



Integrated urban actions  
for fostering and financing  
innovative economies and SMEs

SME Finance Questionnaire  
Initial Results  
Charlie Shanlin  
9th February 2010



## Sections



AN URBACT II PROJECT

- › Overview
- › About the business
- › About the individual
- › Access to finance
- › Access to support/advice
- › Conclusions and next steps



## Overview



Questionnaire sent my email to approx 2,500 businesses registered with Business Gateway and Chamber of Commerce within the last two years.  
Hoping for 200 responses.

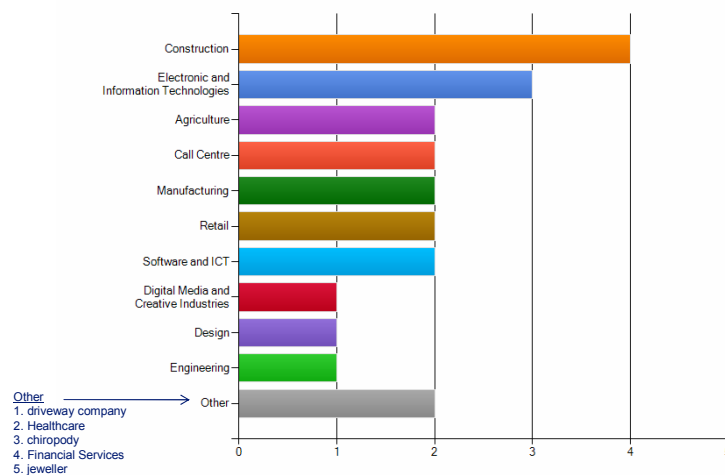
- Small take up so far (only 28 responses)
- Large questionnaire to complete  
- so drop out from start to finish
- Well worked on together by LSG
- Will resend to get greater completion



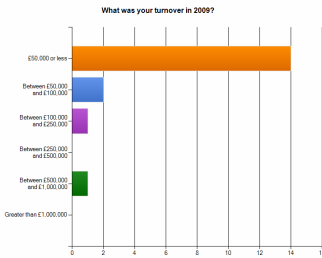
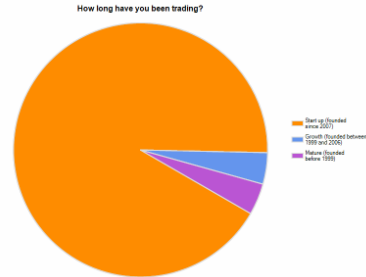
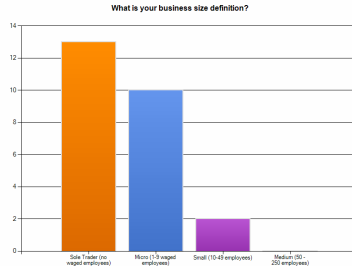
## About the business



Please select that box corresponding with your business type



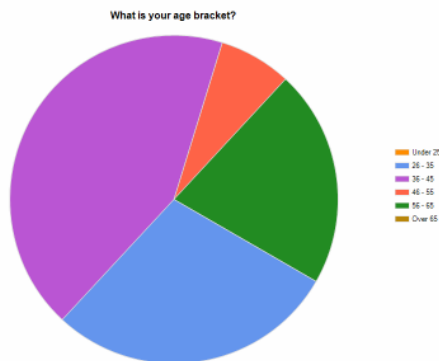
## About the business (2)



## About the individual



› **93% Owner**    7% partner  
 › **86% Male**    14% female



› **50% University Degree**    50% Secondary Education  
 › **79% White Scottish**    14% White other    7% Mixed

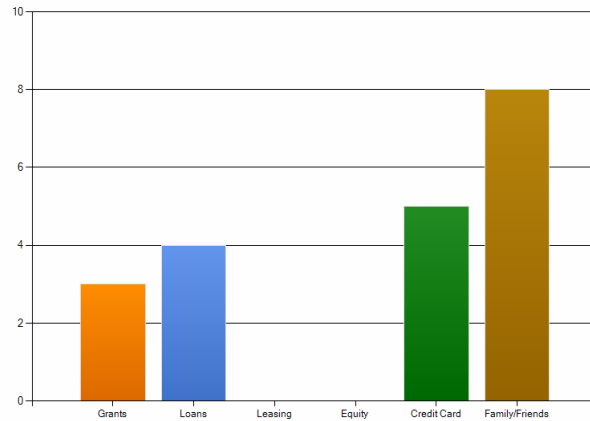


## Access to finance



› 29% work with several banks 71% don't

Which, of the following, have you used to provide funding for your business? (tick as many as relevant)



### Comments

1. just starting out
2. If one says no then perhaps another will say yes
3. The banks do not seem interested in helping small business ...
4. Didn't think it was an option, my personal credit rating is now so bad no banks will look at me.
5. one bank could not work with s/enterprise
6. personal account in one bank, business in another
7. if I deal with one bank I know where everything is.
8. Not lending
9. Tried to find a bank that would open a business account and personal account when I wasn't guaranteeing £500 per month income from day one.
10. No requirement at this point.
11. one is enough



## Access to finance (2)



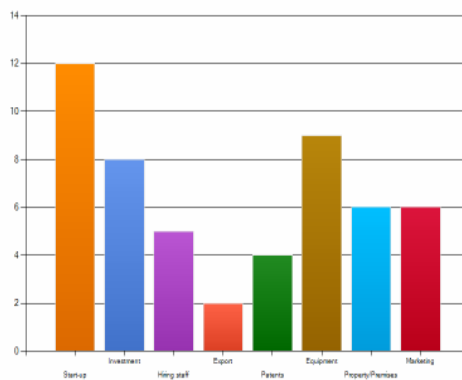
› Has situation for accessing finance changed in last year?

9% improved  
36% stayed the same  
55% deteriorated

› Satisfied with current situation in terms of access to loans?  
NO: 83% YES: 17%

› Are Grants a good source of funding for a business?  
YES: 93%

During the business life cycle, when and for what purposes should grants be available?



## Access to finance (3) -



### Under what conditions should grants be available?

1. Good business ideas that struggle to get off the ground
2. on business plan
3. use as startups
4. With provision of a business plan which seems viable, and an interview with the funding body, the person applying should be green-lit for funding ... speculate to accumulate
5. When it is a robust business idea with growth potential and to ease the crippling cash flow
6. should be based on b/plan
7. Good business plan and proven results of previous business activity
8. that you meet with all the requirements
9. A robust and thoroughly thought through Business Plan (3-5 years)
10. Genuinely needy businesses with little or no start-up finance & can provide business plans/ projections.
11. As limited conditions as possible. How about having a variation on the student loan scheme. The grant is given on the condition that it be repaid in the future (plus interest or more), if and when the applicant or company has reached a threshold of income / profit.
12. They should be based upon potential growth and sustainability of the business
13. Expected benefit should be much greater than cost
14. Interest free



## Access to finance (4) – Application Procedure



### What application procedure should be in place?

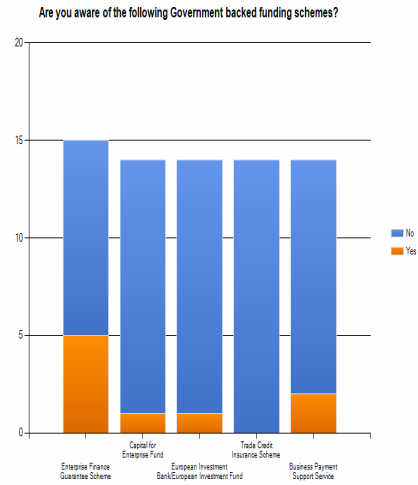
1. Online forms in the first instance
2. any accounts and business plan (detailed)
3. a standard form, an interview and a shot in the dark
4. Solid business plans and references.  
The credit scoring of the past does not mean that a business idea will fail in the future, one holds the other one back.
5. more knowledge of grants available
6. Over the internet - check of financial background etc.
7. There is nothing for a new product being introduced into the financial Services market!
8. Single application to umbrella body
9. Something simple that is focused more on one-to-one interaction and less on paperwork
10. Guided assistance with an online application
11. No opinion
12. Strong business plan



## Access to finance (5)



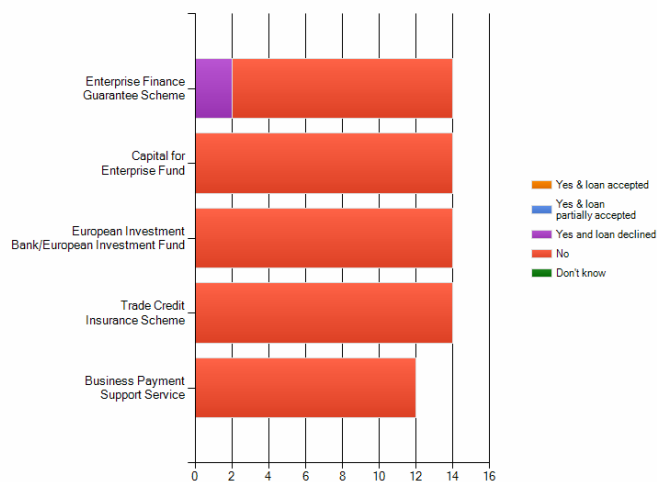
- › 69% of respondees considered it reasonable to associate a grant with a bank loan
- › 50% believe that the application for the grant shouldn't be processed by the bank that gives the loan
- › 86% agree that loans are traditional ways that businesses have to access finance



## Access to finance (6)



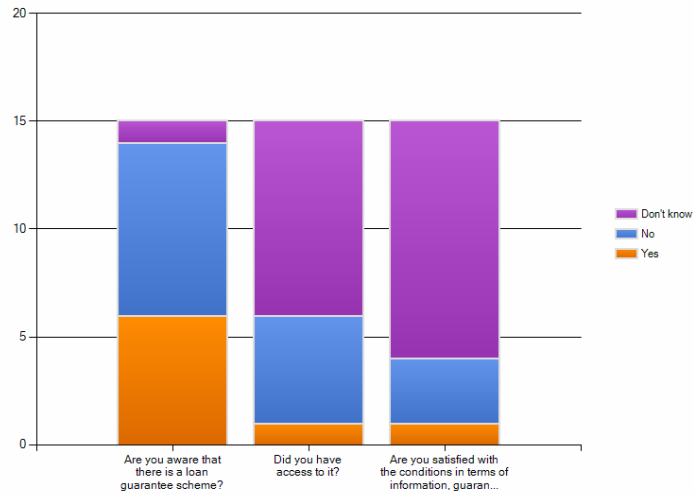
Has your business made use of any of the following schemes?



## Access to finance (7)



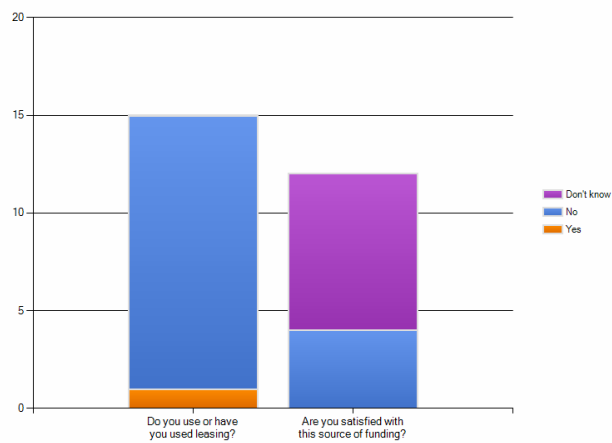
### Loan Guarantee Schemes



## Access to finance (8)



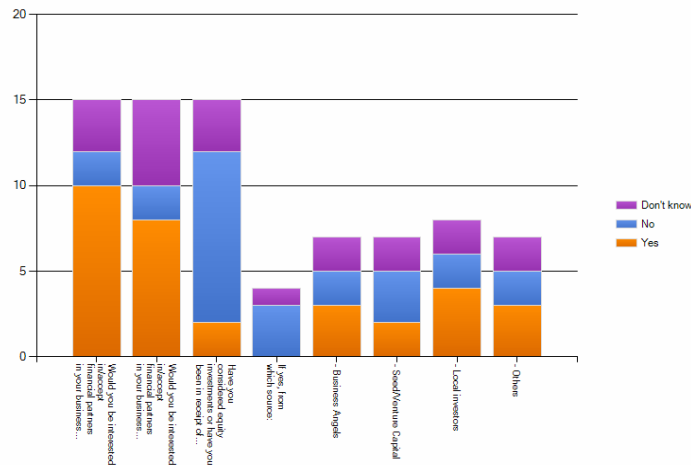
### Leasing



## Access to finance (9)



Do you understand the nature and role of equity investment?



## Access to finance (10)



What would you expect as their contribution and what kind of return on investment would you consider reasonable? (percentage of return, duration of investment etc.)

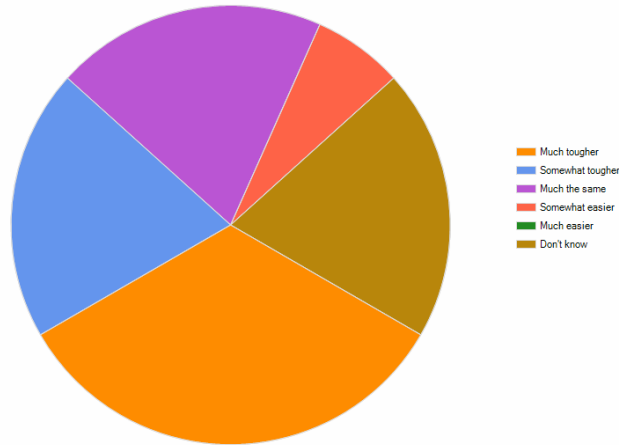
1. 1-2 years - 4%
2. a pre-arranged amount over perhaps 12 months, with a competitive percentage return. it would depend on the investor however !
3. sector experience and a 50% share in business.
4. 30%???
5. £50-100k for 10 - 20% of the business and a return of 60% on equity over 3-5 yrs
6. I would expect them to expect a level of involvement in proportion to their stake. I am less concerned about their return on investment than the risk that they look for short term gain at the expense of long-term viability/growth.



## Access to finance (11)



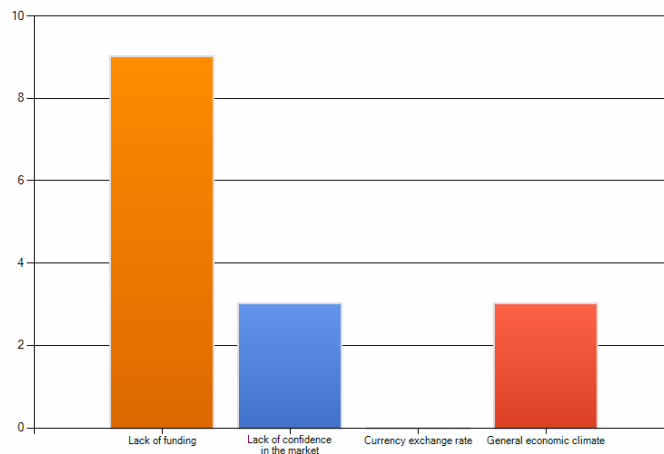
Has your business experienced any changes in access to finance in the past 12 months?



## Access to finance (12)



Has your business had to postpone/stop investment due to any of the following? (please tick all that apply)



## Support Services

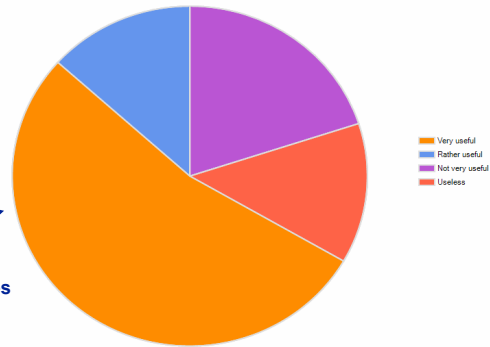


>67% of respondees use accountants, lawyers and banks as advisers.

>Of these, 54% are satisfied with their services

All business support services

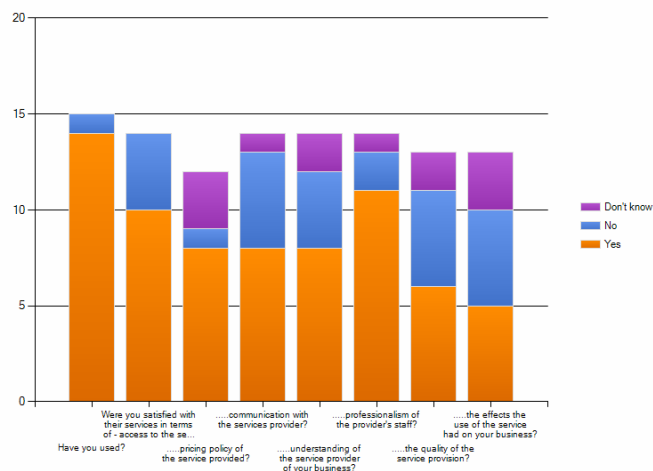
Do you consider business support services to be:



## Support Services (2)



Other business advisers (e.g. Business Gateway.....)

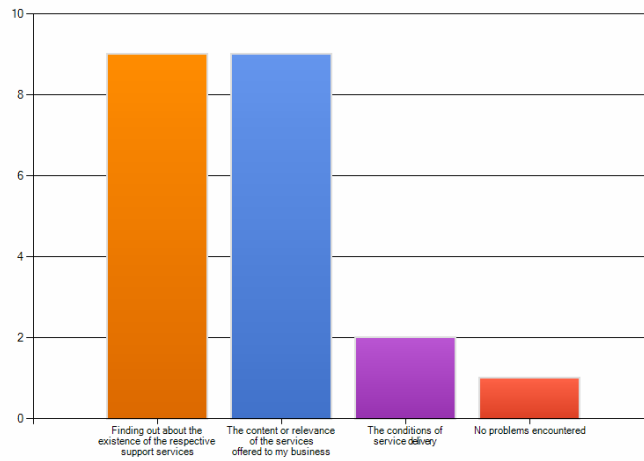


### Support Services (3)



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The main difficulty when using this kind of support services is related to.....

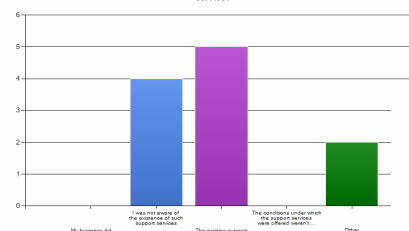


### Support Services (4)

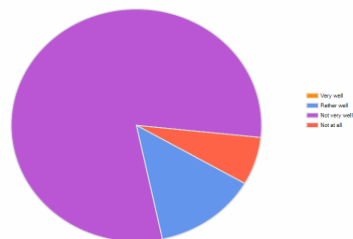


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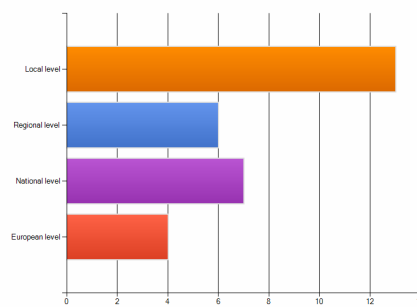
What was the main reason for your business not to make use of this kind of support service?



How well do you consider yourself informed on the availability of business support services?



Should support services for SMEs be offered, by agencies operating on a:

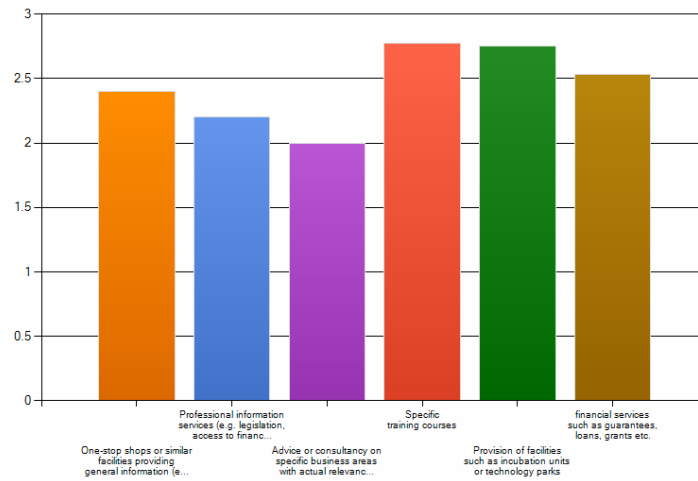


## Support Services (5)



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How high would you rate your business' need for the following kind of services (1 strong need to 5 no need)?

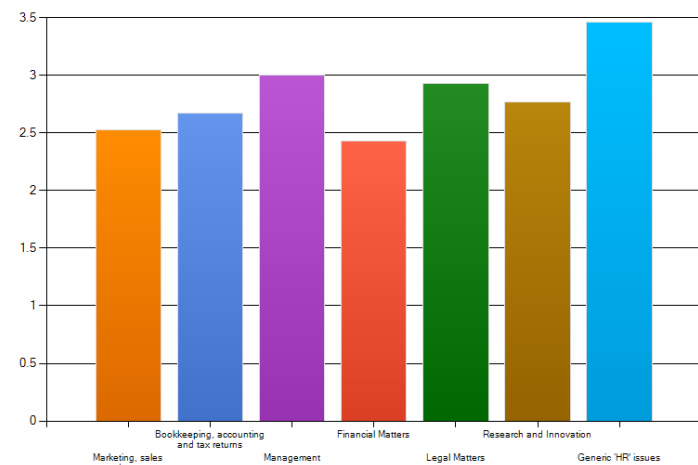


## Support Services (6)



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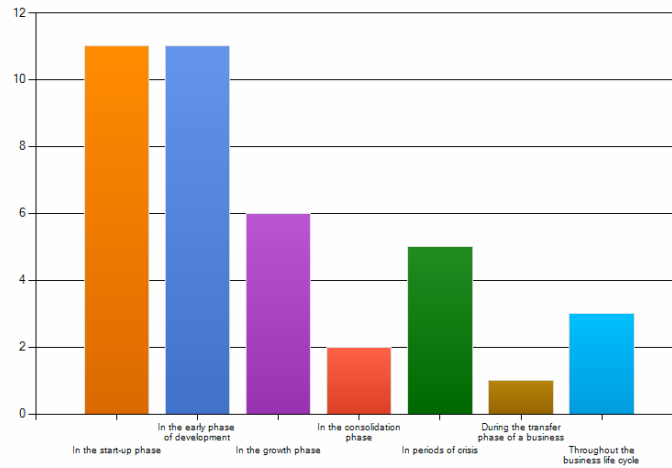
How high would you generally rate your business' need for external support in the following business areas?



## Support Services (7)



In your opinion, in which phase of their development do enterprises need most external support?  
(multiple answers allowed)



## Conclusions/Next Steps



- › Small take up so far (only 28 responses)
- › Issues highlighted regarding knowledge of business support as a well as access to finance
- › Will resend to get greater completion



Grazie Thanks  
Danke **Merci** Gracias  
**Ευχαριστώ** multumesc  
Takk dziękuję dakujem hvala  
**Obrigado** dziękować  
tänan kiitos köszönöm aciu  
Tack děkuji paldies  
**nizžik ħajr dank u wel**

