

REGIONAL SEED FINANCING FORUM

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1. SUMMARY OF GOOD PRACTICE

▪ **Overview & Aims**

With no funds available to help finance businesses, the Teknikdalen Foundation needed to find alternative solutions to help SME Entrepreneurs at their Incubator gain access to the finance they need to help them to grow.

The Regional Seed Financing Forum was set up to provide an organised platform that enables early stage growth companies to pitch their ideas to a range of private and public investors offering loans or grants. The Forum aims to facilitate contact between possible funders and at the same time, improve the company's pitching ability, helping them to access the third party funding available.

No decisions are made at the Forum itself, **it is not a decision making forum**. Business ideas are submitted and loans, grants and other financial instruments are discussed. Prospective funders use the information and their impressions to follow their own decision-making process. **The Teknikdalen Foundation does not take any stake equity or interest in the companies they work with**, they are totally objective.

▪ **Key Resources**

– **Programme Partners.**

Key partners include:

Commercial Banks and Private Investors (not currently including Angel Investors/Venture Capital providers)

Almi - State/Regional Funders

The County Administrative Board

Regional Business Incubator; experienced business coaches.

– **Funding: Funding Body & SME Contribution.**

No funding is involved. The purpose of the Forum is to introduce businesses to potential sources of funding.

▪ **Eligibility Criteria**

The Forum is open to all start-up companies with growth potential **located at the Incubator** – no other criteria or terms and conditions are required.

2. IMPLEMENTATION

Guided by its motto of 'Keeping It Simple', the Forum uses a very simple process:

STEP 1	Partners and businesses are brought together around a table.
STEP 2	Using a predesigned form and agreed format the entrepreneur delivers their pitch. The pitch, normally 15 minutes, is followed by a Q & A session.
STEP 3	The entrepreneur gets immediate feedback; partners provide direct verbal feedback on what was good, what was not so good and what could be improved.
STEP 4	The entrepreneur then leaves the room enabling partners to discuss their overall impressions.
FOLLOW UP	No funding decisions are made at the Forum itself. Prospective funders use the information and their impressions of the entrepreneur's pitch to follow their own decision-making process. The amount and terms of any investment arising from the Forum is agreed between the parties involved i.e. the business itself and potential financiers. This also includes circumstances where more than one funder may express interest in the company; leaving it to the business to decide which funder to sign up with.

- ✓ Companies receive advance guidance and support from Incubator staff to help them prepare their pitch. Although all businesses at the incubator are strongly encouraged to make a pitch, participation is voluntary, not compulsory. The application process itself is exceptionally easy.
- ✓ Even if the company does not need any capital, the Forum provides them with early exposure to external financing. Providing them with the opportunity to experience the process and test and check the viability of their idea, **before** investing their time and resources. The company gains invaluable feedback on their idea at an early stage of development.
- ✓ The Incubator plans to run 4 half day Forums attended by 3-4 companies each year. Managed using existing resources, the Forum is organised by 2-3 staff from the Teknikdalen Foundation who also provide training and coaching to help prepare businesses for their pitch.

▪ Key Stats

– Results to Date

The Forum started in 2008 but has recently been reorganised therefore reliable results and outcomes are not yet available.

3. KEY LEARNING POINTS & OPPORTUNITIES

▪ Key learning points: What worked well/ what's in it for the stakeholders involved?

The Regional Seed Financing Forum reports a range of benefits arising from the programme for banks, investors and the Incubator as well as the businesses themselves:

- **Banks** advise that they want to be involved in the early stages of the company's development, even if they cannot lend money to early stage businesses; they want to be part of the process at the outset. The Forum provides them with the opportunity to spot potential customers as well as discuss their impressions of each pitch and exchange views with other partners.

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- **Business Incubators** benefit by having companies who are better prepared to appear before investors. Feedback from the Forum has also helped the Incubator improve the advice and support given to companies and helped them attract more interest and companies to the Incubator itself.
- **Businesses** benefit from training, enabling them to deliver an effective in pitch in front of people who have funds available and a chance to access finance at one meeting. They also get immediate feedback. The training helps the business prepare and cover the right issues i.e. not to talk too much about the technology involved but focus on client marketing and revenue streams.

Spintos International AB, a former incubator business who has developed a bespoke real time watch with a range of innovative features for Football Referees used the Regional Seed Financing Forum to pitch their idea and access finance. Provided with advance training to downplay the technical aspects of their product and enhance the client value, their pitch was successful. Helping them to realise that the domestic i.e. Swedish market was too small, the Forum enabled them to access necessary finance to engage the Swedish Trade Council which helped them enter into the wider overseas markets.

- **Lasting legacy**
 - The Forum has provided a cost effective model enabling start-up companies to test the viability of their ideas at the outset, be better prepared for meetings with investors and when the timing is right gain access to finance. Entrepreneurs are good at developing products and services, Investors are good at making money, the Regional Seed Financing Forum brings them (Investors and Entrepreneurs) together under one roof.
- **Transferability**
 - Easy to implement with low costs.
 - Banks in other countries may not be interested.
 - The model is only open to Incubator based businesses, a small proportion of start-up businesses.
- **Threats**
 - A lack of the Incubator resources needed to help prepare and organise the Forums
 - Insufficient interest from Investors

FURTHER INFORMATION:

http://www.youtube.com/watch?v=U_I5TDuBBUQ
<http://newteknikdalen.destinator.se/p/startpage/298>