

# Where to find finance for your business in 2012

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Many owners trying to grow their business in 2012 complain that bank lending is hard to come by. Some, however, are being proactive and seeking alternative sources of investment to achieve their plans.

For those with a strong debtor book, discreet invoice discounting can help cashflow by enabling the business to draw money against its sales invoices but retaining control over its sales ledger. We have even found some invoice discounters who will lend against contractual debt – a common feature of property and construction-related businesses. But, of course, the additional fees charged eat into margins and reduce profits, so the impact on profitability needs to be assessed.

Where purchasing new equipment is key to a business's growth, leasing is a popular route as payments are spread over a given timeframe (easing cashflow in the process) and it can have

some VAT benefits. Companies are also looking at their fixed assets, eg property, to see if these can be used to raise finance.

Whilst many believe bank lending is currently non-existent, if you have a good plan and strong financial performance, banks will lend. The key is to supply your plans and supporting information in a format that they will understand (a good accountant should be able to help and may introduce you to more receptive banks).

Businesses are also securing equity from business angels and other private investors who are keen to invest because returns elsewhere are so low. The less risky the investment opportunity the more interested they often are. So reduce the risks where possible and, ideally, shoulder some of the potential pain yourself so that you don't come across as gambling with someone else's money!

Good business angels may also

offer added support in the form of expertise, contacts and mentoring.

There are some Government-led investment initiatives such as the Enterprise Finance Guarantee but to date, from my experience, it hasn't had a great take-up because of the difficulty of meeting the criteria. It will be interesting to see if the Business Finance Partnership (announced in the Chancellor's 2011 Autumn Statement) encourages investment, but the detail is still being discussed.

Savvy businesses are thinking creatively about how they raise finance to achieve growth, despite difficult trading conditions. For many this has meant looking inside the business as well as externally to release cash to invest in the future.

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