



Finding the Right Funding for Your Business

If you're reading this guide, you've either just decided to start your own business, or you are already taking the next step to investing into the growth of an already established business. However, recognising the best time to bring in investment can be difficult. How can you determine whether your business has come to a point where growth is sustainable and profitable? You may have no choice in the matter and require investment to secure the stocks and materials you need, or you may need to move to larger premises and employ more staff to meet demand. All of which requires financing.

Timing and planning are everything when it comes to financing. You may be tempted to borrow as little as possible, so as not to overstretch yourself, however this could mean you face the same problem again just a few months down the line. Equally, taking on large repayments can be catastrophic if sudden changes in your sector causes your turnover to take a hit.

This booklet aims to help you make the right financing choice, at the right time.

Do your research

If you've ever had any building work done, you'll know two things. First, it cost more than you thought and second, it took longer than you thought. That's why contingency costs are a good idea. As we've said, you don't want to borrow too little or too much. So be as realistic as possible about what you need to achieve your goals. Whether you're talking about materials, resources or time, it doesn't pay to underestimate. Equally, don't assign too many tasks to yourself (a common mistake amongst small business owners) to save money or hope that things will take less time than you know they will. If you're working on a new product or service, make sure you allow financing for researching your customers and your competition. Factor in marketing and sales. Are you still expecting to do all that yourself, or should your infrastructure need to expand accordingly?

Plan your investment for growth

Supposing your financing came in tomorrow, do you know how you are going to use it? Or will you figure that out as you go and then be shocked to discover that all or some of the capital has been absorbed into your day to day running? You'd be surprised to discover how often this happens. It can be laborious work to secure that financing, so make sure you have a clear plan of how you are going to utilise it to the maximum when it comes through. A strong plan will include trigger points where cash is released for the next stage of spend and cash flow projections. Your accountant will be able to advise you on growth plans and cash flow modelling tools that will help you keep track of things.



Make sure you are comfortable with the level of risk

It's wise to hope for the best and prepare for the worst. It's not pessimistic to plan for things going wrong. Your accountant can help you to model for various financial projections, so you can be prepared for the best and the worst. If things don't work out, you'll be glad you stress tested different scenarios, as you will already have a plan to mitigate the damage. Make sure that you feel comfortable with the level of risk you are planning.

What are your loan options?

The days when you walked down for a chat with your bank manager to discuss a loan are over! There's a great deal of choice on the market, which can be great news for business owners. However, terms and conditions can be complicated, so it's important to make sure you fully understand the costs of financing. That doesn't just mean interest rates or share prices, but also exit penalties and risks to your collateral. Make sure you seek advice from a trusted source with experience in financing and your sector.

The Recovery Loan Scheme

The Recovery Loan Scheme (RCL) was launched on 6 April 2021 to support UK businesses following the coronavirus pandemic. A lender can provide up to £10 million as one of the following facilities:

- Term loan
- Overdraft
- Invoice finance
- Asset finance

You can find out more about the RLS [here](#).

At Accurox we can provide you with the advice and resources you need to find the right funding for your business. We can also assist you to create documents you will need, such as business plans.

Call us now on **01634 557229** or email us: support@accurox.co.uk

