



What's the big idea?

Supporting Midlands SMEs at the forefront of innovation



Steph Brown
Regional Director, Midlands
Reward Finance Group

From technology through to manufacturing, there are many SMEs in the Midlands looking to innovate and are continually working to develop that next big idea to drive growth or disrupt their market.

With that big idea naturally comes a degree of instability in terms of future business success and often an immediate need to acquire commercial finance to fuel growth.

Innovation is not restricted to entrepreneurs or businesses in the early start-up phase. Many established SMEs continually develop fresh ideas, launch new products or harness new technology to propel their business to the next level.

SMEs built on creativity and innovation require specialist advice and expertise from both brokers and lenders who can work collaboratively to help these businesses secure right funding and guide them when the working facility is in place. To help with this, we've developed the following tips to assist brokers who are increasingly working with SMEs in the innovation space:

Share key information

Always advise the SME to develop and share a business growth plan, financial forecasts and other key information from the outset, to demonstrate to you and the lender that they can successfully create and grow a profitable business.

Estimate cash flow requirements

If the client is looking to use a revolving credit facility, they will be drawing down different amounts (or indeed repaying) from the funding facility over a set period. Therefore, request that they estimate their expected cash flow requirements and anticipate any financial issues for the business over the forthcoming 12 months.

Be transparent

Encourage your client to be as transparent as possible. It's key that the SME relationship between brokers and lenders is built on trust so the business must be able to quantifiably demonstrate – from the outset – that it can afford the loan repayments.

Communicate clearly

Businesses looking to borrow to innovate need to clearly communicate their ideas and expansion plans so that both the broker and lender are confident that the innovation is going to be in high market demand and can even generate potential employment opportunities.

Be honest about how much is needed

Many innovative SMEs we work with need short term, flexible working capital to bring new ideas to market at speed, so it's important they're honest with the broker and lender about the loan amount they need to borrow and the timeframe that is right for their business needs.

If the business is on the verge of that next big innovation, a one-size-fits-all approach to lending clearly will not work. Both broker and lender need to get into the mindset of the SME in terms of the short to long-term challenges the business may face when borrowing, so that the best commercial finance solution can be found which works for all parties concerned. ●