

**JUSTIN MORRIS**HEAD OF BUSINESS BANKING
AT ST GEORGE BANK

One in two SMEs apply for funding without a business plan

More than half of Australia's small and medium enterprises (SMEs) are applying for funding without a business plan, writes Justin Morris

Not only are half applying for funding without a business plan, but two thirds are applying without a prepared cash flow forecast, according to new research.

The State of SME Funding Report also reveals that SMEs believe funding will dramatically lift their business confidence, with 45 per cent of business owners expecting more than 50 per cent growth after receiving funding.

Mike Boorn Plener, the author of the report and founder of Business Connector, says it's not uncommon for SMEs not to cover all bases and do their homework when seeking funding.

They sit with businesses every week that are floating a proposal to the capital

market or to a bank without having thought through fundamentals like revenue strategy, serviceability, return on equity, and many other essentials.

Most business owners only seek funding once or twice in the life of the business, so the basic skills required to applying for funding are not always practiced.

The fact is SMEs are the unsung heroes of the Australian economy, employing over five million people. St.George is a big supporter of SMEs and believe it's really beneficial for business owners to know the nuts and bolts of a funding application process.

To help SMEs become successful in their funding application, we've compiled a list of top tips.

St.George's top-tips for SMEs to access funding:

1. Prepare a business plan

Develop an up-to-date business plan and summary to ensure that your financial projections match your funding requests.

2. Prepare a cash flow forecast

Prepare a cash flow forecast to identify how much funding you need, when you need the funding, how the business can repay any loan required and how long it will take to repay the loan.

3. Have your paperwork in hand

Make sure you have all your paperwork ready including a list of personal assets, your tax returns, bank statements and superannuation funds.

4. Shop around

Do your research to find the best form of funding for you. Events such as Funding Connector can give you great insights into ways to secure funding for the growth and expansion of your business

5. Present your skills

When meeting with the investor, ensure your business knowledge and skills are spot-on and support your application. If it helps, ask your accountant to go with you.

The SME Funding Report is a snapshot on funding for the Australian Small to Medium Enterprise community based on data collected from 200 business leaders in the SME and startup community. The full report is available here: <http://businessconnector.com.au/the-state-of-sme-funding-2015/>

Call 3235 6701 to discover how St George can support your SME.