



Access to finance

If you need help financing your business, community-based lenders could be an option

Many businesses need a financial boost, whether you are a new operator looking to invest or an existing business wanting to expand. Typically, the first port of call for many is their bank, but where do you turn when the bank says no?

Community Development Finance Institutions (CDFIs) may be able to help. Supported by the trade body Community Development Finance Association, CDFIs are “local, community-based lenders that provide both finance and mentoring to new and existing operators to help them grow,” according to Sam Collin, Communications Manager, CDFFA. “They provide a voice for micro-businesses and access to fair and affordable finance, as well as support and guidance.”

There are currently around 60 CDFIs across the country providing loans, from a few hundred to hundreds of thousands of pounds, to businesses across all sectors. Whether you’re an accommodation or an attraction, your local CDFI could help. We asked two operators to share their experience of working with CDFIs to secure funding.

Jillian Anderson, Black Swan Cottage, Pickering

Jillian Anderson, owner of Black Swan Cottage in Pickering, was new to the tourism industry when she set up her self-catering business in 2012 with the help of a government-run loan scheme.

“I was on jobseekers’ allowance, but had always wanted to start my own business,” says Jill. “I was referred to the New Enterprise Allowance Scheme by the job centre, which would provide me with a small monthly sum for six months while

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the business was being developed and help to take some of the pressure off during the first few months.”

In order to qualify for the funding, Jill needed a strong business plan. A CDFI called Five Lamps provided mentoring for Jill and helped her to develop her marketing strategy.

“Five Lamps offered a very good mentoring service, although I was able to do much of the work myself,” she says. “I had four or five meetings with them to keep them updated on my progress. My contact with Five Lamps gave me support, encouragement and vital information in the early days, which I feel is important for anyone starting a new business venture, no matter how small.”

Jill used her own funding to purchase a stone-built Grade II listed cottage in Pickering, which she converted into a self-catering holiday let. “Since buying the cottage, the business has gone from strength to strength, with back-to-back bookings over summer,” she says. “Our guests are very important to us and I make sure the cottage is warm and homely, with lots of special touches. First impressions are paramount and I take every opportunity to make our guests feel at home from the moment they step through the door.”

www.blackswancottagepickering.co.uk



Illustration: Getty



Anna Bingham, Love Lane Caravans

Anna Bingham started the Love Lane vintage camping company four years ago and hasn’t looked back since. “We started on quite an experimental basis – at the time we were one of only three campsites in the UK that had vintage caravans to hire,” she says. “We then started to renovate other items – such as classic buses – for our collection, as we were starting to run out of original caravans to restore as demand increased. The only option was to build the caravans from scratch ourselves.” In order to do this, she needed a loan of £20,000 to increase production and expand the campsite.

Anna approached the CDFI South West Investment Group to help her secure the funding she needed. They were able to put her in touch with a trust fund manager, who helped her to identify the core strategy for her business plan as part of the application process. “Although fairly straightforward,” says Anna, “the application for a loan did take some time, about five months in total – but it would have been quicker if we had just come to a year end and had our accounts up to date.”

The business was awarded a loan from the South West Loans Fund, which enabled Anna to buy enough building materials for three caravans, as well as secure the rent of a workshop for three months. As a result, Love Lane now produces bespoke caravans and tin ‘chapels’ for customers, as well as being a successful campsite and occasion venue.

The fund also had an added bonus. “The loan freed up enough of our working capital for us to actually have a marketing budget – something we had not had previously,” says Anna. “We also had some free PR from the South West Investment Group.”

Although the ride hasn’t always been smooth, Anna says it was all worth it. “We’re not in a comfortable position yet, but



our business plan predicted highs and lows to start with, as we are still partly dependent on the seasonality of the tourist camping trade,” she explains. “The process has required determination and an element of ‘letting go’ of old business habits and embracing some uncertainty. However, it has also

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refreshed our enthusiasm. We couldn’t have done it without the funding support and once you come out the other end you realise what a healthy process it’s been.” ■

www.lovelanecaravans.com

To find your local CDFI to see how they can help your business, visit the Finding Finance website: www.findingfinance.org.uk