

Arrow

Small Business Finance

Alison Bradley

Managing Director

0121 607 0129

www.arrowsbf.co.uk

- ‘Arrow’ is a source of finance for those that are having difficulty in raising all or some of funding required
- Main aim is to encourage the formation of **viable** new businesses in the West Midlands
- Not for Profit – supported by AWM, Birmingham Chamber of Commerce & Industry, Lloyds TSB

Facts

- Women are half as likely to be involved in start-up activity than men
- 27% of self employed people in the UK are women
- 6.7% of women and 15.8% of men are owners or managers of their own businesses.
- 12-14% of businesses are majority owned by women.

Barriers

- Fear of Debt is the single largest barrier to women entrepreneurs.
- 80% of women compared with 17% of men are responsible for childcare.
- A full time nursery place can typically cost £7000 per year.
- Costs of care can be higher for business owners that have to work more flexibly and travel. Care is not tax deductible.
- Fear of poverty – women have more to risk than men by coming off benefits.

Facts

- If women started businesses at the same rate as men we would have 150,000 extra start-ups a year!
- Women starting up in business tend to provide a more immediate contribution to the economy
- Around 1 in 5 women come into self emp from unemployment compared with around 1 in 15 for men.
- If the UK could achieve the same levels of female entrepreneurship as US the UK would gain 3/4 million more businesses a year.



Women in Business

The Good News!

Out of a 1000 women entrepreneurs that were surveyed.

- 75% said that their work life balance was better.
 - 86% would set up a business again.
 - 78% gained greater independence.
 - 66% have enjoyed increased confidence.
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- Fear of Failure was a major concern for 44% of respondents **HOWEVER** actual business failure rates are the same for both men and women.



Women in Business

Sources of Finance

- Own Money
- 3 F's Fools – Family - Friends
- Banks
- Arrow Small Business Finance - Loans up to £10k - Regional
- **Fair Finance Consortium Ltd (COMMUNITY DEVELOPMENT FINANCE INITIATIVE'S) - Loans up to £1k - £50k - Regional**



Women in Business

CDFI's

- Source of Finance – Main aim to provide finance loans or equity to Enterprises
- Last Resort – Finance provider mostly where others will not
- Target disadvantaged communities. Geographic or sector e.g. social enterprise, ethnic minorities, women.
- Linked to or provides business advice.
- Many different forms - not for profit.
- Size and type of finance offered differ.

Sources of Finance

- Princes Trust – must be aged 18-31 - Loans of up to £5K - Disadvantaged
- Enterprise Finance Guarantee
- Asset / Stock Finance
- Leasing
- Factoring /Invoice Discounting
- Grants
- Equity Finance – Business Angels, Venture Cap
- Back to work schemes from Job Centre Plus

Before looking.....

- Current Position-profitable, finances under control, orders? This may rule out some sources !
- What is your stake in the business?
- How much needed now and in future?
- What do I need it for? Trading , assets, premises?
- When do I need the funding? Stages?
- Why do I want to grow the business?



Women in Business

Difficulties in Accessing Finance

Lack of Track Record – Start-ups

Lack of Stake

Lack of Security

Imperfect Credit History

Lack of Experience

Risk too high

Affordability

Common Problems – *our experience*

- Inability to even get close to sales targets
- Asking for and receiving too little
- Not thinking ahead to the next stage
- Taking money out – wages, drawing, directors remuneration too quickly!
- Borrowing more from other sources – especially personal finance
- Forgetting you have to live! – personal budget planner

What are the banks and funders looking for?

- Enthusiasm.
- Emphasis on wish to pay back and evidence that you will be able to. Even more important for those with previous poor track record e.g. CCJ's.
- Knowledge and understanding of market, product and your plans.
- Business Plan
- Cashflow projections with clear assumptions
- What if? - Thought through alternatives

To Access Funding.....

- Weigh up ALL the options
- Don't forget that finance can be packaged from a consortium of funding sources
- Don't set expectations too high – or too low!
- Plan thoroughly
- Test it! Seek and use advice and support



Women in Business

Advice

- Lawyers for your Business Scheme
- Banks
- Funding Organisations
- Accountants
- Finance Brokers - Packaging
- Fair Finance Consortium
- HM Customs & Excise
- Health & Safety Executive
- Business Link
- Business Insight, at Birmingham Central Library

- www.fair-finance.net
- www.businesslink.gov.uk
- **Business Link – 0845 113 1234**
- www.Westmidlandsfinance.com

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- www.arrowsbf.co.uk
- **Tel: 0121 607 0129**

Questions ?