



I need to raise cash for my business. How do I get it right?

By Gareth Magee, Partner, Corporate Finance

Times are tight for raising cash as the banks - the traditional 'first port of call' for many business owners - continue to readjust their models to the ongoing impact of the recession. There are, of course, other sources such as business angels, but they too, have important criteria that must be met when assessing potential investments and are also constrained by the current economic situation.

Indeed, the bottom line is that any funder is going to require that you meet a series of key parameters before they consider handing over you the cash you seek.

So, before speaking to anyone, do your homework. There are some basic questions that you need to address and, if you do, then you will enhance the likelihood that you will be successful in your quest for funding.

- Make sure you know how much you need. Too many businesses fail to raise the finance they need, simply by not being clear about the amount they actually require.
- Timing is everything. Know when you need it, and for how long.
- Be clear about what you need the money for and establish what type of finance is most appropriate. Do you need bank borrowings, or an injection of equity?
- Be clear about how you are going to repay, and what returns you are offering.
- Research your audience diligently. Bankers and investors are human - all different, with particular likes and dislikes. Choose your advisers well - work with someone who knows the investment community well, can help you target the right individuals and can help you hone your pitch to perfection. Often, you have only one chance to get this right.
- Focus on your business, not on your business plan. Do you have a clearly defined product or service? Does this satisfy a market need? Do you have a strong team that can deliver on sales, technical, financial and administration? Make sure you can communicate all of this clearly and concisely.

- Be realistic. Too many business fail, simply by not securing enough cash at the outset. Realise that everything will take twice as long and will cost twice as much. Get good advice, and make sure your financial projections are robust and realistic.
- Finally, don't forget that the easiest business to raise finance for is one that doesn't need finance - if you only do one thing, focus on making your business cash generative - nothing else will make a bigger impression with your investors.

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