

## Business Basics: Understanding Fundraising

***Raising funds to grow your business means getting involved with the many complex factors that surround the Corporate Finance arena.***

The most successful corporate finance projects usually come to fruition as a result of preparing a well thought out business plan. The plan should demonstrate expertise within your chosen business sector, should determine the short and long term goals of the business and should very clearly demonstrate an understanding of the financial goals (with reserves for unforeseen hiccups along the way).

With a plan in place, there are many ways of raising finance that can be both equity and non-equity based, for example:

### **Non-Equity**

#### ***Banks***

Finance can be arranged through the negotiation of an overdraft, or a bank loan (possibly secured by the Small Firm Loan Guarantee Scheme), by Factoring or Invoice Discounting or through Mortgages.

#### ***Asset Finance***

This can be a loan secured on non-property fixed assets such as equipment, through the sale and leaseback of fixed assets and through the hire purchase or lease of assets.

#### ***Trade Finance***

Companies who offer trade finance can do so by financing stock purchases and financing book debt.

#### ***Grant Finance***

It is estimated that there are 3,500 grants currently available to businesses. These vary in criteria but are generally available through local, national and EU initiatives visit [www.j4b.co.uk](http://www.j4b.co.uk).

### **Equity**

#### ***Private Equity Investment***

There are individuals who provide a “Business Angels” service, and this type of investment usually works well with start-up organisations looking to achieve growth in a short space of time. There are also many Private Investors who want to take an equity stake in growing businesses; they generally will look for a realisation in capital at a pre-determined date. Another option is Corporate Venturing whereby a group of investors from complimentary organisations provide the funding.

#### ***Venture Capital***

Funds can be raised through Venture Capitalists, through VC trusts and through Bank development capital.

#### ***Public Flotation***

Either through the OFEX market or AIMS market.

***e-FM has an extensive network of investors, advisers and brokers as well as strong links with venture capitalists and law services and through these links have bought many corporate finance projects to completion. There are also non traditional routes such as peer-to-peer, crowd funding and other social lending options to consider. For more information about how we could help you to raise corporate finance call 01582 516301 or visit our website at [efm.uk.com](http://efm.uk.com)***