

FINANCE FOR BUSINESS

YOUR OWN CASH OR SAVINGS

All businesses need cash, and your savings are usually the first cash a business uses. You may find it extremely difficult to get a business started if you do not have some cash of your own, and cannot expect someone else to front up with the whole amount.

FAMILY, FRIENDS AND ASSOCIATES

Family members and friends are often willing to help business ventures start up and succeed, and therefore make a good starting point for raising further funds. Alternatively your idea may spark the interest of an

associate or client of a lawyer or accountant. Contributors of finance in this area often need to be rewarded with some form of shareholding, but in return they may be able to contribute with administration or a relevant process. Make sure you establish and agree on clear guidelines to avoid any business direction conflicts.

LOANS

Banks and other lending institutions are obvious sources of funding. Banks tend to be conservative in providing loans to start up businesses and are usually not prepared to take greater risk than you (i.e. a maximum loan of 50 per cent of capital required). For this reason you may need to approach another financial institution, either way you will need security to offset any loans obtained.

Check with these lenders first and find out what their lending criteria are. It is also important to remember that lenders need to see your financial commitment and usually require a detailed business plan, particularly a cash flow forecast.

Alternatives to a straight out loan include refinancing your current assets to raise necessary business finance or coming to an agreement with your suppliers to provide advance credit, although in return they are likely to expect a continuing supply contract.

ANGEL INVESTORS www.anglassociation.co.nz

Angel investors provide capital for start up or expansion business ventures and are looking for a higher rate of return than more traditional investments. They are often looking for a personal opportunity as well as an investment and can add value to the business by contributing their business experience in an active management role. It is important that you are very clear about what the angel investor is bringing to the deal besides money before you accept investment from them. You are also need to be clear about what you are prepared to offer them: shares, part ownership.

VENTURE CAPITALISTS www.nzvca.co.nz

Venture capitalists invest in high potential, high risk business ventures which have the opportunity to yield high returns. They are professional investors and typically invest in young and rapidly growing companies with potential to become large companies. Most are either investment companies or fund managers that give cash in return for part ownership, and invest in businesses that are often not established enough to obtain bank credit. They may have no business experience applicable to the industry your company is involved in and are focused on the potential rate of return your company can provide.

WORKBRIDGE

- 0508 858858 - www.workbridge.co.nz

Self Start Fund

Workbridge administers support funding on behalf of Work and Income. This funding can be used to help with additional costs directly relating to a person's disability when entering self employment. The Self Start fund has set targets to assist people who have higher support needs. There is a focus on ensuring that the funds are used to cover the applicant's "cost of disability".

THE MAORI WOMEN'S DEVELOPMENT INCORPORATION

- 09 307 7014 - www.mwdi.co.nz.

Provides loans to Maori who wish to enter into or expand a business. Security is required and interest is charged.

GOVERNMENT GRANTS AND ASSISTANCE

Work and Income

- 0800 559 009 - www.workandincome.govt.nz

Work and Income has grants available to help eligible unemployed people train, start up their own business and access business advice.

Business Training and Advice Grant

These are available for job seekers who are considering or intending to start their own businesses. The grant can be used to fund training in management, marketing, and any relevant business skill or to hire a business adviser.

Flexi-Wage

Flexi-Wage helps people getting government assistance who want to start their own business by providing a weekly allowance to help cash flow while the business gets off the ground. The amount available for a business depends on your personal circumstances,

If you have any questions, please call 0800 CHAMBER (0800 242 623).

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and can be used to help with meeting business expenses such as rent or power or used to live off while you get your business established. Check with WINZ for current eligibility criteria.

New Zealand Trade and Enterprise

- 0800 555 888 - www.nzte.govt.nz
(Established businesses only)

International Growth Fund

This fund is targeted at businesses New Zealand Trade and Enterprise (NZTE) is working closely with on a plan to help them develop and grow. These are businesses that NZTE has assessed as being most likely to contribute to New Zealand's long-term growth, including through success internationally in the short to medium term. Businesses that receive funding need to at least match the level of investment that NZTE makes through the fund. All investments from the fund are at NZTE's discretion and there is no guarantee a business will get financial support.

MINISTRY OF BUSINESS INNOVATION & EMPLOYMENT

www.msi.govt.nz

The Science and Innovation Group provides a comprehensive suite of schemes to help businesses grow and become globally competitive.

Project funding: Funding for businesses towards the costs of technically-challenging R&D projects that is available to companies at all stages of growth.

Undergraduate internships: Funding for businesses to employ a university undergraduate student to undertake an R&D internship over summer.

Postgraduate internships: Funding for businesses to employ a university postgraduate intern for six months to undertake an R&D project.

Expert Funding: Funding for businesses at all stages of growth towards the cost of employing an expert to work on a technically challenging research and development (R&D) project.

Education Funding: Funding for businesses at all stages of growth to involve postgraduate students in their R&D programmes.

Technology Development Grant: Funding for NZ businesses that have a good track record in R&D and that spend a significant proportion of their revenue on research

Technology Transfer Voucher: Funding for NZ businesses that have limited R&D capability and well-defined problems or ideas that will benefit from R&D expertise.

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