



Business Advice Area

Raising finance and managing cash flow

Advice in this area covers the overall financial health of your business. It may focus on improving cash flow management and forecasting, credit control and late payments, or on how to negotiate with banks and other funding sources.

The advice could be used to develop a financial strategy for growth, raise additional finance and/or secure new investors, or to improve your own financial management skills.

What are the benefits of taking advice in this area?

An advisor could help you to:

1. improve the financial management of your business by better cashflow management, avoiding being paid late and increasing margins;
2. gain a better understanding of the business' finance and improve business performance management; and
3. raise awareness of alternative types of finance, make the business finance-ready and help you negotiate the best deals from banks and other funding sources.

What sorts of activity could Growth Vouchers be used for?

A financial healthcheck - consultancy to review the financial health of your business and developing a strategy for growth

Following discussion and analysis a report would be provided identifying:

- Your business' current financial performance and recommended priority actions
- A review of your business' revenue and gross margins; overheads and profitability; cashflow and working capital management
- Details of current and future financing needs
- Financial and management information requirements

Financial planning, creditworthiness and investment-readiness

Advice to help determine the types of short, medium and long-term finance that are most suitable for your business based on your plans for the future. The adviser will explain options such as debt finance, angel investment, venture capital, peer-to-peer,

invoice discounting and factoring as well as the information needs and preferences of finance providers. They will help you develop a strong 'pitch' and increase your ability to access external finance, including building a strong business plan and opportunity note, and they will give you advice on producing regular management accounts for credit agencies.

Cashflow and credit management

An advisor will help you to prepare, update, and monitor a cashflow forecast and gauge the business' vulnerability to customer defaults, late payment, or tightened credit policies among suppliers. The advisor will cover using financial and credit information to assess credit risks; how to design and implement a credit and collections policy; your rights in terms of late payers; and best practice procedures for dealing with late customer payments.

Basic business planning for debt finance

This includes helping you write a business plan suitable for both finance providers and management to use. These business plans need to be robust and must stand up to detailed due diligence by potential investors. The adviser will help develop forecasts, set performance indicators, assess risks and review business performance.

Enhanced business planning and evaluation for equity finance

Advice will be given on ensuring that business plans stand up to detailed due diligence by potential investors and include certain features such as market or competitor analysis, a marketing and sales plan and an analysis of business operations and financing needs. The plan will identify future requirements for funding and other business resources and capabilities which are needed to reach business goals, for instance staff and skills, technology, research and development and intellectual property protection.

Strategic management accounting

This may include costing the full range of activities from product or service idea to its end use, cost management of supply chains, competitor accounting, customer profitability analysis, benchmarking, product lifecycle costing, target costing, quality costing (e.g. use of quality reports), cost accounting systems for 'lean' production (e.g. throughput accounting and back-flush accounting).

What sorts of activities shouldn't Growth Vouchers be used for?

Growth Vouchers should be used for strategic advice, so the activities funded by the scheme should result in securing long-term change in the business, its operations and its capabilities.

What should I look out for when choosing an advisor in this topic?

- Are they a chartered accountant or a full member of a recognised institute which has an independent customer complaint handling process (such as the ICAEW, ACCA, CIMA)?
- Do they have three years experience of working in, or advising, small businesses (with references)?
- Do they have professional indemnity insurance?
- Do they have professional qualifications in a relevant discipline?
- Have they provided advice to other clients of the type you are seeking?

What are typical charges?

Strategy for Growth/Financial Healthcheck - £1,500 to £3,000

Financial planning, creditworthiness and investment-readiness - £1,500 to £3,000

Cashflow and credit management - £1,000 to £5,000

Basic business planning for debt finance - £1500 to £2,000

Enhanced business planning and evaluation for equity finance - £2,000 to £5,000

Strategic management accounting - £1,000 to £3,000