Raising funds

Accessing Finance

Every business needs the right level of finance to kick it into high gear and unleash its full potential. Maximising these resources isn't just a suggestion; it's the key to cracking open a world of opportunities.

It may be time to explore external investments. There's a whole range of options out there. While some businesses kick off with a boost from friends and family, those aiming higher might need to tap into other options – independent investors.

Finding the right funding and potential partners is the crucial. To secure that funding, you've got to produce a killer growth proposal and lay out an impeccable business plan. It's not just about talking the talk; it's about walking the walk with a plan that demands attention and the financial firepower to match.

Equity Finance

Raising capital through the sale of shares

In simple terms, equity financing is the raising of capital through the sale of shares in a business. It can used at many different stages of a business journey whether starting out or to finance a high-growth phase. Some of the key advantages of private equity are:

- Equity provides long-term finance with no interest charges although there may be a requirement to pay dividends from profits
- There is no sudden requirement to repay and no

personal security to provide
- With relationships established your investors may provide further funding as you grow and expand or you may be able to raise further bank debt on the back of the equity provided by the investor
- Private investors may also bring with them new ideas, new skills and a fresh approach, giving a new lease of life to your business.

The process of seeking an individual investor in Jersey is often based on informal networking and personal introductions. Many professional advisors and finance providers have well established networks of individuals and companies that are interested in investing in new and established businesses.

Next steps

As well as talking to your business advisor at Jersey Business, Envestors is a company based in Jersey that is able to provide advice and support in preparing for and presenting to potential new investors.
Visit www.envestors.co.uk for more information.

Debt Finance

Raising money for working capital or capital expenditure

Debt can come in many different forms but is commonly available for working capital facilities such as overdrafts supporting day to day liquidity requirements, or for longer term finance supporting investment, acquisition and capital expenditure. Unlike equity, debt does not involved relinquishing ownership in the business. Throughout its life, a business is likely to need a mix of different forms of debt depending on its stage of development. All have their advantages and disadvantages. In Jersey, debt finance can be sought from a bank or non-bank finance provider.

Overdrafts and bank loans

Local high street banks may provide funding to businesses based on their evaluation of the application. Banks will

usually require a business and financial plan to support any application for finance and these will need to show that the business is capable of generating the income and cash to repay the loan. The advantages of approaching a bank include:

- Small business focus makes this a flexible option for established small businesses and start-ups.
- Building on an established relationship you may already have with your bank through your personal banking.
- Competitive rates – banks typically offer more competitive borrowing rates than non-bank providers

Asset and commercial lending

Asset finance provides a range of products that can help fund the new equipment, stock, professional fees or vehicles and machinery a business needs. This forms of financing can be crucial for a business because the loans are secured of the asset being financed, making it flexible and secure.

- Local and independent providers who deal with applications in-house by a team of lending experts, all with local knowledge and often with industry specific experience.
- Spreading the cost allows you to transform the cost into affordable, fixed monthly payments.
- Flexible repayment options allow you to work with your cash flow.

Relevant links

- Listing on the local stock exchange
- Free Business Health Check
- Jersey Financial Services Commission

- Digital Jersey
- Guide to Raising Equity From Private Investors
- Guide to Writing a Business Plan
- Guide to Securing an Angel Investor

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