Cog:ent
The Cognisant Entrepreneurs’ Group

Chantrey Vellacott DFK in conjunction with Telos Partners and HSBC Bank host a series of practical, thought leadership workshops on how ambitious business owners build a successful and sustainable business against the background of a difficult economic climate.
FINANCING GROWTH
THE EASY WAY
SOME KEY MESSAGES
All growth needs financing

Different stages = different finance

Supply of finance currently outstripping “investible” demand

Difficult landscape to comprehend and navigate

New sources increasing awareness but adding confusion?

Business “financial maturity” and the willingness of owner-manager to let go is a key enabling (or limiting) factor
So how do we make it easier for you to:

• understand the extent to which your ambition and your business opportunities require financing?

• more easily find the source or combination of finance that is best suited to your needs?

• be clear on how you need to lead and position your business to attract and nurture the right financing relationship(s)?
<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda item</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:00</td>
<td>Welcome, agenda and outcomes</td>
</tr>
<tr>
<td>12:30</td>
<td>Exploring experience from inside &amp; out</td>
</tr>
<tr>
<td>13:15</td>
<td>Lunch</td>
</tr>
<tr>
<td>13:45</td>
<td>Key themes</td>
</tr>
<tr>
<td>14:00</td>
<td>Finance Trade Fair</td>
</tr>
<tr>
<td>15:30</td>
<td>Coffee</td>
</tr>
<tr>
<td>15:45</td>
<td>Financing Growth Opportunities and Challenges</td>
</tr>
<tr>
<td>16:45</td>
<td>Reflections and feedback</td>
</tr>
<tr>
<td>17:00</td>
<td>Close and drinks</td>
</tr>
</tbody>
</table>
EXPLORING EXPERIENCE
INSIDE & OUT
Our panel speakers:

Rob Keown-Boyd, Pay4 Founder & CEO
Prior to establishing Pay4 Limited, Rob worked in the SME alternative finance market with Trade River Finance and was a founding Director of Virtue Fusion Limited, an online gaming software company, which sold to Playtech Plc in 2010.

Debbie Clarke, CVDFK Corporate Finance Partner
Prior to joining CV Capital, Debbie worked for a Big Four firm and HSBC’s Corporate Finance teams. Debbie is an FCA Authorised Person, a CFQ and is the Chairman of the Corporate Finance Committee for the Chartered Institute of Securities and Investment.

Josh White, HSBC Senior International Commercial Manager
In his seven years in the bank, Josh has managed relationships with numerous businesses in a variety of sectors. A particular specialism is assisting companies trading overseas to mitigate some of the risks involved as well as financing their operations and growth strategies.

Andrew Peddie, Pitmans LLP
Andrew is a Company lawyer, specialising in M&A and corporate finance work, joint ventures, equity fundraisings and complex reorganisations. He has a diverse range of clients, many in the technology sector.
KEY THEMES
Every business has its own working capital requirement / trade cycle

Make → Sell → Deliver → Collect

Cash required to fund a sale

Make MORE → Sell MORE → Deliver MORE → Collect MORE

And growth requires more cash

What can you do to shorten this cycle and lessen your finance needs?
Gross margin has a big influence on your financing requirement

What can you do to improve your margin?
There are most definitely **different strokes for different folks**

- **Family, friends, credit cards, grants**
- **Accelerators, incubators, angels, crowd**
- **Syndicates, co-investment funds**
- **Venture capital, super angels, angel funds**
- **Formal VC & Private equity**
- **Trade sale, MBO, IPO - AIM**

---

**Proof of concept**  **Start up**  **Early growth**  **Expansion**  **Exit**
## Cog:ent
The Cognisant Entrepreneurs’ Group

### Equity

<table>
<thead>
<tr>
<th>Category</th>
<th>Seed finance</th>
<th>Angel finance</th>
<th>Equity crowdfunding</th>
<th>Venture capital</th>
<th>Corporate venture</th>
<th>Private equity</th>
<th>IPO / Public List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-trade</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-profit</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Profitable growth</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Established steady growth</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Established and stable</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Product/service launch</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographical expansion</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing in new facilities</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refinancing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital restructure</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Debt

<table>
<thead>
<tr>
<th>Category</th>
<th>Start up loan</th>
<th>Overdraft</th>
<th>Loan/ Peer to Peer</th>
<th>Bond</th>
<th>Asset based loan</th>
<th>Leasing / hire purch.</th>
<th>Export finance</th>
<th>Trade Finance</th>
<th>Mezzanine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-profit</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitable growth</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Established steady growth</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established and stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product/service launch</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Geographical expansion</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing in new facilities</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Refinancing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital restructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(source: British Business Bank – the business finance guide)
Key factors in investment success are …

**Ingenuity**
- Financial understanding
- Financial management
- Bookkeeping for own advantage
- Creativity and innovation
- Enterprise knowledge and skills
- Knowledge of competitors

+ **Leadership**
- Sound human relations
- Positive attitude and approach

+ **Calculated risk taking**
- Willingness to take risks
- Use of experts

Financing criteria and the success factors of entrepreneurs in SMEs
Nieuwenhuizen & Kroon (2003)
Some peculiar and specific considerations for business founders/owner-managers

- Are they too controlling?
- Are they willing to let go?
- Is there too much focus on the top line?
- How willing are they to engage external/expert support?
And … money comes with a personality attached

• How do they want to be involved?
• And, how will you get the most from money and relationship?
FINANCE TRADE FAIR
The trade fair consists of five “stalls”:

- HSBC
- Business Growth Fund
- Thames Valley Escalator
- Seedrs
- Pay4

With 15 minutes at each stall to ask:

- What type of finance do you provide? And under what circumstances should we consider coming to you for it?
- What makes an attractive “investment” for you? And what advice or tips would you give us in preparing an “application or bid” for funds?
- How do you like to work with businesses once you have financed them?

Followed by a group reflection and discussion on learning
FINANCING GROWTH - CHALLENGES & OPPORTUNITIES
Rate each statement on a scale 1 – 5 where 1 = strongly disagree and 5 = strongly agree

1. Our ambition for the business requires financing
2. We are clear on the best source and amount of finance required
3. We have a strong management team in place
4. The management team have common agreement upon a robust and clear strategic plan
5. The business operation is well structured and well managed
6. We have strong customer relationships that are supported by good agreements
7. We are operating in favourable industry / market conditions
8. We have a good track record of being able to predict and report upon our performance
9. We have identified, and a plan to manage, the key risks for the investment
10. We are clear on how and when we will pay back the investment
11. We have a clear competitive advantage when compared with our competitors
12. The business has a strong and positive culture
What are the implications of your answers?

What do you plan to do as a result?
How the Cog:ent partners may be able to help:

- Telos – create a robust strategic plan that develops strength within your team and presents a compelling investment

- CVDFK – assist you in preparing financial forecasts to support your business plan and understand your financing requirements

- HSBC – give you an honest feedback on the current feasibility of your finance considerations

- Pitmans – provide legal advice from a full service firm tailored to your needs and utilising our lawyers from across 20 sector specialisms
Cog:ent – what next?

Tuesday 12 February 2013  
Evening launch event

Thursday 18 April 2013  
The characteristics of sustainable success

Thursday 4 July 2013  
Leading and managing a successful business

Thursday 10 October 2013  
Building a world class team

Thursday 23 January 2014  
Delivering growth through strategic alliances

Thursday 10 April 2014  
Standing out in your market place

Thursday 10 July 2014  
Building an agile and resilient business

Thursday 9 October 2014  
Financing growth the easy way

Thursday 22 January 2015  
Planning for a successful exit