledge funding. If it gets funded, it gets built!"

Projects funded on the site include enabling wi-fi in Mansfield through to converting an empty shop into a hub for young entrepreneurs.

To upload projects and to donate funds is free. The site charges an administration fee only if a project successfully hits its funding goal. The fees are 3.75% on the first £500k, 2.5% on the next £500k and 1.5% thereafter.

www.spacehive.com

[@spacehive](#)

Indiegogo

On this platform it's free to sign up and create a campaign. The fee on raising funds is 9%. If you hit the target, you get 5% back, i.e. an overall fee of 4% on successfully reaching the funding goal. If you don't reach your goal, the fee is 9% but Indiegogo does allow you to keep what you earned.

Access the IndieGogo crowdfunding tips here:

www.indiegogo.com/crowdfunding-tips

www.indiegogo.com

[@indiegogo](#)

"Businesses running fundraising campaigns raise 114% more funds if a video is included than those without. Not a product video but one where the founders are talking to camera and are passionate about what they are doing. Those businesses that make at least one company update per week raise 100% more funds than those that don't."

John Vaskis, Indiegogo

Unbound

Founded by three successful writers, this platform is fully focused on helping authors raise funds to publish their books. Since its launch in 2010, Unbound has attracted high-profile authors including Terry Jones and Robert Llewellyn. If you pledge to support a project, you receive rewards in the form of your name in the book through to exclusive events with the author. If a funding campaign does not reach its target, money is returned to pledgers.

In addition to rewards, Unbound offers readers and funders an opportunity to engage with the author:

“As soon as you make a pledge to support an Unbound project you gain access to the author’s private area or ‘shed’. Here you can get updates on the book’s progress, watch exclusive interviews, read draft chapters, find out information about the author’s backlist and join discussions with the author and other supporters. It’s a portal into a new community of writers and readers: a place to comment on and contribute to a work in progress.”

www.unbound.co.uk

[@unbounders](#)

To regulate or not to regulate

A number of crowdfunding platforms have come together to create the Next Generation Finance Consortium (www.ngfc.org.uk) and Peer-to-Peer Finance Association (www.p2pfinanceassociation.org.uk) which are focused on developing the market of alternative finance for small business.

Both represent the voice of the sector to government, with the current regulatory view on crowdfunding from the FSA (www.fsa.gov.uk) being that crowdfunding sites do not need to be FSA regulated (Seedrs is the only one that is) but platforms should offer a disclaimer to investors:

“We believe most crowdfunding should be targeted at sophisticated investors who know how to value a startup business, understand the risks involved and that investors could lose all of their money. We want it to be clear that investors in a crowdfund have little or no protection if the business or project fails, and that they will probably lose all their investment if it does.”

The way most platforms address this is through setting a maximum limit on the amount investors can invest and on the amount businesses can raise.

The government has confirmed plans for the regulation of peer-to-peer lending which, following a consultation exercise, is likely to be introduced by April 2014.

“I think peer-to-peer lending and crowdfunding either directly to businesses or via funds could emerge as a real competitor to banks. It would also be great to see more funds set up specifically to invest in businesses, but owners have to be realistic about levels of ownership and politicians have to be careful that we don't impose so many rules that they are not attractive to investors.”

Syed Kamall, Conservative MEP for London, www.syedkamall.com

UK crowdfunding platforms

Platform	Max investment level	Equity/Loan/Reward	Fees	Keep funds if don't hit target?	Sector focus
Buzzbnk	Suggested amount between £5,000 and £30,000	Loan and Reward	5%	No – money returned to backers	Social enterprises
Crowdcube	No maximum amount	Equity	5% plus £1,750 to cover legal and admin fees	No money returned to backers. Automatic deadline of 60 days is set from the day investment pitch is uploaded	
Indiegogo	Not stated	Reward (referred to as Perks)	Flexible funding package = pay 9% and receive 5% in return if successfully hit target, i.e. overall fee of 4% Fixed funding – pay 4% only if hit target	Yes but pay higher fee of 9%	
Kickstarter	No maximum but company states: "The average project is raising around \$5,000, but many projects have raised significantly more."	Reward	5% plus payment processing fees of 3% to 5%	No – money returned to backers	
Peoplefund.it	£50,000	Reward	5% and 3% transaction fees to GoCardless	No – money returned to backers	
PleaseFund.U.S	No maximum amount	Reward	5%	No – money returned to backers	Creative projects
Seedrs	£150,000	Equity	7.5%	No – money returned to backers	
Spacehive	No maximum amount	Reward	3.75% on first £500k, 2.5% on the next £500k and 1.5% thereafter	No – money returned to backers	Community projects and public space
Sponsume	No maximum amount	Reward	4% on projects that reach target and 9% on projects that don't reach target	Yes – this platform follows policy of Keep It All as opposed to All or Nothing	
Unbound	No maximum amount	Reward	Publishing	No – money returned to investors if target not met	Publishing

3 www.nesta.org.uk/library/documents/CrowdingInwebv3.pdf [return to text]

4 www.telegraph.co.uk/culture/9599846/Crowdfunding-how-the-kindness-of-strangers-is-changing-business.html [return to text]

5 www.kickstarter.com/blog/kickstarter-in-the-uk-the-first-month [return to text]

Social Enterprise Funding

If you are a social enterprise – “a business that trades for a social and/or environmental purpose” – or a Community Interest Company, there are socially-focused funding options open to you.

Social Enterprise UK

Social Enterprise UK, the representative body for social enterprises, is responding to the need for finance and has created a Social Investment and Finance Programme (www.socialenterprise.org.uk/about/about-us/our-programmes/social-investment-and-finance-programme).

www.socialenterprise.org.uk

@SocialEnt_UK

Big Society Capital

One of the most significant developments in funding for the social enterprise sector is the creation of Big Society Capital – the world’s first social investment bank with a funding base of £600 million. Big Society Capital works by investing in intermediaries who directly fund social enterprises. They have created the first directory of funding providers which you can use to locate the provider most suited to you (www.bigsocietycapital.com/finding-the-right-investment).

www.bigsocietycapital.com

@BigSocietyCap

Q&A with Charlotte Chung, Policy & Research Officer, Social Enterprise UK

Q: *Where can social enterprises go to raise funds for their start-up or growing business?*

There is a good list of places to go for finance and funding available in the raising finance section of our start up guide: www.socialenterprise.org.uk/uploads/files/2012/07/start_your_social_enterprise.pdf

The type of finance available for social enterprises varies and can range from funding which requires no obligation to return, i.e. mostly grants and

philanthropy/donations, to risk capital in the form of equity investments and quasi-equity. Crowdfunding is becoming very popular for start-ups and rallying people behind community projects.

Q: *Can businesses apply direct to Big Society Capital?*

A: No – businesses cannot apply directly as BSC is a wholesale intermediary funder (so intermediaries like social banks, finance providers etc can apply for funds which they will then make available as finance to frontline businesses). More on their website: www.bigsocietycapital.com

Q: *What advice would you offer to a social enterprise looking to raise funds?*

A: Know your business model and have a clear business plan. Banks and other finance providers need to know you are sustainable and able to repay any finance taken otherwise it's too risky for them, especially as social enterprises usually have more complex business models.

The Young Foundation

The Ventures arm of The Young Foundation provides support and finance to entrepreneurs running social ventures. The support is divided into three main categories:

The Venture Network – a network for high potential start-ups that offers a member's newsletter and regular workshops and events across the UK.

The Accelerator – a programme for social ventures ready to scale, incorporating four months intensive business model development followed by twelve months investment readiness support.

The Young Foundation Venture Portfolio – a select group of high performing social ventures that receive investment and ongoing support.

www.youngfoundation.org/our-approach/ventures

[@the_young_fdn](#)

Community Business Loan

Through the launch of 'Inspiring Social Enterprise' and working with Social Enterprise UK, RBS has committed to supporting 2,500 social enterprises by improving access to expertise, markets and finance.

Community businesses can apply for loans of between £30,000 and £500,000, with applications accepted from social enterprises, community interest companies

and co-operatives.

www.inspiringenterprise.rbs.com/inspiring-social/microfinance-funds/eligibility-criteria

See the chapter 'Community Development Finance Institutions (CDFIs)' for details on how The Co-operative Group is also funding community-based businesses.

Charities

A number of charities have sophisticated programmes when it comes to lending or offering grants to small businesses. Some of the main ones are:

Nesta

“Nesta is an independent charity with a mission to help people and organisations bring great ideas to life. We do this by providing investments and grants and mobilising research, networks and skills.”

The charity manages a number of grant schemes such as Digital Makers Fund; a fund of £225,000 with grants of between £20,000 and £50,000 made to organisations that apply and encourage digital making activities amongst young people.

Nesta Investment Management (www.nestainvestments.org.uk) is the dedicated investment arm investing in “social ventures with innovative products or services that are addressing some of the UK’s most pressing challenges”.

www.nesta.org.uk

[@nesta_uk](https://twitter.com/nesta_uk)

The Prince's Trust

Focused on unemployed people aged 18-30, The Prince's Trust Enterprise programme offers support and cash grants to develop ideas into viable businesses. Young people also benefit from being matched with proven mentors. Appointed as a delivery partner to the Government's StartUp Loans scheme, The Prince's Trust will be awarding at least 600 StartUp Loans in 2013.

Another of the Prince's charities is PRIME – the Prince's Initiative for Mature Enterprise (www.prime.org.uk) – for those aged over 50 and starting a business. The charity formerly ran the PRIME loan scheme but this ceased in July 2011.

www.princes-trust.org.uk

www.princes-trust.org.uk/need_help/enterprise_programme.aspx

@princestrust

UnLtd

UnLtd is a charity offering financial awards and ongoing practical and networking support to social entrepreneurs. It is the largest organisation of its kind in the UK.

UnLtd has recently unveiled the Big Venture Challenge (www.unltd.org.uk/bvc), an investment readiness programme that will select 30 social entrepreneurs and offer them an intensive 12 month programme designed to help raise external investment (debt or equity) of between £50,000 and £250,000.

www.unltd.org.uk

@unltd

Social Scotland

Funding for social enterprises in Scotland is available from The Social Entrepreneurs Fund which has a total fund of £1.5 million awarded in allocations of up to £20,000 for individual enterprises. Closing applications for the current round is 22nd February 2013.

www.firstportfunding.org.uk

Arts Council

Set up by Royal Charter in 1940, the Arts Council champions, develops and invests in the arts and culture of England. Visit the dedicated funding page (www.artscouncil.org.uk/funding/apply-for-funding) for a profile of all the grants and awards on offer. Of particular note to small businesses in London and Yorkshire is Creative Industry Finance (www.creativeindustryfinance.org.uk), a one-year pilot providing practical advice and support for creative entrepreneurs and a limited number of business development loans of £5,000 to £25,000, repayable over a maximum of three years. Check eligibility criteria at: www.creativeindustryfinance.org.uk/eligibility-checker

www.artscouncil.org.uk

@ace_national

Fashion Conscious

For fashion businesses, there are a number of dedicated grants and funding from charities, councils and trade associations.

The British Fashion Council (www.britishfashioncouncil.org.uk) facilitates various sponsorship opportunities and competitions, offering financial support towards the costs of showcases and catwalk shows.

The NEWGEN initiative (www.britishfashioncouncil.com/NEWGEN), sponsored by Topshop, offers fashion designers the chance to receive financial support towards show costs and usage of the BFC Catwalk Show Space, whilst others receive sponsored presentation or exhibition space to showcase their collections.

The Fashion Forward scheme (www.britishfashioncouncil.com/FashionForward) is a key British Fashion Council initiative that provides funding to talented emerging British designers to show and develop their businesses in London. The award is a cash prize to help the winner showcase their collection plus access to mentoring and business support to develop their business.

The UK Fashion and Textile Association (www.ukft.org) offers grants towards the costs of showing at an overseas trade show or trade missions.

Source: *Design Create Sell* by Alison Lewy

www.enterprisenation.com/shop/designcreatesell

Alison Lewy is founder of Fashion Angel (www.fashion-angel.co.uk), an organisation offering mentoring, networking and funding for fashion entrepreneurs. Fashion Angel is a loan distribution partner for StartUp Loans.

Community Development Finance Institutions (CDFIs)

According to industry body the Community Development Finance Association, the definition of a CDFI is an institution that:

“lends money to businesses, social enterprises and individuals who struggle to get finance from high street banks and loan companies. They help deprived communities by offering loans and support at an affordable rate to people who cannot access credit elsewhere.”

CDFIs are independent, often locally-based organisations. They can spend time learning more about your funding needs and finding the right help.

Sam Collin, Communications Officer for the Association, says:

“CDFIs provide access to credit to businesses in or owned by communities traditionally underserved by banks, defined both geographically (for example, Liverpool, East London) and socio-demographically (for example, due to ethnicity, gender, age). CDFIs focus on the business markets that banks find hardest to reach: start-ups, sole traders, informal and unincorporated ventures, and micro-enterprises employing fewer than ten staff. Collectively, these make up 95% of the UK’s businesses. More recently we have seen CDFIs more active in the small business market, a space the banks have moved away from since the start of the recession.”

In October 2012, this form of funding received a boost with a commitment of £30 million from the government's Regional Growth Fund, matched with a further £30 million from the Co-operative Bank and Unity Trust Bank. The full amount will be directed to lending to small and social enterprises.

On the day of the announcement, Ben Hughes, Chief Executive of the CDFA, said:

“This investment is critical to the survival of many small and micro businesses who, without this support, would simply not exist. It's a milestone, yet just the starting point for an exciting – and timely – expansion of the community finance sector; greater investment like this offers a new way of creating wealth – that's sustainable and ethical yet that also makes sound business sense.”

There are currently around 60 active CDFIs, operating in all regions of the UK. They provide finance for a range of purposes, including working capital, bridging loans, property and equipment purchase, and start-up capital.

The number of loans being requested from CDFIs is on the up. Latest figures (from 2011/12) show enquiries from businesses with 10-500 employees increased by 150% from the previous year. A member survey revealed 13,000 enquiries from businesses across the year, requesting a total £231m.

Business lending figures are available at www.cdfa.org.uk/2012/10/05/business-demand-for-community-loans-soars, and you can locate your local CDFI via www.findingfinance.org.uk.

Fredericks Foundation

Launched in 2001 by successful entrepreneur Paul Barry-Walsh, Fredericks Foundation is a charity and CDFI extending loans to start-ups and growing businesses.

The average size of loan is just over £4,000 and, with support from the Regional Growth Fund, the foundation now operates across all of the South of England (except Dorset) as well as offering loans in London, Cambridgeshire, Northants, Nottinghamshire and Lincolnshire.

Loan recipients receive funding and support as client managers suggest amendments to business plans and carry out due diligence. If the client agrees, and there is availability, a mentor is also appointed.

According to CEO, Charles Dodwell, the charity expects to extend more than 200 loans over the next 12 months; a doubling of the figure in the past 12 months.

“We expect to see yet more small businesses come to us as banks continue to withdraw from our market.”

www.fredericksfoundation.org

@fredsfreddies

Community Enterprise Funding

As local communities take on the running of services and businesses, The Co-operative Bank has responded with a new scheme to fund community enterprises and underwrite community share issues. A revolving fund of £500,000, backed and funded by The Co-operative Group and Co-operative Loan Fund, enables access to capital (www.co-operativeloanfund.co.uk).

Ian Rothwell, Development Manager for Co-operative and Community Finance, says:

“The fund was set up specifically to support community-owned enterprises seeking to raise investment through a community share issue and has the flexibility built in to support these groups in a number of ways, including finance, if needed, before the share issue is concluded where assets, surveys or legal work has to be funded.

Our approach also ensures that community enterprises have access to providers of specialist support and advice on planning and community participation – steps critical to the success of a community share issue.”

The Co-operative Group has also created a dedicated Enterprise Hub (www.co-operative.coop/enterprisehub) which offers support to member-owned businesses looking to grow and is benefiting from a further £6m investment from the group during 2012-14. You can also find support available for community share issues at: www.communitysharesfund.coop

Large Corporates and Accelerators

An increasing number of large corporates are opening accelerators and launching funds to back small business. According to Seed-DB (www.seed-db.com), a database that tracks the growth of seed accelerators across the globe, there are 145 accelerator programmes that have accepted 2,213 companies which have raised over \$1.6bn in funding and created 5607 jobs. ^[6]

As the name implies, accelerators offer an accelerated process for start-ups to help get products to market. Some offer financial backing as well as access to a global customer base.

MITIE Millions

Launched in 2012 by the FTSE 250 outsourcing and energy services company, this programme invites individuals and businesses with products or services that will help MITIE enter new markets, to apply and pitch to the MITIE senior management team. Successful contenders secure funds and MITIE as a significant investor. There are plans to re-open the project in 2013.

www.mitie.com/about-us/our-culture/entrepreneurs/mitie-millions

@mitie_group_plc

Shell LiveWIRE

Having operated since 1982, the Shell LiveWIRE programme offers start-up awards to young people across the UK with a monthly competition awarding four Grand Ideas Awards of £1,000 each and an annual Young Entrepreneur award worth £10,000.

www.shell-livewire.org/awards

@shelllivewireuk

Collider12

With funds raised from the Regional Growth Fund, Creative England, and big name brands including Unilever and Bauer Media, Collider12 has been launched as a 13 week accelerator programme offering ten start-ups funding of £100,000 each as well as coaching by Pembridge Partnership Ltd. When asked why he decided to launch the programme, Mark Adams replies:

“Having seen many companies make progress up the value-creation curve in our ten years of business, we saw one missing link that we thought we could fill and that was to match startup firms not just with money and expertise but with potential customers, especially where those customers were corporates – we felt we could bring the two together to help value creation.”

As well as securing funds from the likes of Unilever Ventures, these large companies also act as ‘brand mentors’ offering counsel to the start-ups and participating in the 13 week course. Over the duration of the programme, the vision is to build ten strong business plans in which the full Collider12 team is involved.

After that, with significant interest being shown by venture arms of large corporates, the plan is to do it all over again!

www.collider12.com

[@collider12](#)

Wayra

The Wayra site claims its network of accelerators “has quickly become one of the main accelerators of the global ICT sector” – a claim which cannot be denied.

With the first Wayra opening in Colombia in June 2011, the network expanded to 11 countries in Latin America and Europe in its first year of operation. Wayra represents a significant investment for telecoms giant Telefonica, and led by a nimble and entrepreneurial team, this global force is enabling businesses to start and grow at speed.

As a successful applicant in any of the Wayra locations from London to Mexico, you receive funding of up to €50,000 plus management, tech and admin

support, as well as use of workspace for six months and, if relevant, access to the Telefonica customer base.

At the end of the six months acceleration period, Wayra continues to work with a selection of businesses assisting with fund-raising from public and private sources.

If your start-up or idea is in any of the sectors in which Wayra has an interest, this is one accelerator you'll want to be in!

www.wayra.org/en/joinus

@wayra

Q&A with Simon Devonshire, Manager, Wayra Europe

Q: How many companies do you accept into London Wayra at any one time?

A: Wayra London is twice the size of all our other Academies across the world. It can accommodate twenty digital start-up teams. All twenty teams are located on one floor in our fantastic building in the West End of London, purposely designed to give them the best environment to work, learn and collaborate. Each team has its own space that they can call home. The current cohort of entrepreneurs will be leaving London at the end of March 2013 – the new teams will arrive in April/May.

Q: What are you looking for in the companies you accept?

A: Specifically we are looking for early stage digital/technological start-ups. Wayra is looking for start-ups that have a really clear idea of what they want to achieve and that have the resources and capability to bring that ambition to fruition. These are the ones we can help most. Although Wayra is the business accelerator that belongs to Telefonica, we are not exclusively looking for telco/mobile products, propositions and services – but clearly Wayra works best if there is a fit or relevance to the skills and capabilities that lie within the vast resources of the global Telefonica organisation.

The start-ups should be less than two years old and, as an indication, so far received less than £100k investment. We do accept lone individual entrepreneurs, however there is a clear preference to select teams.

Many projects that apply are in the mobile-app space, but not exclusively so. When describing what we look for I have noticed that people like to hear

conventional business classifications that they are familiar with, e.g. social networking; e-commerce; e-health; e-security. However, what we see are sometimes new businesses that are pioneering to such an extent that they don't necessarily conveniently fit in any one of these established verticals (but sometimes sit across more than one). Equally, applicants can be unsuccessful because the judges regard them as "too new", in that the market being approached is too embryonic or the technology not yet sufficiently developed.

Applicants need to be able to clearly articulate the need/opportunity that they are addressing. And also how their proposition sits relative to the competition.

Above all, Wayra is looking for talent. Applicants have previously asked me why they should attend the Wayra Academy. That's a good question. It is probably an indicator that Wayra might not be right for them because the Wayra Academy is very much at the heart of the benefit Wayra delivers to its entrepreneurs. Wayra is about co-location and co-habitation – it is about participation – and you cannot participate unless you are present. It is not ruthlessly elitist, however, by virtue of the sheer volume of applications that Wayra receives, the entrepreneurs that are selected are by definition the best of the very best. Wayra provides extensive guidance, coaching and mentoring – however, I have strongly maintained that the one thing that benefits the entrepreneurs (and their businesses) most, is the interaction and exchange between them and their peers. When joining Wayra, you're joining a family – and so, we want people who understand this and therefore actively contribute to the Academies and the people in them.

Q: Successful applicants receive space, support and funding. Is this in exchange for a 10% stake in each business?

A: Successful applicants receive €40,000; free office accommodation for six months; extensive coaching and mentoring. They also get fast-track access to the people and technological resources of Telefonica. We actively help them identify and engage with future sources of funding and investment. We extensively help them with investor pitching and presentation in order to give them the best preparation for onward funding. Wayra now has a global network of twelve (soon to be thirteen) Academies, seven of which are in the dynamic and growing economies of Latin America. Through this network we now have demonstrable experience of enabling cross-fertilisation internationally, for example enabling two of our start-ups from Dublin to actively recruit and trade in Brazil. Finally, without doubt, Wayra's biggest asset is Telefonica and its c. 300 million customers. We are actively working on how best to leverage this market potential for the benefit of our start-ups – in the UK, that's a potential audience of 23 million customers of Telefonica O2 UK.

Q: I see the next call is in January. How many calls do you expect to make in 2013?

A: The closing date for the current call for applications from entrepreneurs to join Wayra London was January 21st. This is our first international call whereby we have synchronised the timing for eleven countries. Entrepreneurs can find full details at www.wayra.org/en/joinus.

We expect to hold another call for applications towards the end of 2013. I'm not trying to be deliberately vague or elusive – there are two dependencies that will determine this:

Firstly, it depends how many projects the independent panel of judges selects from this current call. Whilst we have space for twenty, we are under no obligation to simply fill the space. In the final, without exception all the teams pitching are supremely talented. However, we are really clear about those which we feel we can accelerate most effectively. In our first call for London we received 1,031 applications from teams wanting to join the Academy – from which sixteen teams were successfully selected. A few months later, we held a second call from which we selected a further three great teams. And so, if you are an entrepreneur and you've set your sights on joining a specific Wayra Academy, we'd strongly recommend you follow that Academy on Twitter and also regularly checkout the Wayra website. The global Wayra Twitter handle is [@Wayra](https://twitter.com/Wayra). The Twitter handle for Wayra London is [@WayraUK](https://twitter.com/WayraUK).

The second reason that I can't name a date for our next call is that we will offer the next cohort of projects six months accommodation – but we retain the option to extend this time period if it best serves us and the teams to do so. Which is why the Wayra Country Manager and the Academy Manager play such an important role in the management of the Wayra programme. For example, the original cohort of projects in London was extended by three months, from six months to nine months free accommodation.

Q: Do you have plans to open any more WAYRAs in the UK?

A: We are actively working on opportunities and ideas across the world. For certain, we have lots of exciting ideas to help encourage and support entrepreneurs and help create more great start-ups. Wayra is a start-up itself – watch this space!

Coming soon

Currently operating in the US to invest in entrepreneurs – and in July 2012 a specific Early Stage Storage Investment Fund launched to invest in storage businesses – there is a plan for the Dell Investment Fund to be operating in the UK from summer 2013 and open to technology businesses and businesses that need technology to help them grow, across the full range of business sizes.

www.dellventures.com

IBM Smartcamp

Participate in the IBM Global Entrepreneur project and benefit from software products, project management and promotion across the IBM Network.

Through KickStart events hosted around the world, IBM looks for companies that are aligned with their Smarter Planet vision. Success at a KickStart event can lead to being chosen to progress to SmartCamp; a two-day programme designed to provide start-ups with mentoring, access to industry experts, and deeper partnership opportunities from IBM and venture capital firms.

www-304.ibm.com/partnerworld/wps/servlet/ContentHandler/isv_com_smp_smartcamp

@IBMSmartCamp

Seedcamp

Seedcamp is a seed investment fund and mentoring program, investing in around 20 companies per year. The company's standard investment is €50,000 in return for an 8-10% stake. As well as the financial injection, start-ups benefit from office space at Google Campus in London, access to mentors, intense support as part of Seedcamp Week and a four-week mentoring tour of the US startup and investor community.

www.seedcamp.com

@seedcamp

Springboard

With programmes in London and Cambridge, Springboard invests in over 30 companies each year, offering a £15,000 investment for 6% of the business. Companies accepted for the Accelerator go through an intensive 13 week mentor programme culminating with Demo Days that involve pitches to investors in the UK and US.

“Historically,” says Springboard, “over half of the companies that participate in the programme raise additional investment funding, with alumni teams around the world.”

www.springboard.com

[@springboard](#)

Vodafone Xone

In August 2012, Vodafone announced the imminent opening of a Tech Centre in Tech City which will:

“Provide innovative businesses in the mobile internet and creative media industries with technical expertise, potential financial assistance, logistical support and access to more than 400 million Vodafone customers across more than 30 countries worldwide. It will draw on the expertise of Vodafone Ventures, the company’s corporate venture capital arm, which has been successfully investing in innovative new businesses for over a decade.”

Since this announcement there has been no centre opening but worth keeping up with Vodafone news for details (www.vodafone.com/content/index/media/news/tech_city.html).

www.vodafone.com/xone

[@vodafonezone](#)

Microsoft BizSpark

If your preference is to join an Accelerator for three months in the US, the Microsoft Accelerator for Windows Azure (www.microsoft.com/bizspark/accelerator/azure) may be an option. Ten companies will be chosen and receive \$20,000 in equity investment from TechStars, \$60,000 of value in Windows Azure plus mentoring from entrepreneurs and three months of workspace provided by Microsoft in Seattle.

The companies being asked to apply are those “that can benefit from integrating the Windows Azure cloud with its core product”.

UK-based businesses can apply but you do have to be legally in the US during the time of the programme.

This accelerator is part of Microsoft BizSpark:

“A global program that helps software startups succeed by giving them access to software development tools, connecting them with key industry players, and providing marketing visibility. BizSpark offers technical support, business training and a network of over 2,000 partners to connect members with incubators, investors, advisors and government agencies.”

The network is a powerful one, with over 45,000 companies from 100 countries having joined BizSpark since it was launched in 2008.

www.microsoft.com/bizspark

[@bizspark](#)

The Accelerator Academy

The Accelerator Academy offers a 12 week high growth training and mentoring programme for ambitious digital entrepreneurs looking to grow their business. On offer is training, mentoring and access to capital. Applicants are asked to pay £600 for the course and this is refunded when businesses successfully complete the programme.

www.acceleratoracademy.com

[@XLR8Ruk](#)

Q&A with Ian Merricks, Founder, Accelerator Academy

Q: For how long has Accelerator Academy been running?

A: 14 months and 3 semesters.

Q: How many businesses do you choose and how do you choose them?

A: We select around 10 per semester, typically the top 10% of applicants. Our preference is for companies that are in their first year of trading (but no more than £250k revenue to date), with high growth potential, solid founders/founding teams, with good relevant experience and wanting to learn how to move to a higher growth trajectory. They need to be from the tech/media/communications sector, and we have to be confident our programme and mentors will move their businesses forward.

Q: Rather than offer funding, you get companies ready for funding. How many businesses have raised money via the Academy?

A: So far, all of the companies that were looking for investment from the first semester have received their funding or offers of funding, around half from the 2nd semester so far (the 3rd semester only just finished so its too early to tell, although one company has already closed its investment!). That equates to around 9 from 20 so far excluding the 3rd semester. Some of the other businesses did not need external capital and have funded growth privately or through accelerated sales.

Q: What are your views on investor sentiment at the moment, i.e. are people investing?

A: Absolutely, we have helped close c. £3m of early stage seed investment this year for Academy businesses and have another £4m in the pipeline. This has been achieved through a mix of angels, syndicates, regional funds, corporates and seed funds (VCs).

Q: What are your plans for the Academy in the future?

A: We expect to continue running three semesters a year of our 12 week part-time programmes for busy entrepreneurs, and during 2013 we are planning to expand the amount of pre-Accelerator work we are involved in through the Startup Funding Club. The Club will invest up to £150,000 and then offer ongoing help. White Horse Capital (the company behind the Accelerator Academy) is launching a new, early stage broking service which aims to reduce

the equity gap and will cover £150-600k seed fund raising and move on to our traditional ground which is for companies raising over £1 million. This will happen whilst we increase the resource available for Academy members post-accelerator, so busy times ahead and lots of potential for fund-seeking start-ups!

6 Data as of 14 January 2013. [[return to text](#)]

Universities

Through enterprise centres and societies at universities, funding may be on offer. Visit the NACUE website (www.nacue.com/societies) for links to enterprise societies operating across 120 campuses and research the centre or society in your area to explore funding streams.

If you are at university or recently graduated, see the section on Lloyds in the 'Banks' chapter for details of Lloyds Enterprise Awards and the chapter 'Large Corporates and Accelerators' for details about the Shell LiveWIRE Awards. Both offer cash prizes to young start-ups.

CASE STUDY: CEDAR Enterprise Fellowships: awarding and rewarding small businesses in Cambridge

A competition hosted by the Centre for Enterprise Development and Research (CEDAR) at Anglia Ruskin University has awarded thousands of pounds to three Cambridgeshire-based businesses.

Through funding provided by a private benefactor, the three CEDAR Enterprise Fellowships were awarded to: Steve Marsh for Collide, a mobile application which helps bring people who are nearby together; Joshua Wies for Walkasins, a medical aid to help prevent falls in the elderly; and Gonçalo de Vasconcelos and Yutaro Kojima for Syndicate Room, a secure online place to invest in businesses.

In addition to the funds, the winners receive mentoring support, entry to the CEDAR Enterprise Fellowship network, specialist training and development support, access to Anglia Ruskin's StartupLab, academic and business advice from the CEDAR team, and legal support.

Successful candidate Steve Marsh said:

“The funding from CEDAR allows us to carry out the necessary marketing needed to give us a major presence and gain a critical mass of users, which is essential for our business. This funding will help make the vision a reality and allow us to continue providing our service for free!”

www.anglia.ac.uk/cedar

[@CEDARenterprise](#)

Entrepreneur First

This programme takes start-up teams and does not offer funding but does provide 12 months of support, team building, access to mentors and getting companies investment ready. Applications closed on 3 January 2013 but worth following on the web and via Twitter for future rounds.

www.entrepreneurfirst.org.uk

[@EntreFirst](#)

EnterprisingU

If you're a current student or graduated after 2007 and have a business idea or indeed a business, it makes you eligible to apply to The RBS EnterprisingU competition with an opportunity to win £25,000, £10,000 or £5,000 in cash.

There is a four-stage process to go through which involves submitting an application online, taking a test on the viability of your idea, attending a workshop and then, if selected, pitching to

investors at a final event in September 2013. All worth it if you are chosen as a cash prize winner.

www.enterprisingu.com

[@enterprisingu](#)

Working Capital

Maybe your business needs funds for 'working capital', i.e. an injection of cash to tide you over from one order to the next. If so, consider these options.

Iwoca

With the name of the company being a play on the words 'instant working capital', the two founders of iwoca were driven by the need to offer working capital to online retailers – fast turnaround, short-term funding that enables business owners to purchase stock and keep the business moving.

Excerpt from Enterprise Nation blog post, 9 July 2012:

“A critical issue for most online sellers is having access to capital,” says co-founder Christoph Rieche. “Cashflow shortages can often arise from the effect of seasonality and the requirement of paying suppliers upfront for inventory. In a competitive space, having quick access to additional funding can give the edge and this is what iwoca is about.”

Started by Christoph and co-founder, James Dear, in 2011 and trading since March 2012, iwoca is the UK's first finance company dedicated solely to online sellers. Christoph and James are two ex-investment bankers and started the business after realising there was an opportunity to cater to the underserved market of small enterprises trading through eBay, Amazon and their own webstore.

In particular, the business is targeting enterprises that sell via eBay, an online retail niche which the two founders believe has big potential for expansion. According to eBay itself, there are 180,000 eBay businesses in the UK.

“With access to more capital, this group could easily generate more sales,” says Christoph. “We estimate that at the end of 2011, this group collectively generated revenues of over £7 billion and that by the end of 2016 that number will grow to £16 billion. We’re hoping to fuel growth in this sector.

“With high street bank lending in decline, obtaining finance from traditional sources is often not an option as they have a difficulty in making an accurate assessment of these types of businesses,” he continues. “But we focus exclusively on online sellers. Unlike banks, we’ll consider alternative data sources, such as a seller’s overall feedback scores and online trading history.

“The speed of our decision-making is quite impressive. Within less than 55 seconds of signing up, applicants know how much and at what terms iwoca may lend to them.”

Since March 2012 the company has lent in excess of £1 million to small businesses trading on eBay and Amazon. The loans go up to six months with interest of 3-7% per 30 days on the outstanding balance. There are no admin or early repayment fees, only interest which accrues daily. In late 2012 the company raised an additional £2 million in capital which, as Christoph says, “allows us to lend to a thousand new customers – very exciting.” Indeed!

www.iwoca.co.uk

@iwoca

Wonga for Business

Offering “fast and flexible short-term loans for your business”, Wonga for Business was launched in May 2012 and currently extends loans of up to 52 weeks to small businesses with a two-year plus trading track record.

The application process is online and Wonga guarantee a rapid service:

“Business applicants simply decide how much they want to borrow, for how many weeks, apply and we calculate the total cost in real-time before they proceed. Once an application is approved, we can deposit the money straight into a business bank account within one business day – and as little as 15 minutes depending on the bank in question. Even collection is hassle-free, as we take a weekly repayment via continuous payment authority using your business debit card on the agreed day for the agreed term.”

In a recent interview, head of Wonga for Business, Russell Gould, explained:

“We are the short-term credit experts, having already provided over 6m loans to consumers, so helping small business is a natural and exciting progression.”

So far the company has extended loans to franchise owners, online retailers, estate agents, wholesalers, solicitors, high street retailers, hair and beauty salons and business service providers.

www.wongabusiness.com

Funding Circle

If you are a limited company with over two years of filed accounts with Companies House and a minimum annual turnover of £100,000, borrow between £5,000 and £500,000 with Funding Circle which matches businesses looking for loans with people ready to lend.

Over 1,000 businesses have borrowed loans via Funding Circle since its launch in August 2010 and the company has been making waves in the finance industry ever since.

The online application form takes around 20 minutes to complete and you receive a decision from underwriters within 48 hours. If successful, the process works like this:

“Once your loan request has been approved by our underwriters, it will be posted to our live loan marketplace straightaway. This is visible to our whole lender community, who will start offering you amounts of money at their specified interest rate. We call these ‘bids’.

As the bids accumulate, your loan progresses towards being fully funded. This usually happens within a few days since there is so much competition between the lenders.

Once you’re fully funded, you can accept the loan, or leave the request live for up to 14 days, during which time lenders will continue to compete with each other to offer you the money you need. They can only become part of your loan by offering a lower rate than existing bidders, therefore knocking them out of the bidding process. It’s a simple process that means that you get the best rate possible.”

In December 2012, Funding Circle was announced as one of the first recipients of funds from the Business Finance Partnership which sees the government invest in non-traditional lending channels. The government has committed to lending £20 million via Funding Circle.

To date, Funding Circle has extended loans to the value of £70 million and expects this to exceed £100 million in 2013.

www.fundingcircle.com

@fundingcircle

Q&A with James Meekings, Co-Founder, Funding Circle

Q: Are you seeing an increase in the number of small businesses turning to you to raise funds?

A: Yes. Businesses have now borrowed over £70 million through Funding Circle. In the final quarter of 2012 £17.6m was lent, which was more than the whole of 2011 together.

Q: What advice would you offer to a business raising funds via your site?

A: Give it a go. It takes 30 minutes to complete the application online and then we will give you a decision within 48 hours. So much quicker and easier than going to the bank!

Q: What are your plans for the business over the next 12 months?

A: We will be introducing Funding Circle to more and more businesses and expect our high growth to continue as we introduce new types of loans and products for more and more types of businesses.

Business gets personal

Personal lender Zopa received £10 million from government, via the Business Finance Partnership, to extend loans to small business. The company confirms on its blog it will be developing a service for sole traders “over the coming months”.

www.zopa.com

Angels

Raising investment from angel investors means accessing capital as well as hopefully useful industry contacts who will influence the growth of the business. There are plenty of funds and investors eager to part with their money and back good ideas and what's more, the government has made it financially attractive for angels to invest through the Enterprise Investment Scheme, offering up to 30% tax relief to investors, and the Seed Enterprise Investment Scheme which offers individual income tax relief of 50% and exemption from capital gains tax (CGT) on any proceeds of sale of an SEIS investment. Both are outlined below in terms of benefits to investors and action required on your part to be investor ready.

Usually the most ideal route to approach angels is via angel networks.

The Angel Society

Created by serial entrepreneur and angel investor Doug Richard, The Angel Society is open to early stage creative businesses.

“We are looking for someone who has already started their business and who is ready for angel level sizes of investment (between £20k and £200k).

We would expect the company to do the investment under SEIS. The benefits to Angels of being involved are great private events and being part of the only angel group focused on the creative industries with first look rights at the graduates of the School for Creative Startups.”

www.schoolforcreativestartups.com/angel-society-application

@creatives4s

Angels Den

The company hosts Business Funding Clinics across the UK offering advice on your business idea, followed by match-making with interested investors.

www.angelsden.com/Applicants/AppBFC.aspx

Q&A with Bill Morrow, Founder, Angels Den

Q: Have you seen an increase in the number of small businesses looking to access angel funding over the past 12-18 months?

A: Yes. The last year has seen a big increase in applications with over 100 per day...although the quality has not kept pace. This tells us that training is essential as is the management of expectations. We reject over 90% of those who apply.

Q: How does the process work with Angels Den, e.g. what does the small business owner pay/how do you help, etc?

A: Business owners are asked to first register on the site (it's free) and speak to their Regional Manager about their business. A lot is often lost in writing and nothing beats chatting! To even be considered you will have to have sold something, that is, NOT be just an idea. Ideas are 10 a penny and the easy bit.

The Regional Manager will be able to give honest and impartial advice as to whether the company is investment ready, and if not, the steps required before going through the funding process.

The entrepreneur would then be invited to attend a Business Funding Clinic, which are again free, no-obligation face-to-face sessions giving the opportunity to ask about any aspect of funding the business and get advice on pitching strategy.

If the entrepreneur is investment ready, they will be invited to attend a SpeedFunding™ event, which involves pitching on a one-to-one basis to a number of Angel Investors in one evening. This event also includes a place at a Pitch School training session to perfect the pitch before the evening's event.

Following the event, follow-up meetings with interested Angel Investors will be arranged and due diligence will take place, after which funding can be agreed and a shareholder agreement drawn up.

There is an £800 charge for all of this, which covers:

- Entry to an event from which over 40% of pitchers get funded,
- Training on HOW to pitch,
- No cost share holder agreement (saving between £5,000 and £10,000),
- And finally you are posted on the Angels Den site which 400 angels a day visit, looking for deals to invest in.

The dirty little secret is that there is no shortage of angel funding but a real lack of deals good enough to fund. We are launching a new training division this year, aimed at getting people ready for investment.

Q: What are your plans for the business over the next 12 months?

A: The big focus will be on the Angels Den Training Division which will help people understand how to get the business investment ready and how to pitch it.

We have an encyclopedic knowledge, built up from six years of what angels are looking for. We did over 5,000 pitches last year so know how to pitch if you are a woman, which is very different from a guy ... also if you are a geek, how best to express yourself so that normal humans can understand you... what to do if you are shy, etc., etc.

We will also be stepping up our Angel Training Division. Experience has taught us that just because you have money, this doesn't on its own make you a good angel. The main benefit of angel funding is not the money, it is the advice and contacts that angels can pass across.

We are also continuing our expansion across the globe and currently in negotiation with 18 governments with regards to our Not For Profit initiative to set up sustainable entrepreneurial ecosystems.

I have travelled to 16 countries in the past quarter and in each (as well as here in the UK) there is generally a lack of understanding/common sense about what it takes to be an entrepreneur ... also what it takes to be an angel!

www.angelsden.com

[@angelsden](#)

Beer & Partners

With a specialism in business angel investment, Beer & Partners accept business plans from small businesses and then guide you through the process of securing funds.

“Beer & Partners review over 3,000 business plans from companies wishing to raise business angel finance each year. We take on around 100 of these as clients and have raised over £15 million each year for these companies. We have a very high success rate for finding funds from our 1,500+ Business Angels who invest in these types of opportunities, with over 45% of clients raising between £100,000 and £3m for their businesses.”

Serial entrepreneur Luke Johnson is the largest single shareholder in the company, having acquired a 27.4% stake in May 2010.

Beer & Partners also hosts investment fairs and funding seminars to educate small businesses on how to be investment ready and to match their business with angels.

www.beerandpartners.com

[@beerandpartners](#)

Useful Link

UK Business Angels Association's introduction to angel investing and links to angel networks:

www.ukbusinessangelsassociation.org.uk/entrepreneurs

You must be an Angel

“The average size of an angel investment is £42,000 per investor and the average percentage stake acquired is 8%. Though on occasion a business angel will invest alone or invest more than £100,000 in a business. There is an even 50:50 split between angel investments in revenue-generating businesses and pre-revenue businesses, though recent surveys suggest the average may be moving in favour of revenue generating companies. The average age of a business angel is 53 years old and 93% of business angels are male.”

London Funding Conference, www.londonfundingconference.com/about-funding/business-angel-funding

Tax Relief

As a small business owner, you represent an attractive proposition to angels if your business qualifies for Enterprise Investment Scheme (EIS) or Special Enterprise Investment Scheme (SEIS) relief.

With EIS, investors benefit from 30% income tax relief on investments of up to £1 million per year, and exemption from capital gains tax on disposal of EIS shares.

In April 2012, the government introduced SEIS to offer up to 50% income tax relief on up to £100,000 of investment and exemption from capital gains tax. In January 2013, the SEIS scheme was extended for a further 12 months and qualifying companies can raise up to £150,000 via the scheme.

To be a qualifying company for either EIS or SEIS, visit the HMRC website to ensure you meet the criteria and complete an application. The approval process can take up to three weeks so it's advisable to do this before approaching investors.

EIS Relief: www.hmrc.gov.uk/eis

SEIS Relief: www.hmrc.gov.uk/seedeis

Q&A with Jenny Tooth, CEO, UK Business Angels Association

Q: Has EIS and SEIS relief had a positive impact on levels of angel investment?

A: The EIS scheme has had a significant influence on the level of investment in the UK. Compared with other countries in Europe where there is no similar tax scheme, investment is much greater in the UK, accounting for about 25% of the whole of investment in 27 countries in Europe.

Research has shown that whilst most angels don't use EIS for every investment, they tend to use in about 75% of cases which demonstrates its impact in their decision-making. The loss relief available to protect investors if an investment fails, is an added factor alongside EIS.

In relation to SEIS, whilst it's still early days for the scheme, it is having an impact on the approach investors take towards seed and start-up businesses. SEIS is encouraging investors to get in early and make investments when the business may not yet have fully proved its concept or gained market traction, but where they can see the potential to accelerate growth if they put some finance in now, combined with mentoring and advice.

Not only has there been an influence on the behaviour of existing investors, there is strong evidence that SEIS has brought a greater group of individuals to consider angel investing in start-up businesses and we hope that this will continue to increase as the scheme gets better known and understood.

Q: What advice would you offer to a small business seeking angel investment, i.e. where should they start?

A: It's important when you're thinking about the finance needs for your business to consider whether angel investment is right for you. You will have to give up shares in the business in return for the finance and this means losing some of the control you may have had to date. You also need to consider that investors are seeking to make a return (ideally they look for 10x), although angels are patient investors unlike venture capitalists so they are happy to work with you to grow your business over a number of years but you need to be prepared to ultimately exit your business, often by selling to another larger company, to enable the investors and you to realise the value of the shares. So if you feel that you just want to grow your business slowly and not share it with investors, angel investing is not for you.

If you do decide angel investing is the way forward, begin by appreciating the questions investors will have about growth and returns and reflect this in how you present your business proposal.

Show the investor you have an idea which can attract a good share of the market and customers (you don't need to have them yet, but show you know who they are). Show how you will make money from your service or product and that your business model can generate strong revenues over time. Show an understanding of your competitors and why your product/service is better (cheaper, faster, etc.) and how you might maintain this position – and how the business can be scaled over about a five-year period.

Outline why you need the investment, what you will spend it on to make a difference, and finally what else you want from the investors, such as finance or market expertise or strategic advice etc, since angels like to see how they can help.

When presenting your proposal, don't send out a complex business plan; start with a PowerPoint presentation of about 12 slides covering these aspects and have a 2-5 minute pitch ready in case they contact you.

In terms of how to approach angel investors, whilst they can be quite elusive, many of them belong to networks and syndicate groups and so a good way to find them initially is to send your proposal through to the gatekeeper or co-ordinator who will look at your proposal, and if they think it's suitable for their network or group of angels will then get in touch and invite you to meet with them, most likely through a pitch presentation. Many of the angel networks are listed on the UK Business Angels Association website: www.ukbusinessangelsassociation.org.uk/member/directory.

You can also go to pitching events held in your area, but you may have to pitch at many such events before identifying the investors

that are right for your business. However, these can also be good ways to gain experience at pitching.

Finally, if you do find investors interested in your business, make sure you do your due diligence on them to ensure that they have the finance and experience you need to grow your business. You could be involved with them for some time so it's important to feel you have the right people on board.

Q: How would you like to see angel investing develop over the next 12 months?

A: As a trade association we will do what we can to ensure that more small businesses can access angel investment. Also, we want to encourage a connected environment for angel investors so they can better link with small businesses, through accelerators, incubators, universities and organisations such as Start-Up Britain. We also want to connect angels with sources of further finance and growth as their investee business grows, for example, banks, co investment funds, corporates, etc. This way, angels can play a vital role in both bringing finance to start-ups, but also in growing these businesses into great global companies of the future.

www.ukbusinessangelsassociation.org.uk

@UKBAngels

Angel CoFund

Launched in November 2011 with a grant from the Regional Growth Fund, the Angel CoFund invests equity investments of between £100k and £1m in small businesses and alongside angel syndicates. The fund is not open to direct approaches from individual businesses but considers investments put forward from syndicates.

Q&A with George Whitehead, Venture Partner Manager, Octopus Investments, and Chairman, Angel CoFund

Q: Can you tell us a little about the Angel CoFund?

A: The Angel CoFund does what it says on the tin – we look to co-invest with syndicates of angel investors. We believe that angels are sensible investors who add significant value to the businesses they support, but who often don't have deep enough pockets to see a company through to either a meaningful milestone (allowing them to raise further, venture capital funding) or to breakeven. With this in mind the CoFund was set up to support high growth businesses. The CoFund deals directly with the angels leading the investment and looks to invest on exactly the same terms to ensure that everyone's interests are aligned. The minimum investment we make is £100k, although we can invest up to £1 million in each round as long as it is never more than 49% of the total round size. So far our average investment is around £300k and we normally make up around one third of the round.

We are completely reliant on the quality of the due diligence of the lead investor so we ask the investor and company to provide details about the business, which the CoFund management team will then review. The final stage of the investment process is for the lead angel investor to speak with our investment committee, who will have reviewed the paperwork and be in a position to ask any final questions before making a decision. The investment committee is made up of private sector professionals, as well as experienced angel investors and so far 80% of the companies that have presented to the investment committee have gone on to receive funding.

Q: What are your predictions for angel funding in 2013?

A: 2013 is likely to be a bumper year for angel investing for these reasons:

- Firstly, the awareness of angel investing has never been better and we are reaching a tipping point where the culture of entrepreneurship is such that angel investing is becoming a standard part of a successful business investment portfolio.
- Secondly, the government continues to provide exceptional tax breaks and other encouragement for angel investors. Whether it be the significant de-risking of investments through SEIS and EIS, or through bulking up angel rounds through the Angel CoFund, the government is demonstrating a commitment to doing what it can to encourage large amounts of funding to flow into this asset class.
- Thirdly, returns from other sources of investment are increasingly unpredictable and banks continue to pay small interest rates. The lack of good opportunities in the wider market makes the risks of angel investing (particularly with the tax breaks taken into account) an increasingly attractive option.

Expect 2013 to show more game-changing innovation in the way people raise investment and the types of people who are becoming 'angel investors'.

www.angelcofund.co.uk

Dragons' Den

It's been broadcast since January 2005 and is well known to all. Rob Law of Trunki was one of the ones that got away (he's built a great business despite not securing funds) and the show retains its popularity as entrepreneurs pitch for money, contacts and a little love from the Dragons. Not only do you get the money (if you receive and accept the offer) you also benefit from a whole heap of profile.

www.bbc.co.uk/dragonsden

[@bbcdragonsden](https://twitter.com/bbcdragonsden)

Q&A with Helen McAvoy, Sales & Operations Director, ROCKTAILS

Q: *What encouraged you to go on Dragons' Den ?*

A: If we'd had £1 for every person who said we should go on *Dragons' Den* we could have retired by now...people just kept mentioning it! We filled in the form on a bit of whim to be honest. It wasn't particularly lengthy, and we'd completed so many investment questionnaires, prospectuses and applications we thought we might as well add another to the list. When looking for investment we explored pretty much every avenue. We thought we might as well go for it, as we know if we ever did get on, the publicity would be unparalleled.

Q: *What's the process from application to being accepted?*

A: About four months after we completed the application my business partner, Naomi, got a call from a BBC researcher looking to arrange a telephone interview. In the end she chatted on the phone for about 45 minutes and the researcher decided to skip the telephone interview. We're not actually sure how many other stages there are, as the guys from the BBC told us they wanted to get us straight in, if we were happy to travel to Manchester. We never turn down a road trip, so we packed the car and headed to MediaCity in Manchester for our screen test. We had a three-minute pitch in front of a few of the BBC team with a handheld camera. It was all quite relaxed really. They asked us questions for about 20 minutes on camera, clarified a few financial queries in our business plan, and we signed our life away (literally, the BBC can do what they want with our footage now...although we're very much hoping it gets archived sharpish!) We got a call a few weeks later saying we'd made it through to filming.

We went to film on Monday 12th March, and we were the first batch on the first day in the new studio in MediaCity. There were a few

production problems whilst everyone was getting to grips with the studio and the format, so we didn't film on Monday. We were called back on the Wednesday and were the second company to pitch.

Q: What offer were you made?

A: We received a joint offer from Duncan Bannatyne and Peter Jones. It was for £80,000 for 40% of our business (of which we own 85% jointly). If/when we reached £500k profit both Dragons would relinquish 5% each.

Peter mentioned in the Den that you need a little bit of luck in business; we certainly agree but we also feel the harder you work the luckier you get and signing a deal only on the basis of some potential contacts didn't seem like the right business decision. For us, it was the easy option to gain some quick wins, but not right for the business in the long-term, and we're not scared of hard work.

We decided not to take the investment and the main reasons for that are:

- We knew we could make the connections and build the business ourselves, it just might take a little bit longer and a bit more hard work.
- Giving up such a huge equity stake in the business would mean we would struggle to raise further rounds of investment without giving up pretty much all our equity.
- We were uncomfortable with the idea that we would have to get sign off on many business decisions we make day in day out.

Q: Possibly a silly question, but has being on the show been good for business?

A: It's been incredible for our e-commerce orders and consumer interaction. We've had so many positive comments about the

product – taste, branding, concept and flavours, so that's been amazing. The trade enquiries haven't been as numerous as we were expecting, but when we do speak to trade customers, many of them know who we are now, which is fantastic.

Q: What are your plans for the business over the next 12 months?

A: We are focusing more on our e-commerce site, as we have complete control over the full consumer experience. If our product is available in a retail shop and it's out of stock, or the shop assistant isn't friendly, there's not a huge amount we can do. We like being able to provide the best service possible, and online is the way we can achieve that.

We constantly have international enquiries, and ROCKTAILS would be fantastic in so many markets. Depending on resources (mainly money) we would love to expand into other countries.

The experience of going in the Den was amazing and I'm pretty pleased we came out of it alive!

www.rocktails.co.uk

[@frozenrocktails](#)

Retail Bond

Rupert Lee-Browne, founder and CEO of Caxton FX, was running a successful business that had started out as a one-man band and grown into an enterprise employing 60 people with an annual turnover of over £500 million.

“Over the years, development had been steady and, while every growing business needs working capital, the business thankfully did not need extra funding. However, at the beginning of 2011, we recognised

that if Caxton FX was going to expand further, additional liquidity would be needed.

There were several options on the table, including borrowing money from a bank or selling equity to external investors. Or simply do nothing.

These were all sensible options in their own right but the board felt that they would be detrimental to the business. We therefore began to look at alternatives.”

One of the alternatives suggested was to raise funds through a retail bond.

Rupert outlines the process:

“The idea behind issuing a retail bond is simple. Ask a wide range of investors if they would lend a small sum to the company for a set period with a fixed interest rate. They get regular interest payments and, on top of that, at the end of the period, they get their original sum back.

What made the bond really attractive to Caxton FX was that we were able to set the terms of the investment agreement and it was up to the market to accept or reject those terms.

There is no sacrifice of control, which is a risk when you sell equity or secure a bank loan, and, in the long term, a successful bond scheme would also be a clear demonstration of our ability to borrow money and repay our investors – all good for our brand reputation.

We were confident about turning to the people we trust most and those who already trust us with their money – our customers. However, we also knew that we would need to turn to the wider public to ensure a successful launch.

Introducing the bond was a relatively smooth process when it came to talking to solicitors and accountants, as well as making sure we had the right systems in place.

Since retail bonds are a regulated product, we had to issue a bond offer document and every fact needed to be verified. The document is deemed to be a financial promotion, and so investors needed to be assured that they were not being misled on any of the facts or implications of their investment.

Our initial marketing was to our clientbase of over 200,000. We then followed this with a sophisticated PR and advertising campaign in the national press, such as the *Financial Times* and *The Daily Telegraph*.

We kept the bond offer open for six weeks, which we felt that, after extensive modelling, would give sufficient opportunity to raise the upper target of £4m. As it happened, we were very close with our predictions since, by the time the offer closed, we had a shade under £4m of online applications.

Raising money through a retail bond has allowed Caxton FX to put into place new structures in order to expand our operations. But, more importantly, these developments have meant we have boosted growth – just what it's all about.

With the UK economy crying out for growth, small businesses will undoubtedly be the primary driver. Given the distinct lack of bank lending, it is vital for alternative financing solutions to emerge, giving good value to investors and much-needed working funds to the business.

All in all, retail bonds are a great way to raise working capital with minimal costs and I thoroughly recommend this scheme to fast-growing SMEs with a good brand, as well as to companies with a large and loyal client base.”

Reproduced with permission from Rupert Lee-Browne

www.caxtonfx.com

[@caxtonfx](#)

Conclusion

I hope you have enjoyed this eBook and have identified a source of money for your start-up or growing business.

Whether looking for £500 or £5 million, and whether this is from the crowd, angels or large corporates, you'll see there are a growing number of options available to you and on the Enterprise Nation site we'll continue to keep you informed of new accelerators, funds and government initiatives.

If you do decide to apply to one of the 50 funding routes referenced here, please get in touch and let me know how you get on; with the application process itself and how the funds have helped you grow.

Wishing you all the best in your business – and for your fund-raising!

Emma Jones

Enterprise Nation

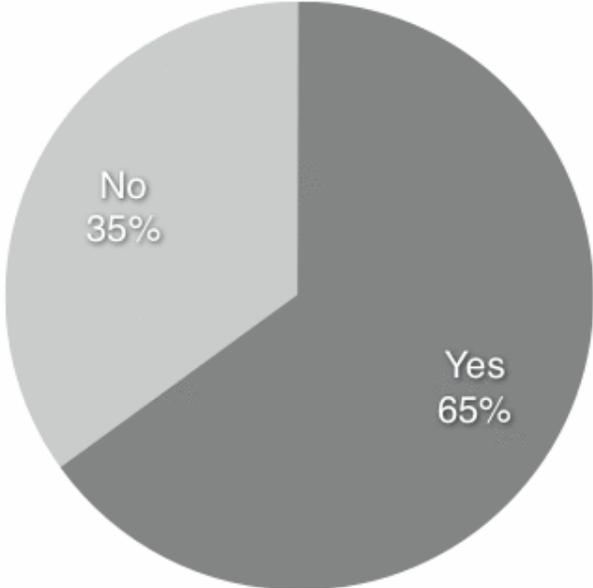
[@emmaljones](#)

emma@enterprisenation.com

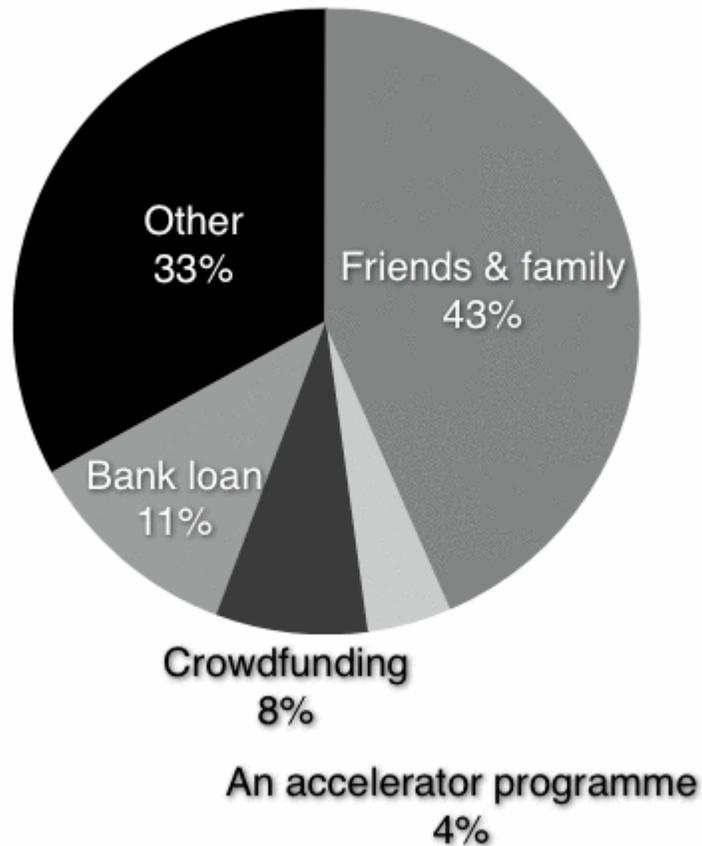
Small Business Funding Survey

Here are the results of Enterprise Nation's 'Finding Funds' Survey.

In the past 12 months, have you looked to raise funds?



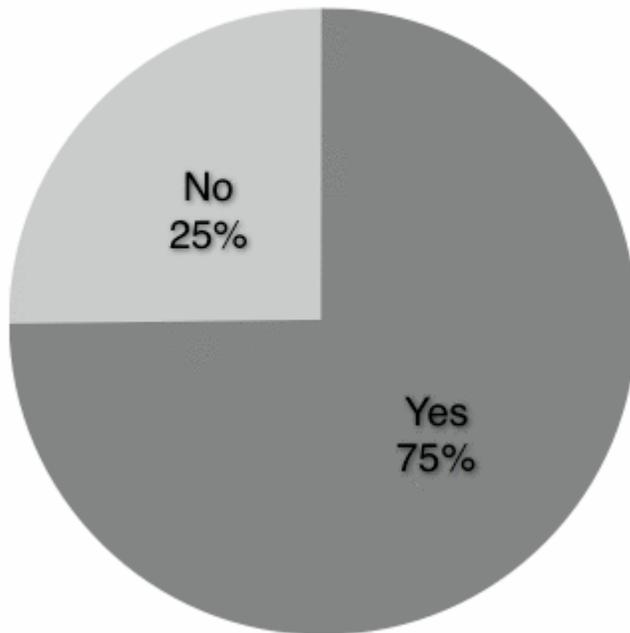
If 'Yes', where did you find funding?



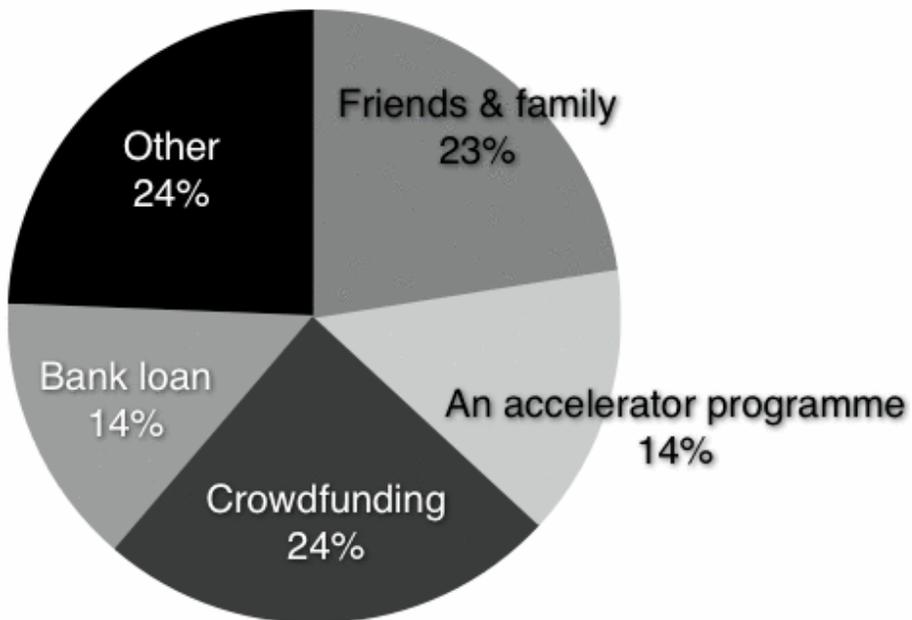
In terms of 'Other' types of funding used, the responses included:

- Grants
- Prince's Scottish Youth Business Trust
- Credit card
- Fund101
- Overdraft
- Professional investor
- Savings

In the next 12 months, will you look to raise funds?



If 'Yes', where will you look for funding?



In terms of 'Other' types of funding planned, the responses included:

- Grants
- Making sales and increasing range
- Debt finance
- New product development
- Redundancy payment
- Strategic partnerships
- Selling possessions

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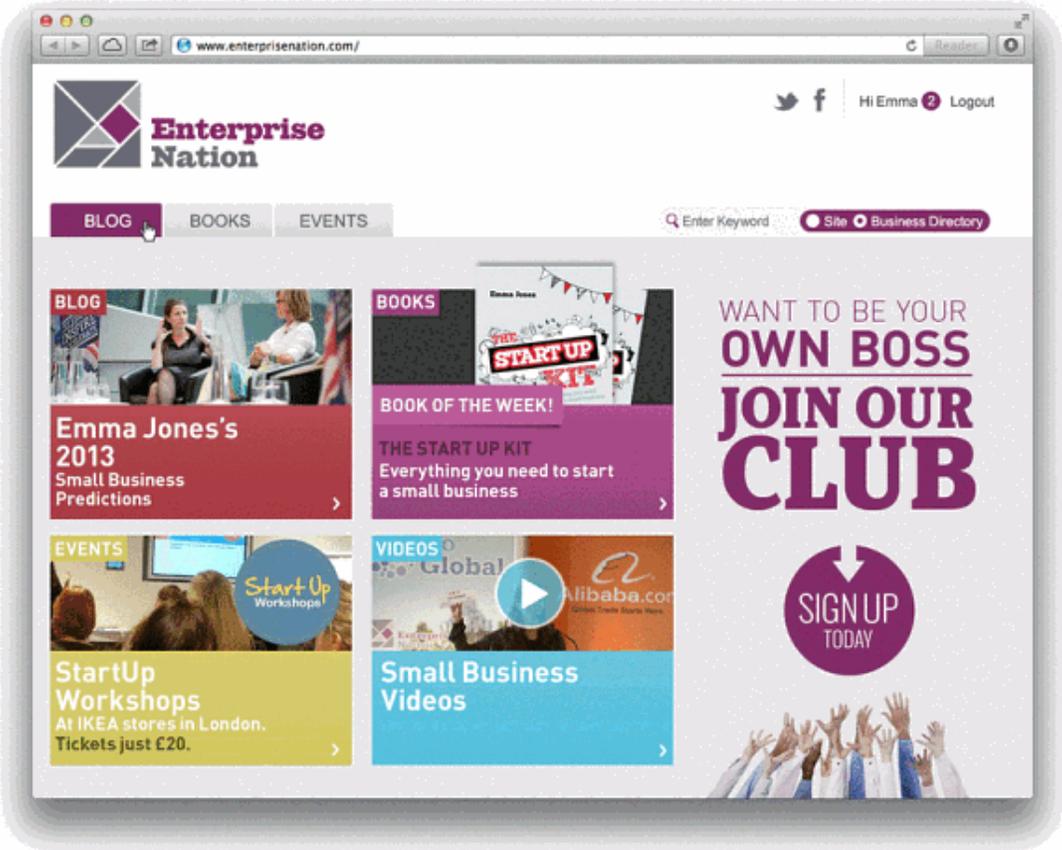
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BLOG



**Emma Jones's
2013
Small Business
Predictions**

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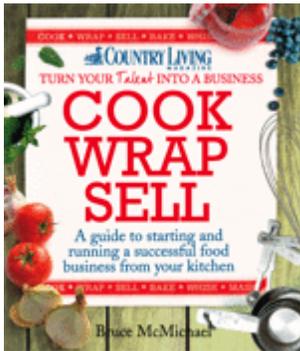
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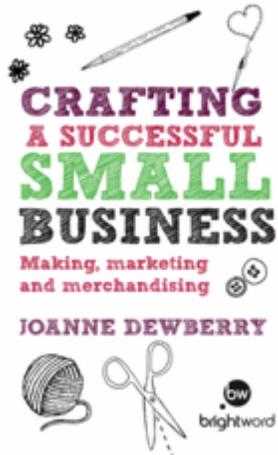


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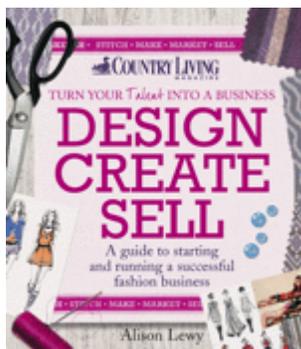


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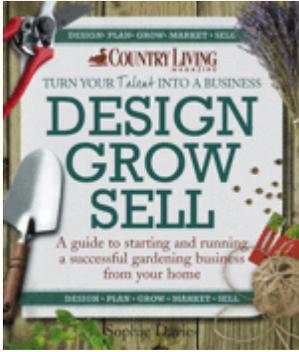


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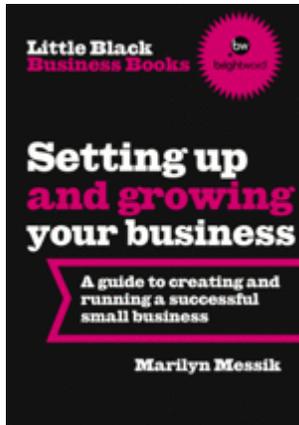


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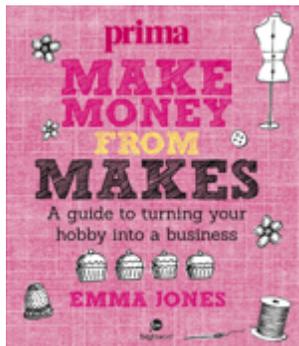
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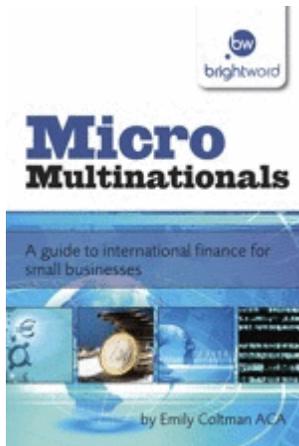


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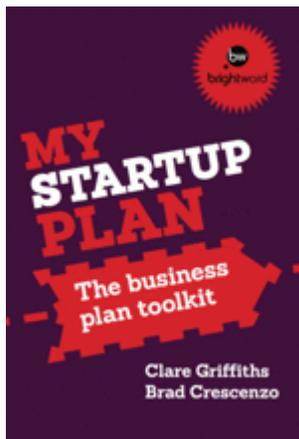
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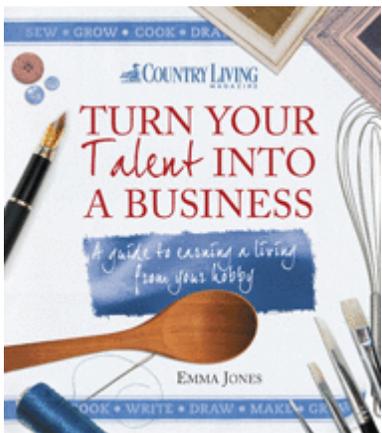


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Turn Your Talent into a Business

By Emma Jones



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