

NEED TO FUND YOUR RESTAURANT BUSINESS?

A guide for food entrepreneurs



Funding your restaurant business

TYPES OF INVESTMENT AVAILABLE

The types of funding available for food related businesses will depend greatly on sector, business model and stage of business. Each form of finance has its pros and cons and so must be considered carefully depending on the circumstances of your business.



Angel Investing

Angel investors and crowdfunding platforms are popular for start-ups and young businesses where these investors will invest money for shares in your business.

Angel Investing is equity finance where a high net worth individual (the Angel/s) takes shares in your business in return for funds. Angels will typically invest between £10,000 and £500,000 of their own personal disposable finance.



Asset finance

Venture capital and private equity investors are interested in seeing evidence of traction and growth.

Banks are mainly interested in established businesses with reliable cash flows that have the ability to service debt. Asset Finance is a particularly relevant form of debt funding for businesses that need to undertake tangible capital expenditures.

HOW TO GET INFRONT OF THE RIGHT PEOPLE

1. Make the most of your existing industry connections and request introductions to any investors you think might show interest in your venture (after having done whatever research you can on them of course).
2. Warm introductions will give you a much better chance to engage with the prospective investor over a cold approach.

PITCHING & THINGS TO CONSIDER

1 Short and to the point

Investors consider hundreds to thousands of pitches every year so keep them short. Grab the investor's attention and get them to dig deeper into your business.

2 Know key figures

Investors want a return on their investment so have numbers, on competitive landscape, historical and forecast performance, or industry trends.

3 Competitive landscape

Consider recent successes and draw parallels with your own business. Comparable M&A transactions and industry exit multiples will help convince investors.

HOW TO MAKE A GOOD IMPRESSION



Know your numbers like the back of your hand. This not only includes the operational side of your business (historical, current and forecast) but also investment sought and potential valuation, with the ability to justify them.

HOW NOT TO MAKE MISTAKES



Not considering the expertise and interests of prospective investors before approaching them is perhaps the biggest mistake entrepreneurs make. Such research is time well spent; an investor with an obvious interest in cleantech, for example, is unlikely to invest in your entrepreneurial food business.



Simon Ralphs

PARTNER



View profile



simon.ralphs@clarkslegal.com



0118 958 5321



In association with:



For more information on how we can help your business: clarkslegal.com
email: contact@clarkslegal.com ·
Reading: [0118 958 5321](tel:01189585321) · London: [020 7539 8000](tel:02075398000)

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