Fashion finance law: tools & tips to get funding while retaining control over your fashion business

30 July 2013
Key issue for SMEs: managing working capital requirements

- 53% starting with less than 2,000 euros
- 49% relying solely on their personal financial funds
- 15% take a bank loan
- 5% receive grants and subsidies
SME development & funding instruments

Enterprise’s development stage

- Pre-seed phase
- Seed phase
- Start-up phase
- Emerging growth
- Expansion

Enterprise’s revenues

- Entrepreneurs, friends, family
- Business angels
- Seed/early stage VC funds
- Bank loans & guarantees
- Formal venture capital funds
- Public stock markets

Valley of death

Higher risk

Lower risk

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Funding sources @ pre-seed & seed stage
Seed & pre-seed stage: love money (aka family, friends & fools!)

- Savings
- Personal loans
- Donations / gifts
- Equity?
Seed & pre-seed stage: grants & support schemes

Apply!

UK creative industries: over talented, under resourced
Seed & pre-seed stage: crowdfunding

Proof of concept?
Have you protected your IP?

AudaCity of fashion
Wowcracy
Funding sources @ start-up stage
Start-up stage: business angels

UK angel investment

No. of deals

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<th>Year</th>
<th>£m</th>
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<tr>
<td>2000-01</td>
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<tr>
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<td>2009-10</td>
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Start-up stage: how to convince business angels that your fashion business is a success worth backing?

Proof of concept?

Be prepared & professional

Business Plan

- Intellectual Property
- Distribution & points of sale
- Supply chain
- Business partnerships
- Projected cash flow/earnings

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Start-up stage: providing working capital against invoices

- Invoice finance
- Factoring
- Invoice discounting
- Purchase order financing
Start-up stage: UKFT’s tradeshow access programme

- Grants covering half the cost of a stand
- Promotion of British brands at grant supported shows
- Key shows in Paris, Berlin, Florence, NY & Hong Kong
Funding sources @ emerging growth stage
Emerging growth stage: bank finance

Global bank lending conditions (G20 countries)
Emerging growth stage: credit guarantee schemes

- Underwriting the risk of lending to fashion SMEs
- Enterprise Finance Guarantee in the UK
- When will we have a UK “fashion bank”?!!
Emerging growth stage: Venture capital

- VC firms
- Corporate venturing
- Passport system for European VC funds?

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What's next after obtaining funding for your fashion business?

Keep in touch with financial stakeholders

Develop a thriving business

Next move?
Funding sources @ expansion stage
Expansion stage: available financial options

- Private equity
- IPO
- Capital markets
Conclusion
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