

EnterpriseZone

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the cash hunt

With funds scarce, how do the bosses of smaller firms get the money they need?

THE SELF FINANCER

debt while becoming increasingly reluctant to take on more debt, there is little doubt that some entrepreneurs are struggling to find funding despite having apparently viable businesses.

In this week's Enterprise Zone we look at how three businessmen finally found the money.

John Heseltine, 36, set up juice bar chain Lovejuice in 2002, before selling the business in 2007 for £3.4 million.

Towards the end of 2008, John set up Cherrygood, based in Farringdon, central London, which sells cherry juice drinks. Conscious of the economic environment, John produced a thorough business plan and lined up an external investor to finance part of the business. He also secured deals with all of the major supermarkets to supply Cherrygood.

Despite this, and his past success, John says his request for a £500,000 loan was turned down by every big High Street bank.

He says: 'I approached all of the

banks, with external investment and supermarket contracts already in place and not one of them wanted to know.

'I tried all means, even through the Enterprise Finance Guarantee scheme, but the banks were just too risk-averse.

'Despite what experts may say I have not noticed any easing up in the attitude of banks to smaller businesses and those of my friends who run businesses are having similar problems in accessing finance,' he adds.

John and his business partner Martin Hall subsequently put up most of the capital needed. In the first year of trading the company reported a turnover of £1.2 million and it is expecting to double that this year.

John says: 'We knew we had a great idea and refused to give up. In spite of the banks not being willing to help we are a profitable and growing business.'

The company is expanding overseas, selling to a distributor in Greece and Cyprus. It has also entered the Spanish market.

John says he found Lloyds TSB to be the most helpful with regard to business, despite its decision not to lend to the firm. He says:



GIVING IT JUICE: John Heseltine put his own capital into his

'We bank with Barclays but plan to move to Lloyds as we feel they had the most entrepreneurial approach to small businesses.'

John believes that the firm's success in difficult economic conditions is down to the structure of the business.

Despite growing rapidly, Cherrygood has only two employees, John himself and a finance director. Everything else is outsourced to keep overheads low.

John says: 'This way we can

respond to the market as to, for example taking on staff as needed and re costs when necessary.

'This would be a key piece of advice I would give to a start-up: keep overheads low and therefore less exposed to market fluctuations.'

He adds: 'Firms also need to be prepared at times to talk for example to downsizing space, if it means keeping business going.'