

BKL

Smart Finance, Sure Future:

ROUNDTABLE INSIGHTS

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 **Allica Bank**

Smart Finance, Sure Future:

FUTUREPROOFING YOUR BUSINESS

Your hosts...



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We brought together a diverse range of leaders and entrepreneurs – from property, financial services and beyond – to discuss how to futureproof their businesses.

Here's a breakdown of our conversation.

CHALLENGES IN FUNDING FOR YOUNGER BUSINESSES

Since 2021, challenger banks collectively have a market share of lending greater than the big five banks.



Funding challenges:

Banks often don't fully understand startup, scaleup or SME business models, making it more challenging to secure the full amount of funding applied for.



Equity funding limitations:

Equity investment in smaller UK businesses declined by 48% in 2023 compared to 2022. When equity funding is available, the process is cumbersome and filled with obstacles.



Sector specialists and education:

Banks may lack sector specialists, particularly for niche markets. This makes it harder for banks to understand and fund these businesses.



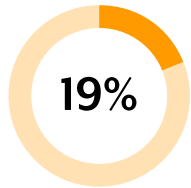
The landscape:

Covid and its relief schemes increased the debt burden on SMEs. This has made it more challenging to lend.



Alica Bank has designed a wide range of lending products for growing businesses with 5-250 employees. Find out more [here](#).

BOOTSTRAP BUSINESS MODELS



In 2023, 19% of SMEs anticipated a need to finance their business with personal cash reserves in 2024. →

- **Bootstrapping:**

85% of startups launched in 2020-23 have relied on the founder's personal capital as the initial source of funding. Many are finding this is a more accessible approach, removing the pressures of external shareholders.

- **Red tape:**

The painful experience of trying to secure funding from banks, even through an established relationship, is a factor in many entrepreneurs' decisions to self-fund.

- **Reluctance to seek external funding:**

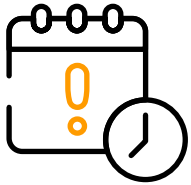
Many SME owners prefer to rely on their own resources due to the difficulties and complexities involved in the external funding process.



BKL's business services experts can advise you on the careful financial management and strategic planning required for bootstrapping.



PLANNING YOUR DEAL



On average, startups and SMEs take 7-10 years to reach maturity for an IPO or acquisition. →

- **Preparation:**

Companies that practise solid due diligence and financial forecasting, modelling and workflows will be better prepared for an exit or IPO.

- **Challenges in exit or IPO planning:**

These include the difficulty in finding buyers, securing funding, handling the extra workload and understanding the tax implications.

- **Investor timelines:**

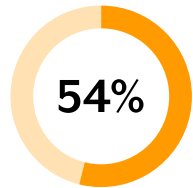
The founder's vision needs to be aligned with the investor's timelines. A funding round may require an exit strategy to be in place within a specific timeframe.



CFPro, part of BKL, can help you prepare for IPOs and deals. We make the process easier on your team, faster, smoother and far less likely to fail. Read our client case studies [here](#).



PROPERTY MARKET CHALLENGES



In the year to 30 June 2024, new build dwelling starts in England were estimated to be 87,650, a 54% decrease when compared to the previous 12-month period →



High cost of debt:

This is a significant obstacle for developers looking to secure the necessary funding for their projects.



Market uncertainties:

The current unpredictable nature of the market had made many developers cautious of taking on new projects.



Prepaid income:

For some businesses, property investment is a strategy for utilising prepaid income effectively.



BKL's property specialists can help you improve your understanding of the market, helping you judge the most favourable conditions for proceeding with new projects.



OPTIMISING AND MANAGING YOUR CASHFLOW

With business cashflows under pressure, Credit card financing among smaller businesses rose from 11% in 2021 to 20% in Q3 2023.



Monitoring:

Regular cashflow monitoring gives financial clarity and enables the most informed decision-making.



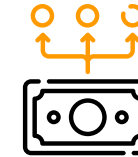
Compromises:

While strict cashflow management is essential, it can sometimes hinder innovation. You need to find the balance that works for your business.



Cashflow management strategies:

Maintain a detailed forecast, involve your finance team and ensure cashflow aligns with your strategic goals.



Demonstrate understanding:

Understanding cashflow and the implications, as well as being able to apply it in context, is essential to success.



CFPro's expertise in financial modelling can support you in planning an acquisition, raising capital privately or via an IPO, budgeting and/or forecasting, or selling your business.

STAYING TRANSPARENT AS YOU GROW

According to Gallup, low employee engagement costs the global economy over £7 trillion, or 9% of global GDP. →



Trusted guidance:

Close support and honest advice through the exit or IPO process can make it less challenging for business owners.



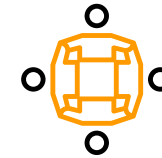
Scenario planning:

Involving your wider team in scenario planning ensures that different perspectives are considered and everyone is aligned with the business's goals and strategies.



Sharing information:

Being transparent about financial matters, particularly cashflow management, helps employees to understand the business's financial position during transitional periods.



Staying connected:

Your contact with colleagues can help you share the emotional burden of major change, from the buildup to letting go.



CFPro's fractional CFO service can help you make plans for keeping employees informed and engaged during periods of major change in your business. Find out more [here](#).



5 Fleet Place

THANK YOU

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