

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

Advisor's opinion

Access to finance is better than ever, but don't be tempted to rush in. Before speaking to anyone, do your homework.

Make sure you know how much you need. Too many businesses fail to raise the finance they need, simply by not being clear about what they are asking for.

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 businesses 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, as this will make a bigger impression on your investors.



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