

Funding Fair aims to connect entrepreneurs with investors

Government recently announced that it spent a total of R45m this financial year through various entrepreneurship programmes in the Western Cape to assist new business development with access to finance.



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While this is excellent news for the province, many business owners are still uncertain how to adequately prepare their business for funding, or which funding approach is best suited to them.

To increase awareness and education on the wide range of options available to entrepreneurs from both public and private funding institutions, Deloitte, in partnership with the Department of Economic Development and Tourism (DEDAT), will be hosting the inaugural Western Cape Funding Fair on 18 March at the Cape Town International Convention Centre.

The aim of the event is to provide a unique engagement platform for funders and Western Cape-based businesses. Members of the public are invited to attend the event free of charge, which will include a full-day programme of topical entrepreneur-focused speaker sessions and panel discussions, as well as an exhibition.

Seeking alternatives

"Before any bank funding is sought, a business needs to have equity, a proven track record and experienced team, guaranteed inputs or raw materials, proven market demand, and a robust project finance model," says Andre Pottas, Corporate Finance partner at Deloitte. "If these attributes are not all in place, as is common for start-ups and new, innovative technologies, then alternatives to bank debt must be sought."

Even where those requirements are in place, the funding landscape still needs to be navigated. How much equity do you need to release bank loan funding? Should the business seek an angel, venture capital, private equity or trade investor? Is bootstrapping, that is, funding the business from your own pocket or company cash flows, a viable option?

"It all depends on the type of business you are developing and the returns you can predict. For innovators and disruptors, who often have little own equity to contribute, selling their idea can be really difficult and self-funding may be the only option available in the short term."

Pottas says the pros and cons of each approach should carefully be weighed before making a decision. "For example, to get equity finance, it is a trade-off between the new networks and expertise you expose your business to, and the percentage of equity and control that you are willing to give away. Loan finance on the other hand guarantees that you keep all of your shares and can run the business as you like, yet the loan can create a strain on the cash flow of the business."

Topics on programme

Some of the topics on the programme include the state of entrepreneurship in South Africa, presented by Michael Herrington (Global Entrepreneurship Monitor), how to build a global business in Cape Town, presented by Tim Harris (Wesgro), and the ABCs of funding, by Andre Pottas (Deloitte Corporate Finance).

A panel discussion on starting a business - an entrepreneur's perspective, will feature speakers such as Alan Knott-Craig Jr (Project iSizwe), Darlene Menzies (The Development House) and Guy Harris (South African Institute for Entrepreneurship).

Alan Winde, Western Cape Minister of Economic Opportunities, who will officially open the Funding Fair, says he is confident that the event will go a long way in assisting budding entrepreneurs.

"Creating opportunities for economic growth and jobs is our number one priority in the Western Cape. We believe that entrepreneurs are critical in achieving this. Ensuring that entrepreneurs have access to financial support networks is a key part of our strategy to ensure we foster small and medium businesses. Through the Funding Fair, a joint initiative between government and the private sector, we are connecting entrepreneurs with the right investors to take their businesses forward, better together," Winde says.

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