

# CDFIs are Playing a Significant Role

In challenging times it was especially pleasing to see that recent evaluation of Community Development Finance Institutions (CDFIs) like ART, which offer enterprise finance. It found that they are playing a significant role in helping businesses and social enterprises around the country to access finance that would otherwise not be available to them.

The report, which was commissioned by the Department for Business, Innovation and Skills, called for continued public sector support and features ART as one of the case studies.

GHK research consultancy carried out the evaluation, which gives five key recommendations:

- Continue public sector support to CDFIs.
- Develop substantial intervention rationales and evaluation frameworks for the different policy objectives delivered by CDFI activity.

- Review the range of current help for the sector and its effectiveness.
- Support the development of social impact methods to evidence the full value of CDFI activity.
- Promote further initiatives to establish fit-for-purpose referral systems within the Solutions for Business offer and from the Banks.

To read the full report, go to [www.bis.gov/assets/biscore/enterprise/docs/10-814-evaluation-community-development-financial-institutions](http://www.bis.gov/assets/biscore/enterprise/docs/10-814-evaluation-community-development-financial-institutions).

Details of CDFIs around the country can be found at [www.cdfa.org.uk](http://www.cdfa.org.uk).

## ACCESS TO FINANCE FOR WEST MIDLANDS BUSINESSES

Across the West Midlands there is a whole raft of organisations and initiatives put in place to ensure that every viable business can access the finance it needs to set up and develop - from venture capital funds to Community Development Finance Institutions (CDFIs) like ART. The CDFIs and other loan providers each cover a specific area and work together under the banner of the Fair Finance Consortium to market their services to the whole region.

For further information:  
[www.westmidlandsfinance.com](http://www.westmidlandsfinance.com)  
[www.fair-finance.net](http://www.fair-finance.net)

Our sincere thanks to all our members and supporters...



### Has your bank locked away its finance?

Then perhaps it's time you found the Fair Finance Consortium



The Fair Finance Consortium members are independent providers of loans to viable businesses in the West Midlands. Backers include Advantage West Midlands and the European Regional Development Fund. Fair Finance members have the monies in place to support your business's plans.

If you are looking for finance of up to £50,000 for a new project, to get an idea off the ground or to top-up monies raised elsewhere, then the Fair Finance Consortium is open for your business.

We've loaned over £4 million in 2009 to West Midlands businesses who have struggled to raise the money they need from traditional sources, such as the High Street banks.

Interested in opening the door to the finance your business needs? Call 0845 250 0525 or see [www.fair-finance.net](http://www.fair-finance.net)

Fair Finance Consortium



### For all enquiries on loans and investments, or to support ART

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We would like to thank the following for use of their pictures:  
Emma Walker, Be Birmingham.



FINANCE FOR ENTERPRISE  
Birmingham Area



# ART NEWSLETTER 2010

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## Loans to Go Loans to GROW

There has been much talk about the banks reducing their lending to small businesses, but ART – and other lenders covering the West Midlands within the Fair Finance Consortium – have increased the funding they have available to support enterprise and jobs in the local economy.

Steve Walker, Chief Executive of ART, explains: "Bank of England reports and evidence from the small business sector confirm that bank loan delivery is lower than before the credit crunch. The banks cite lower demand as the reason – and all the indications are that they are right, certainly at the lower levels, for loans of up to £50,000. However, from our point of view the recession has just accelerated a trend. The banks have had a reduced appetite for smaller business loans for a number of years and it was partly in order to address this issue that ART was established in 1997."

ART saw a substantial increase in demand throughout most of 2009 and secured additional funding support in order to increase the amount of money it had to lend. Yet there was a significant reduction in demand between October 2009 and April 2010 in ART's target area of Birmingham and Solihull, which was bewildering to ART and its supporters and partners. Demand has picked up substantially since May 2010, although there remains a concern that businesses may be missing out unnecessarily.

"We think there are many businesses not even looking for loan finance, who are struggling with cashflow or putting their plans for growth on hold because they believe they will be turned down by the banks," says Steve. "We are doing our best to spread the word that we are here – ready and willing to help if a bank is unable to. We hope that all our members and supporters will remember to recommend us whenever they can."

"My message to businesses is: if you need money, think outside of the banks, research all your options and don't be afraid to ask!"

### ART Funding Helps Elaine Live the Dream

After 13 years of working at Horgan's Sandwich Bar at Aston Cross, manager Elaine Halliwell has been able to realise her dream of buying the business.

Horgan's offers a takeaway breakfast and lunch menu, as well as a buffet lunch service for local businesses. "I asked the owner to give me first refusal if he ever wanted to sell," explains Elaine, "but when he told me that he did, I was scared as well as excited. I had lots of ideas about what I wanted to do with the business – add halal, vegan and weight watchers options to the menu, re-decorate and create an eating area outside overlooking the canal - but I didn't know where to start to find the finance."

Elaine approached ART, which supported her all the way. "The staff at ART were ace," she says. "I couldn't have done it without them. They were so supportive and helped to put a package of finance together for me with Barclays. I got so much more than just the money. They gave me the confidence to go ahead."



"I got so much more than just the money. ART gave me the confidence to go ahead."  
**Elaine Halliwell, Horgan's Sandwich Bar with Andy King - Loan Manager**

### WHAT CAN YOU EXPECT FROM ART?

- Loan finance for businesses and social enterprises based in Birmingham or Solihull
- £10,000 - £50,000
- Finance for any business purpose and for most market sectors
- Friendly, supportive, staff
- Money in a hurry, if you need it
- Straightforward application process
- Flexible repayment terms and security requirements - no early repayment fees
- Advice and signposting to other sources of finance and support
- Help with putting together a package of finance
- A fair deal

In spite of the challenging environment, ART borrowers, trading in a wide range of sectors, have been using loans for a variety of reasons:

## START UP

## PREMISES

## EQUIPMENT

## STAFF

## CASHFLOW SUPPORT

The ART team looks for additional benefits from offering a loan - such as job creation and preservation - as well as analysing the ability to repay.



D3 DISPLAY, based in Camp Hill, has received ongoing loan support from ART, enabling D3 to keep on growing and expanding it's work force from 3 to 24 employees. D3, which offers a complete in-house service for P.O.S. Displays & Print, is also a UK leader in the manufacture of industrial heating elements. [www.d3manufacturing.co.uk](http://www.d3manufacturing.co.uk)



REALTONE used a loan from ART, with other finance, to help convert a factory in Newtown into a Creative Hub. The Hub incorporates dance, photographic and recording studios and the facilities are available to the local community and colleges. [www.realtonerecords.co.uk](http://www.realtonerecords.co.uk)



AFRO BABYZ, based in the Custard Factory, Digbeth has been given a kick start thanks to a loan from ART. The new venture will design and manufacture an independent range of branded babywear for newborns to 4 year olds. [www.afrobabyz.co.uk](http://www.afrobabyz.co.uk)



RED LOTUS TATTOO STUDIO used a loan from ART to help get started in business in Sheldon. After just six months, such was the success of the business that a second studio was opened in Castle Bromwich. [www.redlotustattoo.co.uk](http://www.redlotustattoo.co.uk)



CLIVELAND SPINNINGS, based in Newtown, is a traditional metal spinning company. Like many traditional manufacturing businesses, it has needed to consolidate to help ride out the recession. A loan from ART has helped to support the company's cashflow needs.



ZYBERT COMPUTING, based in Edgbaston, designs cutting edge computer servers to meet the needs of small to medium sized businesses. A loan from ART helped to pay for additional sales and marketing expertise. [www.zybert.co.uk](http://www.zybert.co.uk)



BIG BUTTON MEDIA is a high growth business which has used finance from ART, and other local funders, to support business expansion and the development of an innovative video streaming platform. [www.buto.tv](http://www.buto.tv)

# FINANCE The ART way

- ART is constituted like an old-fashioned building society. It is an Industrial and Provident Society - owned by its members, both borrowers and investors.
- ART's mission is to 'alleviate poverty and create opportunity through enterprise in Birmingham and Solihull by providing access to finance for viable businesses which the banks are unable to support.'
- Loan repayments are used to make more loans.
- ART's investors are interested primarily in a social return – the creation of local jobs for local people, although they do qualify for Community Investment Tax Relief.
- ART staff take a personal approach to deciding whether or not to lend money; and are keen to support enterprise in whatever way they can.

## Supporting the local economy since 1997

ART loans have enabled more than 490 borrowers to create or preserve over 3,850 jobs in Birmingham and Solihull since it first opened its doors for business in June 1997.

Borrowers have operated in a wide range of markets, from manufacturing to new media, from dog grooming to software development, from health and social care to catering. ART has also pioneered loan finance to the social enterprise sector.

### The key to ART's success

A range of factors, including:

- Professional expertise – at staff and board level
- Low cost base
- Mutual model – bringing a mixture of private sector, public sector and individual investment
- Local solutions to local need
- A hand up not a hand out

## Spreading the word ...

It's been a busy year again in terms of attending events, giving presentations and campaigning to get the message out to businesses and social enterprises in Birmingham and Solihull that we're here to support enterprise and ensure they can access the finance they need.

We have attended a range of events – some by invitation, some that we have helped to organise – from breakfast club meetings to university lectures. And we have tried a variety of channels of communication – from serious newspaper opinion pieces to more light-hearted direct mail shots and community radio. We are always looking for new ways to reach businesses and social enterprises and are happy to work in partnership to create different opportunities – so if you have any ideas, do get in touch!



Picture shows Christine Smith from ART, who sent out lollies and postcards in ART's latest direct mail campaign.

## HELP US TO DO MORE ... AND WE'LL HELP YOU

- Do you know of a business in need of a loan? We pay 1% to anyone who introduces an applicant who is successful in securing a loan. If you can't take commission, we'll donate to a charity of your choice.
- Do you have clients in need of business finance that you can't help? If you introduce them to us, we could put additional money to a deal or fund on our own. It could mean everyone wins – you help and keep your client, the client gets the funding they need, and we achieve our objectives of helping to create or preserve local jobs.
- Do you have money to invest in a good cause? If so, consider investing in ART. You can invest between £250 and £20,000 and will qualify for Community Investment Tax Relief. This 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. 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. We use investment from private individuals and companies to attract additional funds from a variety of public and private sector sources, including the banks. Helping to strengthen the local economy will help everyone who lives and works in Birmingham and Solihull.