



# Fulfilling growth potential

*a small business guide*

In association with

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# Welcome

**T**he UK is seeing increasingly favourable economic conditions for small businesses.

The Small Business Index, a respected study on confidence among small companies undertaken by the Federation of Small Businesses, has risen to its highest level in three years.

However, companies of a limited size continue to face significant challenges. Healthy businesses with sound revenue models spend a lot of time and resources on cash flow, a situation which can place growth opportunities on the back burner.

Consequently, ambitious operators with plans to expand are finding their endeavours are being stymied by a lack of finance options.

For this guide, I spoke to five businesses that found a common enabler for their short-term finance needs. Getting the vital funding in place meant these companies were able to take advantage of growth opportunities presented to them.

I hope you enjoy their stories, and that you can draw on their tenacity to inspire you in your own business. ■

Best regards,

Ben Lobel

Editor, SmallBusiness.co.uk



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# Leatherhead Van and Truck

**W**e've been selling vans for 25 years, and around two years ago we took over a site that had been supplying vans for a decade or so. We formed Leatherhead Van and Truck, with myself and many other family members working in the business.

At the time we came in, the site was selling probably 10-15 vans a month. We identified the potential to sell around 60 a month, but we needed money to buy stock. A few years ago, a company like ours could buy commercial vehicles through a stocking loan from a finance company, but this method of finance has gone out of favour. Most of the independent finance companies that offered this type of loan have gone bust, merged with other institutions or just run out of money.

We did manage to secure £25,000 of bank finance five months ago, which we spent on five vans, but it took two years of our bank manager trying to persuade his credit people to give us the loan. The bank manager was helpful, but it wasn't a method of funding we

could rely on moving forward.

The main way we have raised funds so far is through people such as other dealers who put the money up to finance the vans, but in return for half of the profit, on an SOR (sale or

## Fast Facts

**Owner:** Ryan Butcher

**Founded:** 2011

**Based:** Dorking, Surrey

**Type of business:** Van and truck sales

**Challenge/opportunity:** Moving away from financiers demanding a profit share



**'We've got 45 vans here, and once the money is paid back we will go back to the 'well' and get some more capital'**

return) basis. However, we were giving away too much profit using this method so we needed to look at other options.

### **The finance struggle**

Initially we looked at such avenues as the smaller banks and peer-to-peer lending. The problem is, while our company has a very good reputation, the motor trade in general doesn't, and this means companies such as ours can be received poorly by banks and people who invest through peer-to-peer lending. Also, the fact that we were turning over £2 million a year, but having figures showing we were giving away nearly £200,000 a year in profit, meant that it was difficult to get any money out of anyone.

We discovered Boost Capital through an online advert that came up after searching for merchant funding. There's a van site down on the South coast that does bodywork; they do paintwork and bodywork on our vans. They

had previously used us for a reference because they wanted a loan from Boost for a new ramp. We talked to a representative at Boost and I remembered where I had heard of them previously.

We ended up getting £50,000 from Boost which paid for about 12 vans. I'd definitely use them again. I was very impressed by the speed of the transaction, and it could have been faster still; it was only held up from our side because they needed confirmation of our lease from our landlord who lives in Spain. Apart from that, the whole deal would have been done in a few days.

Compared to the process of giving away as much money as we had been in profits, Boost is cheap money.

We've got 45 vans here, and once the money is paid back we will go back to the 'well' and get some more capital, and in a year's time all the vans will be ours. ■

# Boardwalk Surf

I started the business in October 1990 after previously having a surfing-orientated retail business for two years. Originally the company comprised one store of approximately 2,000 square feet but it's now three stores of a total of 6,000 square feet, all in Newquay. Although Newquay is a seasonal town, we have made an effort to stay open every day of the year except Christmas Day.

I originally raised money for the much smaller surf store in 1988, with a deposit of £5,000. I did it by saving every penny I had over a period of 18 months to achieve that deposit in order to get the business moving.

Back in 1990, getting the word out about our business was all about running double page adverts in the surfing press, most of which were monthly magazines. This was probably the predominant strategy in the pre-internet days.

The biggest challenge of the last five years has been online competition. But instead of moaning about being undercut by online suppliers, we embraced the situation and joined

the online revolution ourselves.

In 2008 we built some offices on our rear flat roof and employed two IT people to develop our online sales and marketing. We've been trading online since then. On the online side the turnover has gone from 0 to £30,000, to £60,000, to £90,000 per annum.

## Taking stock

At the end of last year we were faced with a great opportunity. A direct competitor of ours unfortunately had gone bust at the end of 2012 and there was a chance to acquire a substantial amount of their stock at a massively reduced price. The only problem was we didn't have the available funds to snap up the goods as it was winter; we were in the middle of the off-season.

I didn't approach my bank for the money because I didn't think there was much point; I believe banks are closed shops at the moment. My IT manager investigated the options and talked to a representative of Boost, we put all our data in front of them and

**'If I couldn't have financed the deal I would have had to let the opportunity go, but with the financial help we were able to go ahead'**



## Fast Facts

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**Owner:** Tim Smith

**Founded:** 1990

**Based:** Newquay, Cornwall

**Type of business:** Surf equipment retailer

**Challenge/opportunity:**  
Chance to buy discounted stock

they came back with a positive.

In the end we managed to pick up the stock for £20,000, but it actually would have been worth four times that through wholesale. If I couldn't have financed it I would have had to let the opportunity go, but with the financial help we were able to go ahead. We counted out the stock, put a value on it, negotiated a figure and that was that; it went straight into our warehouse.

I would use the method again. I find this process of raising short-term finance has been very efficient. It's a very viable avenue of raising funds over and beyond what the banking sector would be able to offer. I imagine most people who would turn to short-term finance have already exhausted an option with the bank and Boost would be the next option that's viable.

Overall, it's a sensible way of making payments against your sales, on a fixed percentage. That's a clever way of paying back the money, reflecting turnover in the business and a percentage of that. ■

# Wholesa

# Wholesale Linen

I started the business in April 2008, using personal savings to get the company off the ground.

In the beginning, I had purchased a small £100 job lot of wedding products from eBay as our existing mortgage company had declined in profit in 2007 and I was therefore looking to find another form of income.

I then decided to source these products from wholesalers in order to set up an online shop and sell wedding accessories on a regular basis. The business did well and customers were requesting other items, so we progressed to sourcing wedding linen for the wedding and hospitality industry and slowly grew into a successful wholesale company.

Wedding trends change constantly and I eventually felt it was time to introduce different styles as well as providing both budget and bespoke products for individual customer needs. Finance was required to import bulk orders of the new stock.

Customers were advising us that the wedding

industry was becoming more and more competitive and wanted to know if we had different styles to offer in order to make their company stand out from the others.

Bank loans were considered but this had

## Fast Facts

**Owner: Athanasia Norman**

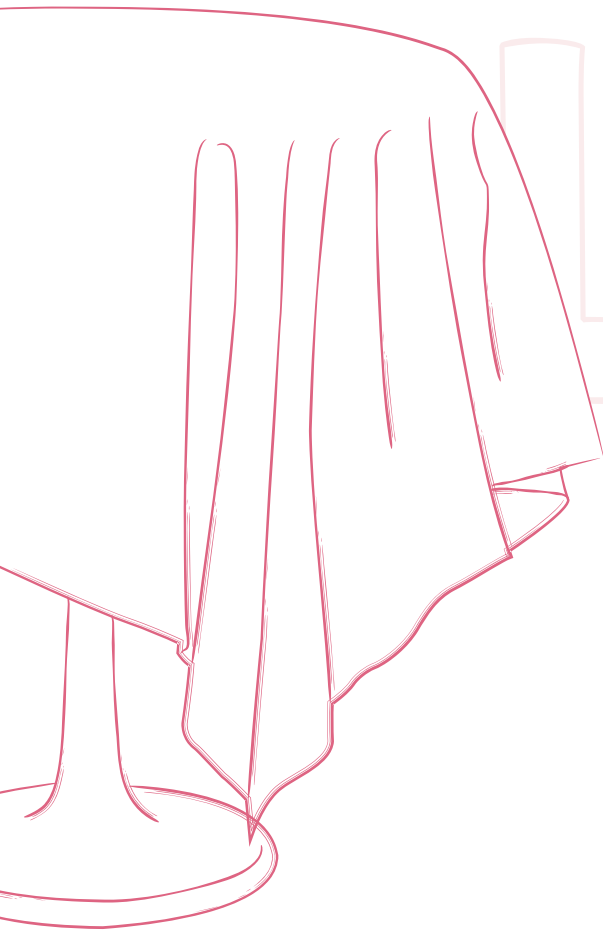
**Founded: 2009**

**Based: Sutton, Bedfordshire**

**Type of business: Linen wholesaler**

**Challenge/opportunity: Diversification of product lines**





## 'The business is now able to offer products for the lower and upper market which suits individual budgets'

proven difficult for us. Although the company has been established since 2008 as a T/A status, the company changed to LTD in 2012 and because of this three years' audited accounts were required and these were not available. I discovered Boost through a search on Google for business finance and the problem was solved.

### Order of the day

In order to import the new items we had to place quite a large order for the new venture to be profitable. We obtained samples and put forward our new designs to our customers which proved to be very popular.

The business now offers products for the lower and upper market which suits

individual budgets. We have competitors but it is customer service that is important, talking to your customers in order to establish new trends and needs.

In terms of advice to other businesses, I would say always research the products you sell to ensure there are no upgraded versions and new designs. Get to know your customers and ask them if they would like to see any other products or services added to your existing range.

Boost Capital offers a very quick way of raising finance and talk to you all the way, Ryan was excellent with regards to answering any questions with the whole application process. If you are struggling with your bank then don't give up! ■

# The Cuban

I have a restaurant and bar in Camden, North London, which was opened in 2004. The business cost around half a million originally and we used bank capital at the beginning which has all been repaid now. Business has been affected in recent years by the recession, but the summer of last year hit our trade hard too.

The combination of the Queen's Jubilee, the Royal Wedding and the Olympics was great for London, but it was drawing tourists away from us and towards other parts of the city. We are located in a tourist area; 25 per cent of all inbound tourists to the UK come to our location, half a million people on a weekend might visit where we are. However, Londoners and tourists were encouraged to stay away from certain areas, so to prepare ourselves sufficiently, the business needed to be stabilised in the short term with cash.

In the hospitality business you need a critical mass of staff. We're open seven days a week from 10am to 2am and all the time you need

receptionists, people to answer the phone, a bartender, waitress, you need to keep capacity up.

We didn't want to sell any equity, and while something like short-term finance might seem an expensive product, if it's something you use in the short term it doesn't mean you lose equity in the long term, so it's cheap really.

## Considering finance options

We thought about whether we would be looking for an investment partner and maybe share some equity. A bank loan was out of the question; they just weren't lending in our marketplace. Whether it be semi-secured or unsecured lending, leasehold restaurant property businesses are not flavour of the month when it comes to banks. However, we did manage to get an overdraft facility from the bank, which fortunately we don't need to use. However, we needed extra money because we didn't want to run out. You need cash to operate a business.



**'As a result of our success following the Olympics, we are converting an upper floor to increase covers'**

The money we borrowed we actually ended up paying back early, because we did better than we expected during the period after the Olympics and, so far this year, we've seen massive growth. After the dip during the Olympics there's often a honeymoon period for two or three years in host cities afterwards, when people want to go and visit the sites. We knew about the effect of the international advertisement the host city would get, statistics told us that it would happen and it is indeed happening.

We renovate the premises every three years to keep our product at the right standard. As a result of our success following the Olympics, we are converting an upper floor to increase covers, and as a knock-on effect of the financial assistance we received from Boost it's likely we'll be able to fund this through our own profits rather than having to raise money. ■

## Fast Facts

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**Owner: Roger Payne**

**Founded: 2004**

**Based: Camden, London**

**Type of business: Restaurant**

**Challenge/opportunity: Cash flow/refurbishment**

# Tex Mex



**Owner: Donald Mavor Founded: 2007 Based: Edinburgh, Scotland**

**Type of business: Restaurant Challenge/opportunity: Refurbishment/marketing**

I started my current business six years ago after having several restaurants before.

Running a restaurant pays better than being a chef!

Originally I had some money of my own to put into my current venture, but I had hoped to raise some bank finance too for working capital. However, the bank reneged on an overdraft facility after I signed all the documents. At the time I needed £30,000, but from what people I knew were saying about banks and their lending habits, I didn't bother. Bearing in mind the legal fees, arrangement fees, it's incredibly costly.

## A much-needed solution

I eventually found Boost, from whom I borrowed £15,000. The money was set aside for some overdue renovation work on the kitchen. I needed to sort out holes in the walls, a new kitchen floor, bringing it up to standard as it was creaking at the edges a bit.

I've gone through about £5,000 so far, some

of that has also been on marketing, mostly direct household to household leaflet drops. You could spend £5,000 on newspaper adverts but it's not necessarily worth it. Direct mail has been the most responsive thing I've ever done; it's more common for takeaway outlets to use this method, but we're seeing the same 5 per cent uplift as they do if we carry out a large leaflet drop, and that's thanks to our cash assistance from Boost.

It's hard to survive in this trade, particularly in a restaurant with just 29 covers. I try and be as tax-efficient as possible, try to keep the overheads as low as possible. Needless to say, you've got to do everything well, from service to food; you have to give the full package. We give out a card to customers asking how would you improve the restaurant. The general response is we wouldn't change anything. There's an awful lot of positive feedback.

The business environment is a challenge, but despite this I hope to open another restaurant one day. ■

# Boost Capital commentary

**S**mall and medium-sized businesses are the foundation of the UK economy. Yet there are a great many healthy small businesses that are struggling to get access to capital to fulfil their growth plans.

Finance options for small businesses in the UK have for a long time been fairly limited. In reality, the perception has been that the only viable option is to go to the high street banks, although many see this route as difficult too.

Thankfully, the landscape has and is changing; there are feasible alternatives which small businesses should embrace as part of their plans for kick starting growth.

At Boost Capital we speak to many small business owners who see real opportunities to grow, but are quite often faced with hundreds of hoops to jump through when applying for a high street loan, only to find

out they are declined.

However, with new funding options available, small businesses are starting to jump on their growth opportunities.

Boost Capital is a direct funding provider and has now financed hundreds of small businesses that have been able to grow as a result. They have come to Boost Capital for a variety of reasons; remodelling or renovation, buying stock at a discount, expansion or to buy equipment. How they use the funds is up to them – after all they know best what works for their business.

A Boost Capital small business loan can also be funded in as little as five working days and can fund anywhere between £3,000 to £500,000 meaning that business owners can accelerate their growth plans quickly and get on with doing what they do best. ■

# Boost Capital video



Marc Glazer, CEO of Boost Capital, explains how his service can help businesses with growth aspirations raise the funds they need to evolve. ■

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