

## One in five of Britain's top entrepreneurs look to use credit cards to help fund their businesses as research highlights difficulty in securing capital

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By Claire West

New research<sup>1</sup> from Investec Specialist Private Bank ('Investec') and the Entrepreneurs' Organization in the UK ('EOUK') amongst some of Britain's most successful entrepreneurs reveals that only 6% expect access to capital to be easy over the next 12 months, with 51% saying that it will be 'quite hard' to secure, and 13% believing it will be 'very hard'. However, given that six out of 10 believe that the UK economic climate represents a business opportunity for them, 57% of the leading entrepreneurs interviewed are looking to secure capital in the UK to fund organic growth, and one in two needs this to grow their operations through acquisitions.

The most popular source of capital UK entrepreneurs plan to use over the next 12 months is retained earnings (87%...

...of entrepreneurs interviewed plan to use this), and only one in two intend to use a bank loan or overdraft. Some 19% intend to use their credit cards to help fund their businesses, and just under one in ten (9%) will look to sell assets in order to raise capital. With difficulty in raising funds, some 6% expect to secure equity from friends, family or associates. Nearly one in four (23%) intend to lease assets in order to raise funds.

Ed Cottrell, Investec Specialist Private Bank, said: *"Given the current difficult climate for securing capital, entrepreneurs have to give greater consideration to alternative sources of funding. We provide specialist sources of lending such as mezzanine finance and asset based lending, and this year we have seen a five-fold increase in enquiries for these when compared to last year."*

The research reveals that 19% of successful entrepreneurs intend to use mezzanine finance over the next 12 months, and 26% plan to raise capital through invoice discounting or asset based lending.

Michael Conway, President, EO UK said: *"Entrepreneurs have a key role to play in the UK's economic recovery and it's imperative that they receive the support they need. However, our research amongst some of the UK's most successful entrepreneurs reveals that only 21% believe the country is an attractive place to launch a new business. This helps explain why 15% of those interviewed are planning to shift their UK business operations to other countries with more favourable terms and conditions, and 13% are considering a shift."*