First Australians Capital

Getting Finance Ready

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OUR VISION

To create a new economy driven by First Australians.

OUR PURPOSE

Empowering First Australians to drive their own economic futures by harnessing the strength of our cultural, creative and economic capital.

OUR SUCCESS STATEMENT

By 2031, FAC will be a catalyst for radical change in investment markets. This will result in a thriving Indigenous business sector and wealth for our Communities and future generations.

Our approach

We walk alongside Indigenous entrepreneurs to build sustainable thriving businesses and enterprises

FAC has been supporting Indigenous businesses, enterprises and entrepreneurs for 5-years using a self-determined capacity-building model. Indigenous businesses are the heart of FAC and we want to ensure we are meeting their evolving needs as best as we can.

FAC provides a broad range of support, tailored to each individual business in our portfolio. We have specialist Business Relationship Managers and Investment Analysts on the FAC team, and a suite of tools and resources.

FAC Business Development support includes:

- general business advisory (review of goals and objectives, business planning support, market analysis, business mentoring)
- social impact advisory (support in defining impact, setting outcome and impact targets, and guidance on measurement and evaluation)
- financial risk management (assistance with financial projections, cash flow management, review of financial management and reporting processes, advice to evaluate various options with financial impact, consideration of potential financing options)
- pricing and product strategy (review and advice about pricing models, opportunities for cost reduction in the supply chain, looking at potential new suppliers, new customer markets etc)
- debt advisory, preparation of credit, investment and grant applications.

Getting finance ready

What does it mean to get 'finance ready'?

Finance readiness means being well-prepared to manage your business financials effectively. This includes having the right tools, knowledge, and systems to manage your income, expenses, and other financial activities. By becoming finance ready, you can make informed business decisions, monitor your business's financial situation, and work towards achieving your business goals. For example, this could include creating a budget, keeping track of your expenses, and learning how to manage debt.

When is it the right time to take on finance?

In general, businesses may consider taking on finance when they need money to:

1. Start or expand their operations
2. Invest in new equipment or technology
3. Hire more staff
4. Develop new products or services
5. Manage cash flow or cover unexpected expenses

How do I know if my business is ready to take on finance?

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Vision

Does my business have a clear mission, vision and goal?

Can I articulate these clearly?

Are these written down in a business plan/ strategy?

Hint: this doesn't need to be heavily detail, aim for clear and concise.

Market

Is there a clear demand or market for my product/service?

Or is my product or service different to the rest of my competitors? Why?

Do I know my customers?

Do I have a clear strategy to attract customers?

Is my product or service presented properly to this market?

Financial

Do I have the skills to manage my business's finances? Or do I have service providers who do? (accountant, business manager)

Do I know my customers?

Do I have a clear strategy to attract customers?

Is my product or service presented properly to this market?

Note: you do not need to be making a certain revenue

What documents do you need?

Business plan/ strategy – a plan that tells the story of your business. Where you've been and where you want to go. Think of your business plan are the central element of your business planning. a business plan should provide a clear and detailed roadmap for your business's success and be a useful tool for attracting investors, securing financing, and guiding the business's growth and development. Because this document is central, it needs to be comprehensive.

Here are some of the key elements that are typically included in a business plan:

1.Executive summary: This is a brief overview of the entire business plan, including your business's mission, objectives, and key strategies.

2.Business description: This section provides a detailed description of the company, including its history, ownership, and legal structure.

3.Market analysis: This section outlines the company's target market, competitors, and industry trends.

4.Products or services: This section describes the products or services that the company offers, including their unique features and benefits.

5.Marketing and sales: This section outlines the company's marketing and sales strategies, including pricing, distribution channels, and promotional activities.

6.Operations: This section describes how the company will operate, including its organizational structure, production process, and facilities.

7.Management team: This section introduces the key members of the management team and their roles and responsibilities.

8.Financial projections: This section includes detailed financial projections for the business, including revenue, expenses, cash flow, and profitability.

9.Funding requirements: This section outlines the funding requirements for the business, including any startup costs, ongoing expenses, and potential sources of funding.

What documents do you need?

Financial Forecast: A financial forecast is like predicting a company's future money situation for 1-5 years. It helps them plan their budget and make good decisions. But it's not a guarantee.

A financial forecast estimates a company's future financial performance for a specific period, usually one to five years. It helps businesses plan their budget, set goals, and make informed decisions based on expected revenue, expenses, and cash flow. While a forecast is not a guarantee, it can help a company prepare for different scenarios, identify risks and opportunities, and make better decisions.

Why do you need one?

A financial forecast is important because it helps businesses plan for the future, make good decisions, and attract investors. It also helps them identify risks and opportunities and track how they're doing compared to their goals.

Incorporated as a company (If you take a loan from FAC)

When someone lends money to a business, they want to know that the business is real and can pay the money back. To show this, the business needs to have a legal structure, like a PTY LTD This tells the lender who is responsible for paying the loan and what the business owns that can be used to repay the loan if needed. Having a legal structure helps the lender feel more confident about giving the business money. This is different to a sole trader and has associated costs with incorporating.

Certificates of currency for insurance held by the business relevant to their industry

A company bank statement – to validate business trading name, status of incorporation

Any debt commitments, loans, leases and repayment plans in place for these

Key customers, suppliers customer agreements and payment terms

Catalytic Capital and Impact Investing

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Catalytic Capital

Catalytic capital is money that is invested in businesses or projects that have a positive impact on society or the environment, even if they may not make as much money as other investments. It can come in grants, low-interest loans, or flexible equity investments, and is often provided by impact investors, philanthropies, or government agencies. The idea is to use private money to make the world a better place while still making some money.

Impact Investing

Impact investing is a type of investing where people invest in businesses or organizations that are trying to make a positive impact on society or the environment. The goal is to create a social or environmental benefit, as well as a financial return on the investment. It's a way to use your money to make a difference in the world while still getting a return on your investment.

Blended Finance

Blended finance is when different types of money are combined to support projects or businesses that have social or environmental goals. It's a way to make positive changes in the world while also making money. This could look like blending different interest rates of finance (Grant and loan).

Our approach

Long-term, patient and flexible capital, is designed to support the business to grow sustainably.

Where to next?

If you're ready to take on finance to grow your business, visit us at https://firstaustralianscapital.org/indigenous-business/