



NEWSLETTER 2014

JOBS • OPPORTUNITY • GROWTH • INNOVATION • ENTERPRISE

Record Year Fuels Further Growth

2013/14 was a record year for ART, with loan delivery up 47% and the total lent reaching £1.75m. This growth looks set to continue as Steve Walker, Chief Executive of ART, explains: "There is strong evidence that a large gap in the market remains, left by the banks as well as some of the new entrants such as peer lenders and crowd funders, for what are considered to be 'smaller' business loans of up to £100,000. The trend for 'packages' of finance is continuing to grow, with many businesses finding that the money they need can come from a range of providers such as ART, the banks and a number of alternative funding sources working together."

In 2014/15 ART has funding in place to allow it to set a lending target of £2.4m, the highest in its 18 year history. This funding, from the Regional Growth Fund Community Development Finance Association programme and Unity Trust Bank, also allows ART to extend its reach across the whole of the West Midlands.



The ART Lending Team, from left to right Andy King, Martin Edmonds, Steve Walker and Graham Donaldson. Photographer: Marc Kirsten

ART provides loans of up to £100,000 for any business purpose, but is particularly keen to help borrowers create or protect jobs. Businesses supported come from a wide range of sectors. Many take advantage of the opportunity to repay their loans early without penalty, which provides ART with further opportunity to recycle funds, lend to new borrowers and support more jobs.

"Success for us is measured not only in hitting our own targets, but in being able to say that we have allowed hundreds of other businesses to hit theirs," says Steve Walker, "which boosts the local economy and creates employment opportunities. We are here to support viable businesses young and old, ensuring they can access the finance they need both in challenging times and in periods of growth."

ART PROVES VALUE FOR GOVERNMENT MONEY

Independent evaluations from consultants and the National Audit Office have confirmed the excellent value for money which is being achieved by the public purse through its support of the CDFA (Community Development Finance Association) Regional Growth Fund loan programme.

In ART's case, the actual cost to the Government of each of the 381 jobs saved or preserved in the last 12 months was £2,300, which compares very well with the National Audit Office calculations that show many programmes are costing in excess of £15,000 per job.

As ART, and other CDFIs, target under-served markets, this makes their outputs even more impressive.

See Inside for Borrowers' Stories...

FOR LOAN ENQUIRIES:
Call Andy, Martin or Graham on
0121 359 2444
www.artbusinessloans.co.uk

ART supports diverse businesses, operating in a wide variety of market sectors. The four highlighted here demonstrate how vibrant and creative our local business sector is – and what can be achieved with a little help from an ART loan.

MR SIMMS OLDE SWEET SHOPPE

In Mr Simms Olde Sweet Shoppe in the Great Western Arcade, Birmingham city centre, Ricky Manton has clearly found his element. Purchasing the franchise was a change in direction for the ex NHS HR Manager, and one on which both he and the business have thrived. A loan from ART provided a valuable cashflow buffer during his first year of trading.



"Applying for loan funding can be a rather daunting experience when you first start out in business," he says, "but the staff at ART put me at ease. They were friendly and supportive. They knew Birmingham, the Great Western Arcade and the type of shops situated there. I felt that they really understood and assessed my plans properly. I was more than just an anonymous statistic."

Ricky was thinking of refurbishing the shop, but loyal customers say they like the authentic 'trip down memory lane' feel of the interior as it is. It is packed from floor to ceiling with hundreds of different jars of sweets, looking colourful and tempting. "I like to give the shop some atmosphere," says Ricky, "so we play different music at different times of day. I enjoy seeing people moving to the music as they browse, then making a purchase and going away happy."

www.mrsimmsoldesweetshoppe.co.uk

BOOOM TV

After his property business collapsed in the recession, Raja Khan found himself with a poor credit rating that made it hard for him to get back on his feet. A good business plan and an interesting idea for a completely different business were not enough to persuade the banks, his family or friends to back him. "I was at rock bottom," he says, "when ART, having looked at my business plan, felt it was worth lending me the money to start Boom TV. Without ART I would have been a broken man. With their help I could breathe again."



Boom TV is the first British-based, English-speaking satellite television channel aimed at Asian audiences in the UK, Asia and worldwide. Unlike other Asian channels, it makes its own content.

"I was open and honest with ART," says Raja, "and, somewhat to my surprise, found them genuinely interested in what I had to say and keen to look for ways to be supportive. Having struggled to pay the rent 18 months ago, I can now access further growth finance and Boom TV has a projected £1m turnover for 2014/15. None of that would have been possible if ART had not been there, prepared to help someone who had nothing."

www.boomtv.com

M6 MOTOR BODIES

When he set up his own garage in 2000 Andy Savery had no thoughts beyond being his own boss and running that business until he retired. However, taking advantage of relevant opportunities as they arose has put him in the position today of owning a group of four very successful businesses.



A loan from ART in 2013 enabled Andy to acquire a commercial truck body building business. Renamed M6 Motor Bodies, the business is a good fit with the others in the group: Central England Municipals Ltd (his original garage), Birmingham Test Centre (started with the help of an ART loan in 2011) and M6 Vehicle Hire Ltd, which hires out refuse trucks.

The group's Financial Director, Bill Douthwaite, has sourced money from a variety of funders over the years, including the banks. He became aware of ART having met one of its Loans Managers at a networking event. "When the banks have lent all they can, it's good to know that ART is there," he says. "Without ART's support we would not have been able to grow as quickly as we have."

M6 Motor Bodies has doubled its staff from 8 to 16 in the seven months since it started and is still recruiting.

www.m6motorbodies.co.uk

BIBSY BANANAS

Bibs Berry has been working with children since the age of 11 and has always known what she wanted to do. By the age of 14 she had her first business plan. At 23 her dream of running her own nursery, youth den, after school and holiday clubs in the area in which she grew up had come true. Bibsy Bananas was established in Castle Vale, Birmingham, in 2012 and re-located to Bromford in 2013.



When Bibs was offered two properties on a long term lease, one for the nursery and one for the youth den, she was delighted, but realised they would need work to turn them into facilities that were fit for purpose. She began looking around for funding and came across ART. "They made the lending process understandable," she says. "There was no jargon. What's more, Graham from ART has been out to see us a few times since we've had the loan and taken a real interest in how we are getting on. There is a relationship there now."

Bibs is full of ideas for further expansion. "We work quickly and are growing rapidly," she says. "ART is enabling us to keep up the pace. Without them we wouldn't be where we are today."

www.bibsybananas.co.uk

SUCCESS STORIES

ART SUPPORTS BUSINESS AND FINANCE EVENTS

The ART lending team attends a wide variety of business and finance networking events, seminars and open days, working in partnership to provide information and support.

Organisations ART has worked with over the past year on a variety of initiatives include: the Institute of Chartered Accountants England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA), Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), universities and schools, Greater Birmingham Chambers of Commerce, faith groups and business networks.



KPM Marine
www.kpmmarine.com



Purnells
www.purnellsrestaurant.com



Reynolds Technology
www.reynoldstechnology.biz



Yumm
www.yummcafe.co.uk

It is always hugely gratifying when a business completely repays an ART loan, because it is not only an indication of its ongoing success, but also allows us to achieve one of our objectives, which is to recycle funds to support more businesses and jobs.

In the last year high profile borrowers and award winners who have fully repaid include some whose stories we have featured in previous newsletters. We are pleased to have played a part in helping them to reach their goals and wish them every success in the future.

ONGOING SUPPORT FOR SOCIAL ENTERPRISE

ART continues to work closely with local social enterprise support networks and organisations, including Birmingham and Solihull Social Economy Consortium (BSSEC), Social Enterprise West Midlands (SEWM) and iSE (Initiative for Social Entrepreneurs), aiming to ensure that social enterprises can access the finance they need.

We have seen a modest upsurge in applications for loan finance during the past year and expect more in the year ahead, building on a number of initiatives aimed at encouraging social enterprises to invest in growth and long term sustainability.

Local social enterprises that have successfully borrowed from, and fully repaid their loans to, ART include Future Health and Social Care, Betel of Britain, Jericho, Amina Trust and Ashiana Trust. These and other social enterprise borrowers have used loan finance for a variety of purposes including to buy vehicles or property, set up a new income-generating venture and to support cashflow.

Loan finance is not always the first option social enterprise Boards think of, yet it has advantages over other types of funding in the right circumstances. We continue to promote the benefits, and support others in raising awareness of, the potential to use loan finance through events and even online, with tips and resources on our own website www.artbusinessloans.co.uk and a short video on the SEWM website www.socialenterprisewm.org.uk.

FIVE REASONS FOR SOCIAL ENTERPRISES TO CONSIDER USING LOAN FINANCE

- It can support cashflow while you are waiting for payments that only come at the end of a project
- It can be used to pay for people or equipment that enable you to generate income that exceeds the cost of the loan in the long term
- It comes without the onerous paperwork and reporting required with some grant funding, so if you are using it to generate income it can be a less time-consuming, more straightforward, transaction
- It can be used to invest in building work or equipment that saves energy or streamlines processes, enabling your organisation to save money in the long term which more than covers the cost of the loan
- If you have a good idea for generating income, it can help you set up and start earning money quickly

COMINGS AND GOINGS



Craig Errington - ART Chair, Beverley Neilsen and Monder Ram
Photographer Marc Kirsten

New Directors

We are very pleased to welcome Dr David Hardman MBE, CEO of Birmingham Innovation Campus, Beverley Neilsen, Director of Employer Engagement at Birmingham City University, and Professor Monder Ram OBE, Director of the Centre for Research in Ethnic Minority Entrepreneurship at the University of Birmingham, to ART's volunteer Board.

Our grateful thanks for their past support are extended to all Directors leaving the Board, including long-serving members John Bryson, Philippa Holland OBE and Ray Lowe, as well as David Alcock who also stepped down during the year.

New Premises

After eight years at the Birmingham Enterprise Hub in Aston Road North, ART moved to new premises in January 2014. The choice of Birmingham Science Park Aston's Innovation Birmingham Campus, was linked to ART's plans for significant growth.



Steve Walker and David Hardman
Photographer Marc Kirsten

"We looked at a variety of options before choosing to re-locate to the Innovation Birmingham Campus," Chief Executive Dr Steve Walker explains. "In the end we felt it best met our needs in terms of space, facilities and accessibility. There is a vibrant community here, with business, growth and innovation at the heart of what the Campus does – a perfect fit with our own mission and values."

Dr David Hardman said: "I'm delighted that ART is now based here. Its brand of funding provides interesting wider opportunities for early stage companies, sitting alongside other loan finance and equity funding. Having the ART team based on site will no doubt aid communication and deal flow."

New Loans Manager

With record growth in 2013/14 and plans to lend even more in 2014/15, ART recruited Loans Manager Graham Donaldson in November 2013. Graham has over 30 years experience of business lending. His specialist expertise in developing and maintaining customer relationships is key to ART's way of working.

Commenting on his appointment, Graham said: "I have joined ART at an interesting time. The demand for alternative and additional sources of business finance is growing. ART has an excellent track record of helping businesses in almost every market sector to start up, grow, diversify and survive unexpected challenges. I'm looking forward to helping the team break its lending record again in the year ahead."

FINDING FINANCE

Since the credit crunch there has been much criticism of the banks by politicians and the media for not lending enough to businesses. In fact, the banks are lending to, and are keen to lend to businesses which fit their criteria. The criteria may have tightened, but banks had been gradually doing that for at least a decade pre-credit crunch, which is why Community Development Finance Institutions (CDFIs) like ART were founded. Since then many more additional and alternative sources of finance have come on stream and increasingly the different providers, including banks, are working in partnership to provide packages of funding to meet a business' needs. The challenge for most businesses now appears to be finding out what their options are.

The ART lending team is always happy to share its knowledge and expertise. We also have information available on our website. www.artbusinessloans.co.uk.

In the Greater Birmingham and Solihull area, ART has an agreement and working partnership with Finance Birmingham, which provides a variety of funding schemes over £100,000, while ART lends up to £100,000. www.financebirmingham.com.

CDFIs which lend to SMEs, and which funded over 10,000 small businesses last year, have now joined with a rapidly-expanding finance portal which includes excellent signposting and explanations of the various forms of finance available. www.alternativebusinessfunding.co.uk.

General information about the CDFI sector, including who lends what and where, as well as the Community Development Finance Association's activities can be found at www.findingfinance.org.uk.

LOANS FROM ART

- West Midlands area
- £10,000 to £100,000 to any business sector
- For any business purpose, including to support cashflow
- When the banks can't help or have done all they can
- Packages of finance
- Signposting to other funding sources and advice
- Flexible repayment terms and security requirements
- No penalty for early repayment
- Competitive interest rates, related to risk

ART loans are backed by the lending team's specialist knowledge of business finance. The team is interested in supporting enterprise, helping borrowers to create or protect jobs and finding the best financial solutions.

Our sincere thanks to all our members and supporters:

The **co-operative**
bank

unitytrust
bank

Supported by the

 Regional Growth Fund

f **FAIR**
FINANCE
consortium

cdfa
Community Development Finance Association

ef **Esmée**
Fairbairn
FOUNDATION

 **Birmingham City Council**