The following presentation was delivered by Paul Heaven of Blue Sky Corporate Finance Ltd at one of our LEP events. Blue Sky are one of the LEP’s partners for delivering business support. The presentation provides a good introduction to the types of finance available to businesses of various scales.

Visit us at www.stokestaffslep.org.uk
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Other Options

Paul Heaven
Blue Sky Corporate Finance Ltd
Since 1998

Start Up’s & Early Stage Finance

Specialist Advisors up to £5 Million

Disposals/Buy-Outs/Buy-Ins and Growth Capital

Members of the Regional Finance Forum

Chair of GBSLEP Access to Finance Sub-Group

Chair of the LEP Growing Places Fund

Member of AMSCI Board
Summary of the Options

- Grants
- Debt
- Equity
Grants

- Best Type of Funding
- Typically Non-Repayable
- No Ownership of Business
- Rarely Covers the Whole Cost (25% to 33% at best)
- Frequently a Geographic Focus
- Often Related to External & Capital Spend Only
- Some Business Sector Exceptions
- Requires Patience/Dedication and Persistence
Example of a National Programme

R&D Grants

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

- **SSLEP Small Business Grant**
  - £5,000
  - 33% (Min) Match
  - Capital + Revenue Costs
  - Job Creation + Growth Focus
  - Managed by Business Innovation Centre

- **SSLEP High Growth Investment Programme**
  - £10,000 to £50,000
  - 25% (Min) Match
  - Capital + Revenue Costs
  - Job Creation + High Growth Focus
  - Managed by Blue Sky Corporate Finance
Debt

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

- Enterprise Finance Guarantee Scheme
  - Up to £1 million/75% Govt Guarantee
  - Invoice Guarantee Top Up/Overdraft Top Up Extensions
  - Export EFG Scheme (60% Govt Guarantee)
- ECGD – Bond Support Scheme (50% Govt Guarantee)
- Business Growth Fund (£2 to £10 Million) – Debt/Equity/Mezzanine
- Big Society Capital (Social Enterprise) – through SIFI’s
- Community Development Financial Institutions (CDFI’s) – BCRS
Peer-to-Peer Debt

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

- Shovel Ready Infrastructure Projects
- Commercial Development Focus but Residential Considered
- No Lower Limit but typically - Loans from £100k+
- Will Lend at the Margin (Bridge/Mezzanine)
- In Exceptional circumstances will consider Equity/Grant
- Commercial Rates of Interest
Equity

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

- Seed/Start-Up (F, F & F)
- Business Angels “Dragons” (£50k+)
- SEIS Funds (up to £125k)
- EIS Funds (Typically £50k - £500k)
- Regional Govt Backed Equity Funds (£50k to £2m)
- National Govt Backed Equity Funds (£250k to £2m)
- Business Growth Fund (£2m+)
- VCT Funds (£2m+)
- Venture Capital (£5m+)
- AIM (£5m+)
Regional Equity Funds

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

- **Exceed Midlands Advantage Fund**
  - £18 Million
  - Up to £250 to £750
  - Fund managed by Midven

- **BCC Creative Fund**
  - Up to £500k
  - Creative Industry Focus

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

- Traditional (Bank) Funding remains challenging
- In the market for Finance of £2m or less the market is fragmented
- Rarely a single/simple answer – A blend is more likely
- Government/EU recognise this challenge
- Growth Hubs designed to help you find the right solution
- National and Regional Programmes designed to fill the ‘Gaps’
- There a Lots of Options – most looking for jobs + growth
- Don’t despair and Don’t give up
- Be prepared to be flexible and open to alternatives
- Sound Business Propositions will always secure the finance they need
Thank You

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