

Brief of the topic for discussion-“Panel Discussion on financial opportunities/ Challenges for Small Medium Enterprises (SMEs)”

For fast growing companies, finance is one of the key critical success factors in determining the future growth path of the company. Especially for SMEs, obtaining and securing the right source of finance can present a major challenge. Lack of available funding for SMEs has been brought into sharper focus post-credit crunch. Many growth businesses are started by entrepreneurs, often with little experience of how to raise finance to fund this growth. This guideline first and foremost seeks to help them when it comes to looking for sources of finance. It sets out the main financing options and the key issues to consider when choosing between those options. Accountants and other advisers to SMEs may also find it a useful reference tool.

For a business seeking finance it may not always be clear what type of finance is most appropriate whether the business is better suited to incur debt or to sell an equity stake in the business. Forms of debt can go beyond the familiar concepts of borrowing, overdrafts and leasing. An investor may buy a stake in a business and structure the deal with some of the stake in debt so that the investor receives payback overtime.

It is also vital that businesses are aware of support that exists to get them ‘investment-ready’ – not only by increasing their awareness of financing options, but also by showing them how to develop a finance strategy. This means turning their business proposition into a pitch that, in very simple terms, sums up the business and where the growth will come from, and can then be used to approach potential investors. With the strategy clear this pitch can be adapted for different sources of finance.

The pre-requisite ground work to be done including the timing of the approach to external parties is an important aspect to be considered in financing strategy.

In the proposed panel discussion, we propose to highlight and discuss the opportunities and issues relating to SMEs while raising the finance for potential growth of the business.