

## Secure the funding you need to grow your business

**As Stephen Jackson explains, the days of “easy credit” are over. You need to impress your bank to satisfy your funding requirements.**

If you need funding, you will find that you are in direct competition with a number of other businesses. The impact of the “Credit Crunch” has significantly impacted the availability and cost of borrowing. So, what do you need to do to secure your share?

It is obvious that when banks lend money, they are taking a risk. Naturally, they price for the level of risk (real or perceived) taken. Their view of the strength of your company will influence whether they will agree to your request and the rate charged. So, how do you influence this view to your advantage?

**The Strategic Plan is the key to unlocking funding**

There are many factors to be taken into consideration by the Lending Manager. Your job is to make his decision easier, by ensuring that all the critical information is included within your Strategic Plan. This is the key to unlocking funding. A well-presented Strategic Plan will differentiate you from the competition. It is a visible demonstration of the ideas that you have for the business and a guide as to how you will implement your plans

The key questions to ask yourself at this stage are:

- Do I have a clear, well-documented, Strategic Plan?
- What is the quality of my Strategic Plan?

It is a common theme of most businesses that they spend too much time “doing” and too little time “reviewing”. Today’s actions will solve some of the urgent, short-term issues, but they won’t help to deliver the future that you have designed for your business. It is no coincidence that Strategic Planning is a core management discipline of businesses that consistently outperform the market. You’ll never foresee tomorrow’s problems, if you don’t take a look!

A disciplined approach is essential to designing a clear strategy for your business. It begins with the

need to allocate the time for the task, which is why it is so easy to put it off until tomorrow.

Unfortunately, when tomorrow arrives, it may already be too late – market conditions have changed, competition has increased, prices have gone up, banks have stopped lending.....etc.

Start by organising an ‘away day’, when you can get your key personnel together at a location away from the office, for some clear thinking time. To get the most from the occasion it would be best to utilise the services of a professional facilitator who can coordinate and run the event for you. The small investment you will have to make for this service will be rewarded handsomely and SPS can provide you with just such a person.

**A disciplined approach is essential to designing a strategy**

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Let's take a look at the key funding questions that will need to be answered within your Strategic Plan.

- Is the reason for your request clearly explained and supported by your Strategic Plan? How good is your plan – can you benchmark it? Is there a supporting business plan that illustrates how the Strategic Plan will be implemented?
- Do you know exactly how much is needed? Is there any contingency built into your request? What if your own bank refuses to support your request? Do you have the market contacts to quickly organise a loan with an alternative supplier?
- Have your own requirements been taken into account? If the business under review is your only source of income, have you factored this into the financing calculations? Can any dividends being taken out of the business be delayed or reduced in amount?
- Can you provide any additional funding from your own resources? What is the most cost effective and tax efficient way to proceed?
- Do you fully understand the bank's requirements and expectations? SPS understands the banks' lending policies and ongoing monitoring requirements. We can help to shape your proposal.
- Have you considered alternative sources of funding – business angels? SPS has excellent contacts with various providers of finance.
- Can the government help – grants, local incentives etc? This is definitely worthy of

How will you benchmark your strategic plan?

consideration, even though the circumstances in which help is available may be fairly limited.

In order to maximise the impact of the Strategic Planning process, it is likely that most businesses will need some expert help. This may be only a temporary requirement, but the impact can be dramatic. SPS has the knowledge and experience to guide you through the process. The fact that many companies retain our services, long after the initial project has been completed, demonstrates the added-value effect. Quality external advice can be at its most valuable when times are difficult. In short, you continue to do what you do well, and leave us to handle the rest. With our help, you can be in control of your future, rather than being at the mercy of market conditions.

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Our goal is simple, to help you to achieve yours. Experience shows that quality Strategic Planning will greatly improve your chances of success, irrespective of market conditions.

Don't delay, start the planning process today!

### More about Stephen Jackson

Stephen is an Associate of the Chartered Institute of Bankers and has 27 years of corporate sector experience with several of the world's foremost financial institutions. His particular focus is on Strategic Planning, Financial Structuring and Commercial Negotiations.

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