



# ART NEWSLETTER 2011

**JOBS | OPPORTUNITY | GROWTH | INNOVATION | ENTERPRISE**

## Plenty of Money for Small Businesses

Evidence is now clearly showing a reduced demand for finance from small businesses. Demand could even be as low as half of what it was before the credit crunch. This is perhaps not entirely surprising. Confidence has been dented and the focus in recent years has been on paying off debt. But it does mean that we now have a situation where available supply appears to be more than capable of meeting an increase in demand.

### Wide range of options

Small businesses do have a wide range of finance options open to them, yet it seems that many are still unaware of what's on offer. Community Development Finance Institutions, like ART, have been around for many years – designed specifically to enable viable businesses, which the banks can't support, to access the finance they need. And there are other tailor-made options, ranging from factoring to venture capital, that are preferable to using expensive sources of personal finance, which we know many small businesses are falling back on - in some cases it appears solely through fear of being rejected for a business loan.

### Growth in packaged finance

While the banks have undoubtedly become increasingly risk averse in the small business sector, what we are seeing is a growth in the provision of packages of finance put together by a number of providers, often including the banks. This 'blending' of financial products is likely to be the way forward for the smallest businesses, particularly start ups. That was certainly the consensus reached at an over-subscribed 'Access to Finance' seminar held by ART and partners, at Birmingham Science Park, Aston, in April 2011, which was attended by a diverse audience of small business owners, financial and business advisors, accountants and bankers.

### More referrals

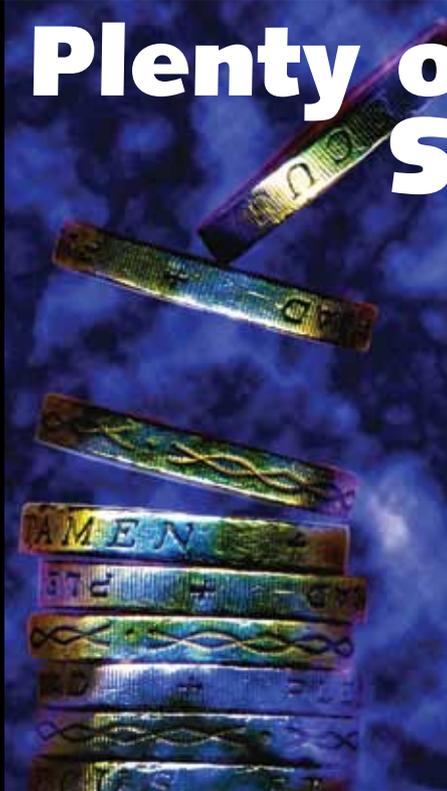
The banks are now starting to signpost to other funding sources when they are either unable to offer any money, or can only meet part of a requirement. ART welcomes this move, which will benefit everyone involved – small businesses, the banks and the alternative finance providers.

### Research your options

The clear message to small businesses is: if you need finance, don't hold back. There's money available to support viable propositions, so research your options and make use of everything that's available to you.

For further information see:

[www.reinvest.co.uk](http://www.reinvest.co.uk) | [www.fair-finance.net](http://www.fair-finance.net) |  
[www.westmidlandsfinance.com](http://www.westmidlandsfinance.com) | [www.cdfa.org.uk](http://www.cdfa.org.uk)



"ART was accessible, accommodating and able to respond quickly to our request."  
ART borrower Veejay Lingiah

# We are here to support enterprise in Birmingham and Solihull.

If your business needs cash and your bank can't help, talk to us. These people did.

## ARTBRAND HOLDINGS



The brainchild of Veejay Lingiah, voted UK Entrepreneur of the Year in the O2 Arena Magazine Awards 2006, Artbrand works with medium to large scale retailers around the world, developing bespoke ranges of art products for them including prints, original paintings, photography, illustration, glassware and sculpture. Veejay started the business in 2005 with his own money and support from the banks. "I wanted to find a way to elevate the quality of art on the high street," he says. "Artbrand provides a route to market for more artists and touches more people than I was able to through my gallery business." By 2008 Veejay was keen to boost sales and marketing activity to support the growth of Artbrand and was introduced to ART by his accountant. "ART was accessible, accommodating and able to respond quickly to our application," he says. "We used their loan to grow the team and increase the scale of our operation." The business is still expanding and received a further boost last year when it attracted equity funding from the Creative Advantage Fund. [www.artbrand.co.uk](http://www.artbrand.co.uk)

## TRADE COUNTER SUPPLIES



Fed up with the poor service he was getting from wholesalers of fire and security equipment, installer Ian Bruckshaw decided to set up his own supply business. His bank said it would support him, so he signed a lease on a business unit and started to fit it out. "The bank suddenly backed off," says Ian, "offering just over half of the amount promised. With no trading history, I needed to pay for stock up front – and it's not cheap. One item can cost £1,000, so the bank's decision gave me a massive problem. I had already put in as much of my own money as I could afford." Ian's accountant recommended ART. "They were very helpful," Ian recalls, "and the process was easy. I gave them my business plan, had a couple of interviews, filled in a few forms and the loan was approved." The stock was purchased and, one year on, Ian is planning a birthday party. "We're getting good feedback from our customers and are proud of what we have achieved" he explains. [www.tcswarehouse.com](http://www.tcswarehouse.com)

## YUMM CAFÉ



With a love of coffee and a passion for customer service, Catherine Horniblow was keen to open her own coffee shop. She had a hunch that the Custard Factory in Digbeth would be a good location. A trial run in a small unit confirmed that there was a demand for what she wanted to offer – freshly prepared food at a price people can afford to pay every day for lunch – and, of course, good coffee. She was quite surprised to find that, in spite of this, the banks struggled to see the potential in opening a larger cafe. Unable to get the funding they needed, her business partner turned to ART. "ART was our saviour" says Catherine. "They didn't seem to need to ask inappropriate questions, they understood." Securing a loan from ART to pay for interior decor, tables, chairs, crockery etc, helped to secure a leasing arrangement with Lombard for the equipment needed to fit out the kitchen. Yumm is going from strength to strength and Catherine has plans to open more outlets over time. [www.yummcafe.co.uk](http://www.yummcafe.co.uk)

## EXECUTIVE PLAYGROUND



Anne Wilkinson of Executive Playground® had an idea for an online version of the business's successful TeamVention® change management programme. She was successful in bidding for a £30,000 Proof of Concept grant from the Advantage Growth Fund, but needed to spend the money first and claim it back retrospectively, which gave her a cash flow problem. As a loyal customer, Anne was stunned to find that her bank was unwilling to extend its small overdraft facility. She applied to another bank, which spent weeks procrastinating before finally saying "no". By this time the entire project was threatened, as two of the six months allotted for her to spend the grant had elapsed. That was when she turned to ART. "ART treated my idea with more respect than the banks," she says, "I asked for help and they listened. Their application process was straightforward and the money was in our bank account within two weeks." Anne is now ready to move to the next stage of applying for venture capital to fund a global commercial launch of TeamVention®. [www.executiveplayground.co.uk](http://www.executiveplayground.co.uk)

# LOANS TO GO LOANS TO GROW

START UP | PREMISES | EQUIPMENT | STAFF | CASHFLOW SUPPORT

ART - Finance for Enterprise in Birmingham and Solihull

# BORROWERS UPDATE - AWARDS AND PAY-BACKS

Most of the clients that ART helps during a critical stage in their development go on to grow and flourish. Some go on to win awards, others repay their loans then borrow again, others repay ART then secure larger loans or equity finance from other providers.

We are delighted to report that three of our borrowers have been recognised with significant awards in the past year for their innovation: Cubewano – [www.cubewano.com](http://www.cubewano.com); Zybert Computing – [www.zybert.com](http://www.zybert.com); and KPM Marine - [www.kpm-marine.com](http://www.kpm-marine.com).

Social enterprises – or not-for-personal-profit businesses – can be wary of using loan finance, but it can be a very effective way to finance growth or support cashflow when commissioners pay at the end of a project. Among the social enterprises that have used and fully repaid loans from ART are Amina Trust - [www.thezawiya.com](http://www.thezawiya.com), ENTA - [www.entapeople.com](http://www.entapeople.com) and the Jericho Foundation - [www.jcp.org.uk](http://www.jcp.org.uk).

## NEW WAYS TO SUPPORT ENTERPRISE

The business support scene is a changing landscape, with the loss of West Midlands Business Link and much of the funding to help small businesses pay for face-to-face consultancy.

The new, national, Business Link offer will be telephone and internet based. Details can be found at [www.businesslink.gov.uk](http://www.businesslink.gov.uk).

ART has updated its website and is doing its bit to support present and future borrowers by offering additional information and resources related to small business finance. We've also introduced a simplified application form and simplified access via the website, to ease the process of applying for a loan.



## DELIVERING MORE THROUGH PARTNERSHIPS

Partners have always been important to ART and as we look to the future we aim to continue to build on the existing relationships we have, in both the public and private sectors, as well as to look for new partners - especially those that can help our clients to achieve their aims.

Over the past year, we have developed a closer link with local accountants through the Institute of Chartered Accountants in England and Wales and worked with Birmingham City Council and Solihull Metropolitan Borough Council to promote the range of finance available to small and medium sized businesses in the area.

We're always keen to work in partnership with banks, accountants, business and financial advisors to help them help their clients and spread the word about the finance available to them.

ART has been included as the local Community Development Finance Institution (CDFI) delivery partner within the Local Enterprise Partnership (LEP) proposal for Greater Birmingham and Solihull.

## CITR HAS BEEN EXTENDED - Invest in ART to support local jobs in Birmingham and Solihull

Community Investment Tax Relief (CITR) was one of the few tax concessions to be extended in the Government's 2011 Budget, which is good news for ART investors who are already benefitting from it. It also means there's a continued opportunity for new investors.

CITR gives 5% per annum off personal or corporate tax liabilities up to a maximum of 5 years. Full CITR offers a return of 6.3% to a standard rate tax payer.

You can invest between £250 and £20,000. We don't pay a dividend, but we will put your money to good use in supporting enterprise and the creation and preservation of jobs in Birmingham and Solihull.

For more information see [www.reinvest.co.uk/investors](http://www.reinvest.co.uk/investors)

## KNOW SOMEONE WHO NEEDS A LOAN?

ART pays 1% of the loan amount to anyone who introduces an applicant who is successful in securing a loan.

If you or someone you know needs finance for their business, and the banks cannot fully meet their needs, give ART a call.

Call us on 0121 359 2444 to make an introduction.

## CDFI Sector Gathers Momentum

When ART was established in 1997, it was a pioneer Community Development Finance Institution (CDFI). Since then its model – raising a combination of public and private sector finance to be lent in a local area - has been replicated all over the UK.

CDFIs, whose work has largely gone unremarked upon for the past 14 years, are at last beginning to be drawn to public attention. They now have cross-party support and have gained recognition for the role they play in boosting the economy and allowing access to finance where the banks can't help. The Government is committed to supporting CDFIs in a number of ways. The latest trade association report, from the CDFA (Community Development Finance Association), concludes that CDFIs are continuing to provide critical finance, despite the turbulent economic and political landscape, and redress market failure as proven and efficient delivery mechanisms.

In the West Midlands CDFIs have been supported by Advantage West Midlands and European funding, in addition to receiving - in some local areas - support from Councils. This includes Birmingham City Council support for ART.

A national bid to the new Regional Growth Fund has now been approved for the CDFI sector, to be delivered locally by CDFIs across the country.

This is an exciting, as well as challenging, time for CDFIs, as they develop to fully meet the needs of the small business sector, working alongside the banks, to create jobs for the future and enable any viable project to receive the loan finance that it requires to start or grow.

More information on the Community Development Finance sector can be found at [www.cdfa.org.uk](http://www.cdfa.org.uk).

## WELCOME MOVE BY BANKS

The banks are taking action to rebuild their reputations and relationships with businesses through a British Bankers Association initiative called 'Better Business Finance'.

For more information see [www.betterbusinessfinance.co.uk](http://www.betterbusinessfinance.co.uk).

## THE ART OF FINANCE

- Friendly, supportive, approach
- Money in a hurry, if you need it
- No early repayment fees
- Help with putting together a package of finance
- Loans from £10,000 to £50,000
- For commercial and social enterprises in Birmingham and Solihull
- For any business purpose
- For businesses in most markets
- Flexible repayment terms and security requirements - 6 months to 5 years

Since it started in 1997, ART has lent almost £10m to borrowers in Birmingham and Solihull, enabling them to create or protect over 4,200 jobs.

## Our sincere thanks to all our members and supporters:



## FOR LOANS OR ANY OTHER ENQUIRIES:

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