sustainable
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Module 2

Assessing and Improving your Financial Literacy

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Module 2

The meaning of financial literacy is the foundation of your relationship with money, and it is a lifelong journey of learning. Once smallholders identify how their produce fits into the market and have started developing a business plan, you must access finance:

In this module, we take you through learning on financial topics that will help you to complete your Business Plan and will assist you assess and improve your financial literacy and in turn the sustainability of your smallholding.

1. The Basics of Financial Literacy as a Smallholder and Cash Flow Budgeting
2. Understanding Profit & Loss analysis
3. Budgets and their uses
4. Funding and Grant Opportunities available

01

The Basics of Financial Literacy as a Smallholder and Cash Flow Budgeting

The Basics of Financial Literacy as a Smallholder

Perhaps as a smallholder, accounting probably isn't your strongest skill? And yet, understanding finances, cash flow, budget projections, profit and loss, etc., is essential to understanding the overall health of your smallholder business. That's why every smallholder should make financial literacy a priority.

Let's start with what you have…

- Most likely you have a general understanding of income vs. expenses.
- You know where to look on your financial statements to see how much cash you have in the bank or what your net income is.

However, you may not know how to use the financial data you have to its full potential. That is where we come in!

Credit: Forbes Finance Council

The Basics of Financial Literacy as a Smallholder

When used wisely, your smallholding's financial statements become a tool for forecasting revenue, deciding if/when to introduce a new product or service, invest in new equipment or marketing, and much, much more.

Think of financial statements as a dashboard for your smallholding. They tell you what you own and owe at a specific point in time, whether your operations are profitable, and how much cash flows in and out of your smallholding. You will need them as part of a business plan or to get approved for business credit. In this Module, we have worked to make the process as simple and powerful as possible.

In addition to absorbing the financial learning in this Module, smallholders can vastly improve their financial literacy by comparing their financials with those of a respected peer smallholder in their industry. Few things are more valuable than learning from a successful peer or group of peers. Comparing financials is a great way to do this.

Credit: Forbes Finance Council

Financial Planning for Smallholdings...

All businesses need money coming in to pay the bills. **Cash is the lifeblood of all businesses and monitoring cash flow is a key part of business management**.

For smallholdings, the money coming in is typically not regular, in either amount or timing, therefore planning cash flow may be more difficult, but it is still a very important task for you as a smallholder.

For many smallholders, if the price falls around selling time, it is difficult to adjust spending as much of the money has already been spent.

The Starting Point ..
Cash Flow Budgeting

A simple cash flow budget will **highlight potential borrowing requirements** and will **help provide evidence to a bank** manager that you have the capability to manage finances effectively and repay any borrowing.

There are 2 key elements of cash flow budgeting. These are:

1. **Cash Flow Planning**
2. **Review/Control**

1. Cash Flow Planning

Cash flow is the movement of money in and out of a business over a period of time. **Cash flow forecasting** involves predicting the future flow of cash into and out of your bank accounts. Forecasting cash inflows and outflows regularly is important, especially for three types of businesses:

- new businesses
- fast-growing businesses
- businesses with unpredictable sales patterns, for example seasonal businesses like smallholders

A Cash Flow Forecast

The more comprehensive and accurate the cash flow forecast or plan, the greater the value to your smallholder business.

What should you include in your plan?

The simple answer is everything!

Anything and everything that will be paid for in the period, and any money coming in from any source must be included.

Income	Oct	Nov
Cull Cows	1700	
Silage	1250	1250
Beef Cattle	14000	
CAP Payment		
Total Income	16,950	1250
Expenses		
Meal	1500	1500
Fertiliser		3000
Vet	300	300
Contractor		4500
Fuel	150	1000
Water/Electricity/Rates	200	400
Insurance	200	200
Ai/Semen		375
Loan repayment	200	200
Total Expenses	2,550	11,475
Cashflow	14,400	10,225

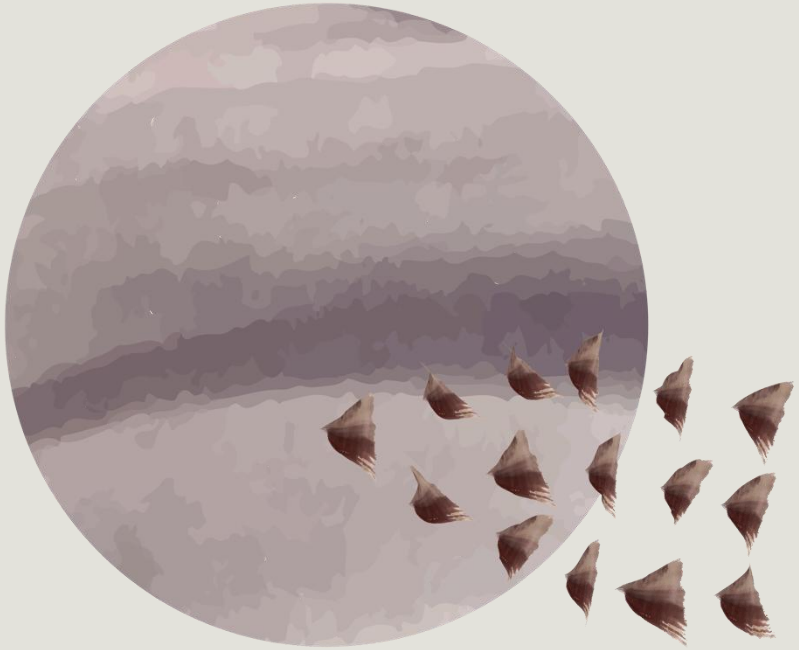
Cash Flow Forecast uses…

A cash flow forecast allows you to plan for the future. It can assist you in making important decisions, such as:

- expanding your acreage
- investing in equipment
- rewarding yourself for your hard work and success

Cash flow forecasting can also help you to identify the risks of negative cash flow, and plan accordingly.

Construct, calculate and interpret cash flow forecasts



Creating a cash flow forecast for a new project or smallholder business can be difficult, as the proposed project will have no previous figures to help it estimate its future cash inflows and outflows. This will require you to make some guesses. You will also need to monitor the business' cash flow carefully in the early days to see whether your estimates were realistic and make the necessary changes if they are not.

An established smallholding can compare its actual cash flow with its cash flow forecast to monitor whether it is achieving its targets. It can then make changes if necessary.

A cashflow forecast requires the following elements:

Revenue and total revenue

Revenue refers to money coming in (your sales). Finding the total means adding all of the forms of revenue together.

Expenses and total expenses

Expenses are the money going out through costs, the total means adding all of your expenses together.

Net-cash flow

Net cash flow is the difference between all cash inflows (revenue) & all cash outflows (expenses)

An Opening balance

This is the amount of money you start with. Opening balance = closing balance of the previous period.

A Closing balance

This is the amount of money at the end of the reporting period. Closing balance = net cash flow + opening balance.

Cash flow forecast example

The example here demonstrates a business that is predicting higher total inflows each month than total outflows, this is positive. By the end of 3 months, the business predicts they will have a closing balance of £10,150.

The closing balance does not represent profit, it is simply the amount of cash the business will have.

Are you ready to prepare your own Cash Flow? **Use our simple excel template – see downloadable resources**

	JAN	FEB	MAR
Cash Inflows			
Sales	£8,500	£5,000	£4.000
Rent Received	£1,000	£1,000	£1,000
Total Inflows	**£9,500**	**£6,000**	**£5,000**

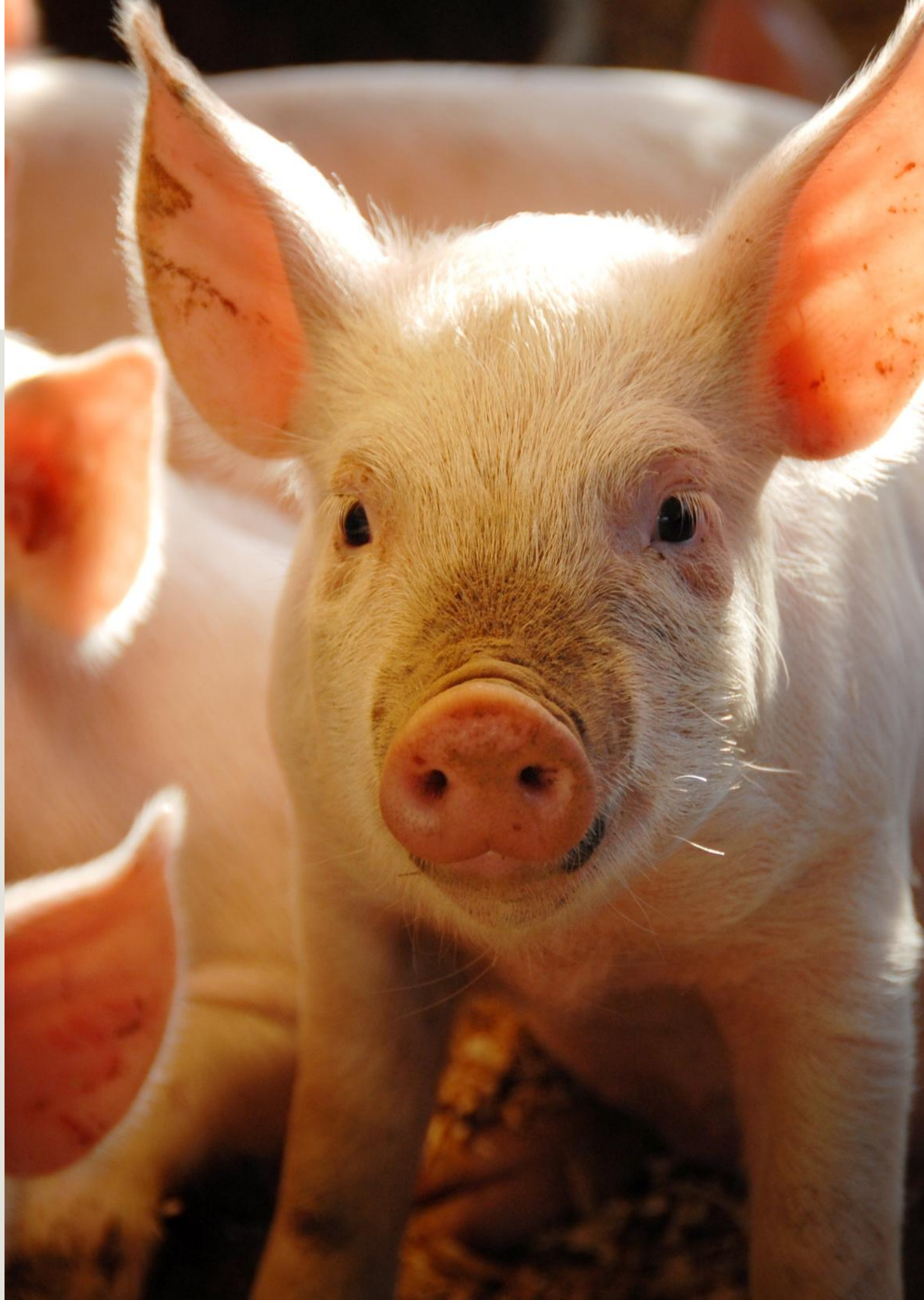
	JAN	FEB	MAR
Cash Inflows			
Wages	£1,000	£800	£700
Raw Materials	£1,000	£800	£500
Marketing	£200	£200	£200
Rent	£1,500	£1,500	£1,500
Loan Repayment	£150	£150	£150
Total Outflows	**£3,850**	**£3,450**	**£3,050**
Net Cash Flow	**£5,650**	**£2,550**	**£1,950**
Opening Balance	**£0**	**£5,650**	**£8,200**
Closing Balance	**£5,650**	**£8,200**	**£10,150**

Knowing how to use your Cash Flow Forecast…

Even if your smallholder business has many customers, it can still have **negative cash flow**. You need **positive cash flow** to reduce the risk of failure. There are a number of ways that one can improve cashflow, e.g.

- Increase sales revenue –you can try to sell more products
- reduce costs – you may negotiate better deals with suppliers or cut back on non-essential spending
- delay payments – you can try to delay payments on loans, mortgages , and on trade credit (make sure this is a temporary approach)
- extra funding – do you know if you are eligible for a grant. Perhaps you need a short-term loan

2. Review / Control



The 1st step of review and control is to compare **actual** receipts and payments with what was **expected** or planned.

What are the differences between the plan and the actual cash flows? Did all the bills you expected come in? Were all the bills as you expected, e.g. servicing of a vehicle used on the smallholding?

The 2nd step is to understand why these differences occurred? Were sales less than expected? Was there an unexpected bill?

The 3rd step is to decide what the implications are and what you can do about them. It is vital to identify problems and take action as soon as possible.

Good Questions to ask:

Reviewing your financial data regularly will enable you to have better control over your finances.

Getting answers to the 5 questions here is a good start.

TOP TIP: The best plan is likely to be an annual plan including all monthly payments in and out, updated monthly based on the review of actual versus planned cash in and out of the business.

1. **Can you sell livestock or produce sooner?**
2. **Can you delay the payment of bills?**
3. **Can you delay some work for a short time?**
4. **Will you need to speak to the bank manager about funding options?**
5. **How much extra will you need and for how long?**

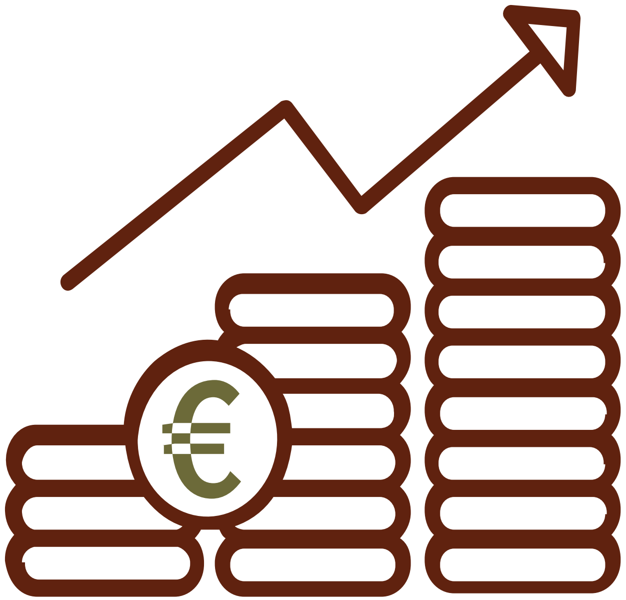
02

Understanding Profit & Loss Analysis

What is a Profit and Loss Statement?

A profit and loss statement (P&L), or income statement, **is a financial report that provides a summary of your revenues, expenses, and profits/losses** over a given period of time (generally over a quarter or a year)

The P&L statement shows one's ability to generate sales, manage expenses, and create profits. By using a P&L statement in your smallholding, you move into using financial data to make sounder decisions.



Cash Vs. Accrual Basis…

One important thing to know before you get started analysing your P&L statement is whether you are on a cash basis or an accrual basis of accounting. Let's learn more..

- With a **cash basis**, revenue and expenses are recognised when there's a movement of cash (for example, if you agree to pay a supplier €50 for a service in a month, you don't account for that until the €50 leaves your bank).
- The **accrual method** accounts for revenue when it is earned (before the money reaches the bank) and expenses when they are incurred (but before the suppliers have been paid).

Cash Vs. Accrual Basis, benefits and drawbacks of each approach

CASH METHOD

Benefits
- Simplicity
- Accurately specifies cash position
- Accurate timing and payment of tax bills

Drawbacks
- Can distort measure of profitability
- Only appropriate for cash-based businesses

ACCRUAL METHOD

Benefits
- More accurately illustrates the flow of income/ debts

Drawbacks
- Misleading with respect to your actual cash position
- Greater bookkeeping obligations since it is a more refined approach to accounting

Analysing a P&L Statement…

Here is an example of a basic profit and loss statement. Many people get overwhelmed by the numbers, but in the following slides, we will give you a few quick tips and tricks on where to look and why, and you will feel more confident preparing and analysing your own statements.

Here you can see that **SALES, COST OF SALES & EXPENSES** give you the key figures you are looking for and consequently help you analyse how you are doing as a business.

Profit And Loss Statement

		Q2	
SALES	April	May	June
Lemonade	312	395	474
Marmalade	104	130	156
TOTAL SALES	416	525	630
COST OF SALES			
Lemons	75	75	100
Sugar	10.58	10.58	10.58
Cups	40	40	40
Ice	5.37	7.16	8.95
Jars	38.98	58.47	58.47
TOTAL COST OF SALES	169.93	191.21	218
GROSS PROFIT	**246.07**	**333.79**	**412**
EXPENSES			
Bookkeeping	20	20	20
Advertising	10	60	40
TOTAL EXPENSES	30	80	60
NET PROFIT/ LOSS	**216.07**	**253.79**	**352**
*Profit Margin Calculated (not part of P&L) %	51.9399	48.34095	55.87302

Note these figures, the following slides will analyse

1. Sales Revenue

This may seem obvious, but you should review your sales first. Increased sales are generally the best way to improve profitability. **If you see a month was particularly good analyse why so you can duplicate what you did in the future.**

In our example, we see that

- June was the best month in terms of sales, gross profit, net income, and profit margin.
- Upon review of the other numbers, we see that this might have been due to seasonality and/or increased marketing.

2. Sources of Income or Sales

Another factor related to sales that you should analyse is your **sources of income**.

Ask yourself if all your sources of income make business sense i.e. are profitable for your business?

Are any of them overly time-consuming with very low margins? In our example, our sources of income include selling lemonade and marmalade.

The cost of ingredients and jars for the marmalade highlight we should eliminate it as a sales source or change the recipe to make it more profitable.

3. Seasonality

Seasonality is the fact that things change based on the season. It can be seen in many parts of a business including but not limited to both sales and expenses.

In our example, we see seasonality in sales. As the summer months approach and the temperatures rise, so too sales. Our example does not show seasonality in expenses, but if it were, it would show increased prices of lemons because of heightened demand and lower production in the summer months, followed by a decreased cost of lemons in the autumn and winter quarters due to increased production of lemons and lower demand. **Plot your own seasonality carefully.**

4. Cost of Sales

Next, you should review the cost of produce sold. It makes sense for the cost of sales to rise as sales revenue rises as these expenses are directly related to your product. The opposite should be a red flag.

Additionally, when you review the cost of sales you can ask yourself questions like, “Is there a way I can reduce these costs?” Finding ways to decrease your cost of sales will ultimately increase your profit margin.

In our example, the smallholder may want to consider purchasing items that won’t go bad (jars, cups, and sugar) in bulk to reduce costs throughout the year and increase their annual profit margin.

5. Net Income

Net income is your profit and is one of the most important figures if you want to succeed and be sustainable over time. You want to see your profit positive, except where it's acceptable to see a loss like when you make a strategic investment in one period to decrease costs or increase sales in a later period.

For example, in our example, the business owner could have bought jars, sugar & cups in bulk for the entire year in April. If this was done, it would bring the company into a loss for the month, but that expense would be recouped with savings and higher margins throughout the rest of the year.

6. Profit margin

Net income is simply your bottom line, but it’s important to do a quick calculation to determine your **profit margin** to create a baseline to allow comparison across time periods.

To determine your profit margin, simply divide net income by net revenue then multiple your result by 100. It may sound complicated, but let’s use our example again.

Take €206.07 (Gross Profit April) ÷ by €416 (Sales April) to get 0.4954 X 100 you get 49.54%.

Once you have your profit margin % figured out for each period you can use that data to assess if your profit margins are going up (a good thing), going down (a bad thing) or static.

Also, you can use this data to compare your profit margin to other smallholders. Remember we mentioned collaborating to share such data can be very powerful for all.

03

Budgets and their Uses

Smallholder Farm Budgets

A budget is **a summary of all your expected revenue, expenditures, and the profit of your smallholding operations**. Creating a smallholder budget is the first step to getting your financial system organised.

The effort and time involved in creating your budget initially may be demanding. However, once you are done, it becomes the basis for the future planning.

Budgets

Everyone wants to have good financial standing but we are often reluctant to do the actual budgeting, which is one of the biggest keys to managing finances. The term budget is often associated with words like *hassle and headache* which restricts them from achieving financial freedom. **However, it is through budgeting that you can save money and it even allows you to spend more money since it enables you to make the most out of your money or source of income.**

For examples of budget templates, click here!

Using Budget Templates…

Generally, these templates contain sections for all projected income and expenses. In this way, it acts as a tool to help you forecast the outflows and inflows of your smallholding’s cash.

Templates are available in editable formats so you can change things as you like. Just download it, open, customise, edit and print a copy. It makes your work a lot easier than if you had to start from scratch.

For editable budget templates click here!

Budget Uses...

As highlighted, you can use your smallholder budget **for tracking your expenses and income**. You see, your smallholder farm is like any other business. The budget sheet helps you see how you are spending the money you get. By following the budget, you will even be able to know where you are spending and make any necessary cuts. Once you have entered expenses in the expenditure column and all incomes in their respective column. **It will create a clear picture and help you to avoid overspending.** Without a proper budget, it is difficult to create a successful smallholder business, as you will not properly account for all the money you make & spend.

04

Funding and Grant Opportunities Available

Money talk and funding…

Now that you have your Business Plan complete with your Projected Financials, it is time to talk money. In this section, we will demystify funding opportunities and attempt to steer you towards viable options.

Finding grant funding is about making connections. It is about getting to know what funding is out there and deciding whether it suits you and your smallholding or not.

You will learn top tips in grant writing and pitching and how to leverage the funding power of many.

Success in securing funding is like making a cake!

For any business, the challenge of pulling together finance for projects or growth can be quite daunting. Sometimes you may just need one finance source but often to make it more viable, multiple finance sources or funders are required.

The way you approach funding depends on the ingredients (you and your project proposal) and you need to follow a recipe.

Following the recipe is easy when you have a set of guidelines and that is what we will try to give you here.

Before you start looking to get finance

Take a moment to REVIEW & FOCUS on your PRIORITIES:

- What are your priorities for the next 1-3/5 yrs?
- Survival, regeneration or growth?
- New opportunities or same activities but improved?
- Same catchment area or further afield?
- Any digitalisation changes?

Answers to these will help you define the ingredients for your successful funding application

Where can you find financial support?

In this section, we introduce you to

1. Private investment friends and family
2. Micro credit and micro-financing
3. Crowdfunding
4. Bank loans
5. Grants

1. Financial Support Options…

Private Investment can often a good option for a new business especially when you can't fully prove the basis the business. You are working from projections. It also has other advantages such as a strong contact base or advice and help which traditional lenders do not provide.

Smallholders may need to start close to home with **Friends and Family**. Make sure to keep your personal and professional relationships as separate as possible by getting everything in writing and clearly explaining the risk involved in investing in your project - and make sure they understand they could lose their investment. Don't risk losing friends or family over investment in your smallholding!

2. Financial Support Options…

Ask your Community/Networks

You might not know where to begin. It's probably best to start close to home. Meet with other smallholders, farmers or your local Co-op. Another option is to make contact with a local Agri-Business Development Office. Some options that may be available if you add value to your primary produce…

- **Microcredit** usually refers to small loans offered, often without collateral, to an individual or through group lending.
- **Microfinance** refers to a broader range of financial products and services, including loans and other financial supports targeted at low-income clients.

An Irish Example, Micro Finance Ireland

Micro Finance Ireland provides small loans through the Government's Microenterprise Loan Fund. The purpose of the fund is to help start-ups and established businesses to get the finance they need for their business What do they mean by a micro-enterprise?

It is simply a small business (including smallholder producers esp those in the food business) with fewer than 10 employees and an annual turnover of less than €2m. They help by providing unsecured business loans of €2,000 to €25,000 for commercially viable proposals.

Sole Traders, Partnerships & Limited Companies are all eligible to apply.

Joe's application to Microfinance Ireland - YouTube

3. Financial Support Options…

Crowdfunding is the financing of a project by raising many small amounts of money from a large number of people. Crowdfunding is not only a great way to raise money online for a business idea or project but simultaneously build up a community and improve visibility/credibility for you and your business.

Is Crowd Funding right for you?

Crowdfunding suits certain types of businesses – usually startups or early-stage projects that are looking for relatively small amounts of money. Crowdfunding has a higher success rate within certain sectors e.g. agri-food so well worth your investigation.

CrowdFunding can take the form of :

Pre-selling - when people donate towards the creation of a specific product & receive the product on release.
Peer-to-Peer lending - where each lender gets financial compensation or a return on their investment.
Equity lending - when people lend money to individuals or organisations in exchange for shares.
Charity - when one donates to an individual or project & receives no financial or material return in exchange.

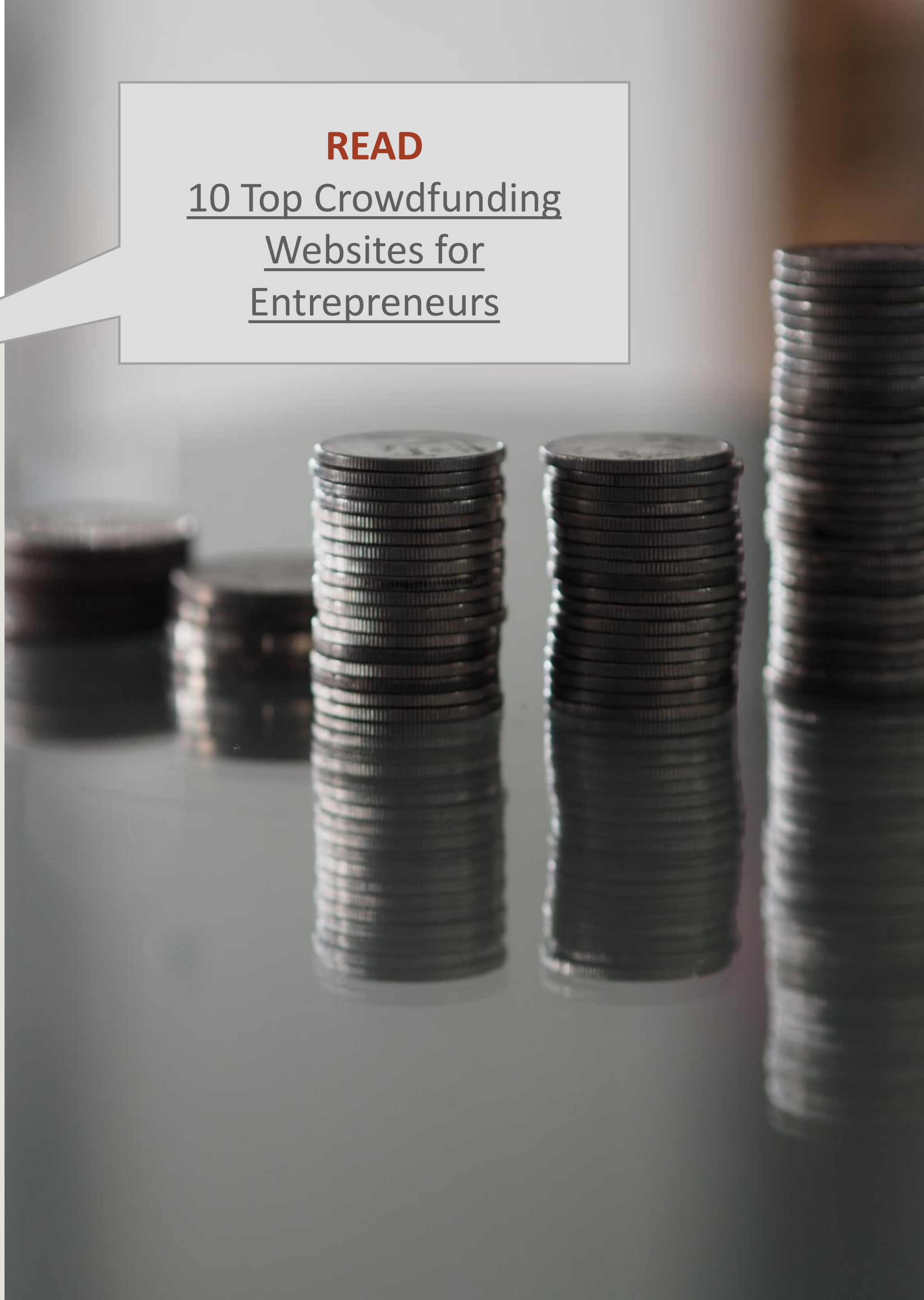
Different platforms facilitate different fundraising models. Finding the right funding model for your project is an important step for a successful campaign.

Crowdfunding, there is a cost…

Different Crowdfunding platforms apply different charges depending on the model you chose.

- **Platform Hosting fee:** Some platforms, although not all, charge an initial cost just for hosting your campaign. Top tip - Make sure to ask the platform what fee applies to them before starting the campaign.
- **Success fee:** The majority of crowdfunding platforms will take a percentage of the total amount raised. The percentage varies from platform to platform and ranges between 3% and 12% of the total raised.
- **Payment processing fees:** Look out also for a service fee for every transaction made. Usually, this fee is on average 3%. For instance, for every €100 donation/investment, only €97 reaches the campaign.

READ
[10 Top Crowdfunding Websites for Entrepreneurs]



4. Financial Support Options… Bank Loans

A business loan from a bank is a traditional way of financing your business. In most cases, having a robust **Business Plan** is essential to convince the bank that you are worth backing. Often, a bank will ask for personal guarantees or other forms of security.   If you can, never offer security, especially if you are confident your Business Plan stacks up. Finally, remember to shop around, there are many banks that may have different lending criteria for new businesses.

Dealing with Your Bank – Do's and Don'ts

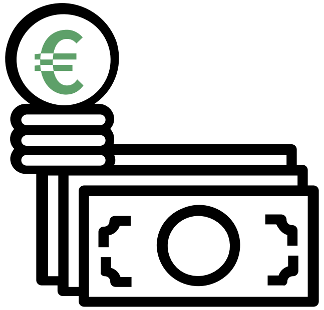
- ✓ Be prepared when meeting your bank
- ✓ Keep your bank informed in good and bad times
- ✓ Choose a bank close to you
- ✓ Shop around before choosing a bank

5. Financial Support Options… Bank Loans – Top Tips

READ - 10 questions you should ask before applying for a bank loan

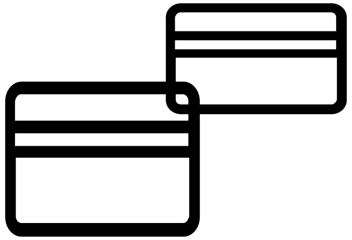
✓ **Choose between a line of credit and a traditional loan.** Depending on your smallholder business needs, a line of credit may be a better option than a loan. A loan is a fixed amount of money that you pay back with interest over a specific period of time; a line of credit is like a credit card. You get approved for a maximum amount of money that you can access as needed, and you repay it over a period of time. The advantage of a line of credit is that you only have to pay interest on the funds you use. A line of credit is better than a loan in two main cases. If you occasionally need short-term working capital to buy inventory or cover seasonal expenses. Loans typically work better when you need to finance a long-term investment, such as equipment or a premises.

Loan



or

Line of Credit



4. Financial Support Options… Bank Loans – Top Tips

- ✓ **Borrow at the right time:** When you are planning your business loan, make sure that you borrow at the right time. If you take the loan too early, then there are chances that you end up spending most of it for purposes other than what it was meant for.

  If you borrow it too late then it could put a hold on your business as you will also have to pay the interest at a time when your business can grow exponentially.

- ✓ **Borrow the right amount:** too little can result in under capitalisation and that can bring more challenges to your project.

4. Financial Support Options… Bank Loans – Top Tips

- ✓ **Compare loan packages** -Lenders describe the cost of a loan in different ways. Some will tell you the interest rate on the loan, and others may tell you the total amount of money you have to pay back. When lenders describe loan cost in different ways, it makes it difficult to compare your loan options.
- ✓ To make comparison easier, ask the lender to tell you the **Annual Percentage Rate (APR)** of the loan. APR is the total cost of a loan over one year, including fees. APR can be much higher for alternative lenders that provide fast funding and work with lower credit borrowers.

5. Financial Support Options…Grants

A GRANT is an award, usually financial, given by a public body or a foundation, to an individual or a business to facilitate a specific goal e.g. start-up, expansion, etc. There are many local, regional, national grant opportunities. Start your research on which one is right for you. This is an interesting video on what a grant does and does not do.

[What Is A Grant? - YouTube]

Did you know?

Nationally, funders/lenders estimate that between 50 and 60% of all applications they receive, are immediately turned down because they are ineligible and do not meet clearly laid out guidelines.

TIP 1: Forget about the money (at least initially) & define your project

The primary concern of funders is that your project or proposed enterprise is well planned. In making an effective application important questions to start with include:

- What am I trying to achieve?
- What will my new service or product be?
- Do I need to purchase new equipment?
- Am I further developing what already exists and how?
- Will this proposal have a wider impact?

TIP 2: Show how your project ALIGNS with your funders aims

It is essential that you address how your project will fulfil the funder's aims. (E.g., a bank wants to see growth, a rural regeneration fund want to see the impact on the community.) Link your project to the funder's **KEY criteria and show how your project furthers their aims and objectives**.

At a very minimum you should:

- Read the guidelines published by the funder,
- Consider their motivation, the format for applying, and the level of funding,
- Be aware of submission deadlines, your eligibility and the decision-making process.

TIP 3: Sell the benefits of your proposed project

- What are the real and positive differences the funded project will make for your smallholding / your immediate community?
- How does the project meet your smallholdings needs and how were these needs uncovered?
- What is the economic impact of the project on your smallholding or on that of the local economy?

It is important to answer these questions in both a qualitative and quantitative manner. This is a good place to bring in some story telling to paint a clear picture.

TIP 4: Build on your credibility and be professional

One of the primary reasons why applications get funded is that the funders are convinced that the applicant is:

1. Well organised
2. Has a good track record
3. Is a capable 'promoter' to carry out the proposed project

To do this you need to approach the application creation process in a **professional manner**.

TIP 5: Share your passion and remember people give to people…

"People will forget what you said. People will forget what you did. But people will never forget how you made them feel." – Maya Angelou

If you are excited about the project's potential – share that excitement. If you believe in it – share that belief.

Remember that funders are people too and they might be experiencing the problem that you are trying to provide a solution to.

Always remember the human element when crafting an application.

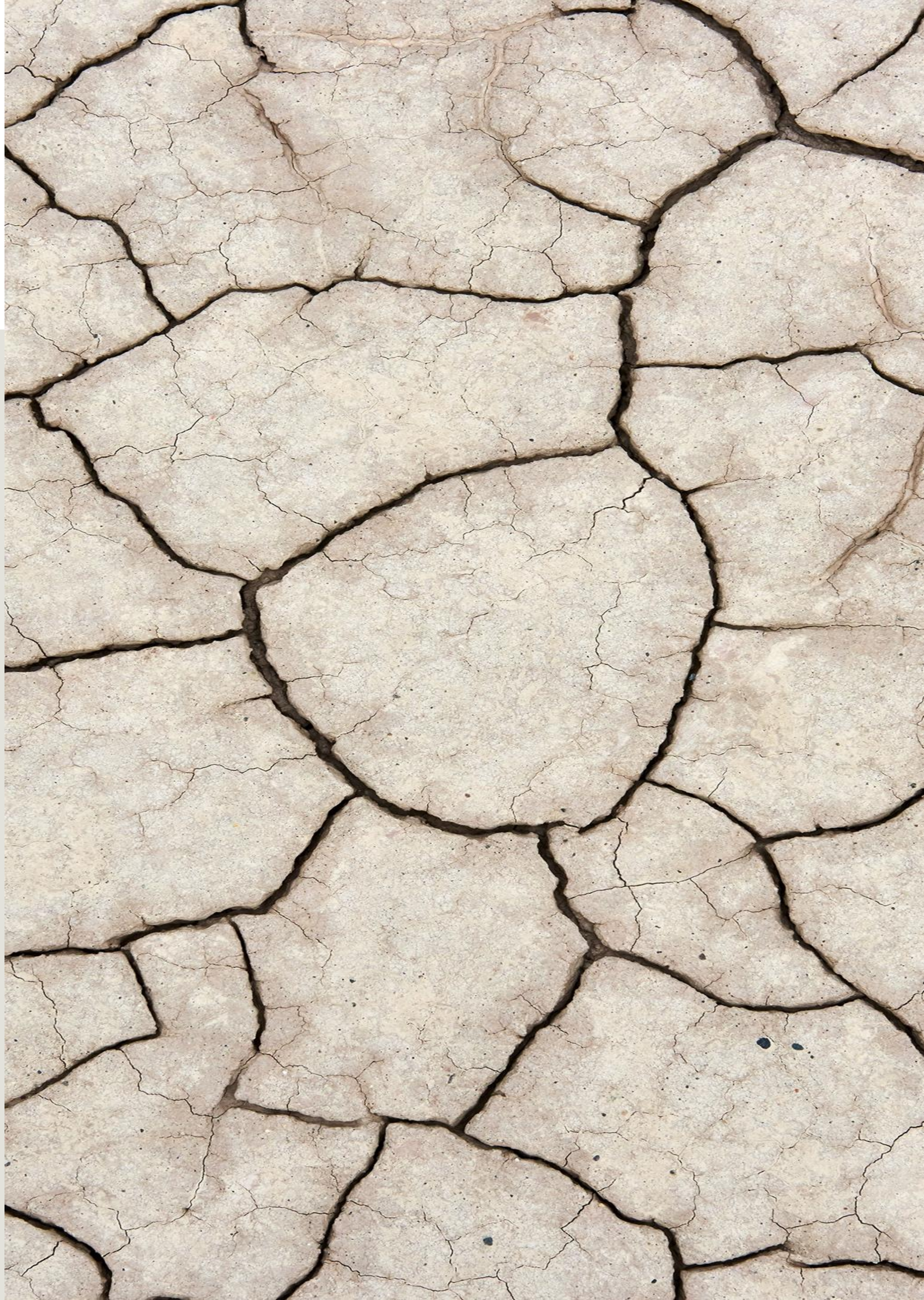
TIP 6: Ask yourself 'Why wouldn't they fund this?'

Often a good way to strengthen your funding application is **to try and find cracks or flaws in it**.

So ask yourself and others; 'Why wouldn't they fund this?'

Having identified the weaknesses you can then work on correcting them and making a more concrete case.

This is a great exercise to do with others and they may see things/gaps that you didn't realise were there.



TIP 7: Budget – Know your finances

In the last few sections we worked on your financials with great care…this is why:

- Be thorough in the project financial planning, costing your expenditure in line with the tender process (if necessary) that was highlighted by the funder
- If required be convincing you have your match-funding in place
- Know your overhead costs
- Have last year's (at least) accounts ready
- Have your financial projections

TIP 8: Pay particular attention to the sustainability section

Sustainability is key. With this in mind, you should prepare answers which address:

- How will the impact continue/live on?
- What are the risks (internal & external)?
- How will you implement:
    1. Monitoring
    2. Evaluation
    3. Reporting

Remember it's a long road and not just a hurdle run that the funder is focused on. The future matters!

More TIPS for success in writing a funding application…

TIP 9: Don't assume the funder has prior knowledge, Describe your background and capabilities with conviction and describe your project truthfully and succinctly.

TIP 10: Break down the application process into bite-size pieces. Many people start well but fade as the application form progresses…Stay strong through-out!

TIP 11: Think carefully about the presentation of your application – appearances matter. Most funders will read many applications and in an application is easy to read and well presented it makes their lives easier.

TIP 12: Do not overpromise – one day you will have to deliver!

TIP 13: It always takes a lot longer to put an application for funding together that you expect.

More TIPS for success in writing a funding application…

TIP 14: Remember it can be a competitive process – put your best foot forward

TIP 15: Write in an interesting way that captures the energy and spirit of your beliefs, your vision and your project

TIP 16: It is important to provide evidence of 'need'. It is not enough to say: "we know…" or "we think…". Back statements up with relevant research.

TIP 17: Show how your proposed project is additional – not competing or causing a displacement of others

TIP 18: ALWAYS – talk to the funding agency (bank or organisation) before you apply

Explore the options available to you in your region…

- [Grants and Schemes - Teagasc | Agriculture and Food Development Authority]
- [gov.ie - Schemes and Payments (www.gov.ie)]
- [Agriculture and Farming, Finance Support to Farmers | AIB Business]
- [Brexit Impact Loan Scheme (BILS) – SBCI]
- [Crowdfunding in Ireland - a short guide (thinkbusiness.ie)]

Some IRISH Options

The 3 main steps to Funding…

1

Create a solid BUSINESS PLAN

2

Complete your FUNDING APPLICATION

3

PITCHING your idea to potential funders

Why and when you will need to PITCH…

Sometimes when you are seeking funding, you may have to present or PITCH your project idea to funders (banks or agencies) as you seek their financial support.

Do not let TV shows like Dragons Den/ Shark Tank put you off the idea of what the pitching process involves!

In the slides that follow, we will share some key insights of how you can create a near perfect pitch.

What is a Pitch?

A pitch is typically a short and concise presentation which provides all relevant and realistic information on WHY the funders should financially back the project.

The best pitches are those that tell a story and are delivered with passion, knowledge of the subject matter and confidence. They create an emotional connection and draw people in to be vested/invested in the project.

Tap into your **best storyteller mode** and it will be key to your pitch success. People but people!

PITCH PERFECT INGREDIENTS

Dealing with a NO…see it as a learning experience not failure!!

If the recipe isn't right, and you don't get the Grant, Crowd Fund or Bank Loan - be sure to use these rejections as a learning experience!

Encountering a no can be disheartening. But don't let it get the better of you. Consider these steps to increase your chances of being reconsidered, improve your potential for obtaining financing in the future, and in general, relieve the stress of securing funding.

Reflect on your approach, be honest with yourself. Did you rush the application? Did you really think you met the priorities, or did you not do yourself justice in writing about your project?

Ask for feedback even if your rejection letter specifies a reason for your rejection, asking for verbal feedback will sometimes bring you a fuller and more open response.

Having the right attitude …

“

I’ve missed more than 9,000 shots in my career. I’ve lost almost 300 games. 26 times I’ve been trusted to take the game winning shot and missed. I’ve failed over and over and over again in my life.
And that is why I succeed!

”

Michael Jordan, US entrepreneur and former professional basketball player

Dealing with a NO…see it as a learning experience not failure!!

Act professionally even though disheartened, keep your behaviour and actions as professional as possible. If you thank the possible supporter politely for his/her time, and follow up in a few weeks when you've gathered more information or adjusted your business model, you may have a much better chance of getting that funding.

Find out what did get funded: funders often publish lists of what they did fund. This can give you insight…

- What do you notice about the projects that got funded?
- Were the businesses at a different stage to you?
- Were you asking for much more (or less) money than they received?
- Were you applying for activities that this funder hasn't supported?

Dealing with a NO…see it as a learning experience not failure!!

Contemplate Your Options: There's no right or wrong way to pursue funding. If one channel seems to be generating more obstacles than opportunities for progress, it might be time to change up your strategy. Increasing your chances of getting a yes could be simply a matter of choosing the right channel (or group of channels) to use to cultivate funding.

Look At Your Business Model: Use the rejection as a learning opportunity. Take a look at your business model for any major flaws or weaknesses. Fixing these gaps will make your overall business idea more attractive to other potential funders, and could be enough to change your initial rejecters' mind.

Well done!!!

You have just completed Module 2. It wasn't easy and we covered many financial topics that you may not have been familiar with. Keep going now and jump into module 3 where we go into deeper learning on

Getting to know your Market

www.small-holders.eu

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