

# Case-study: BGF (Business Growth Fund)

## 1) Description of initiative(s)

BGF has moved from start up in 2011 to become the UK's largest provider of growth capital to small and medium sized businesses. Backed by five of the UK's main banking groups – Barclays, HSBC, Lloyds, RBS and Standard Chartered, BGF is fully independent and has invested over £400m in 70+ UK businesses to date and £250m in the last 15 months showing significant momentum. BGF was set up to get critical funding to growing smaller and medium sized companies in the face of reduced lending activity and an economy that was flagging. BGF, as a new, well-capitalised and ambitious equity focused investor, was one answer.

## 2) What need does this solve for scale-ups?

<p><b>(1) Coordination, connectivity and promotion</b></p>	<p><b>(2) Access to Skills</b></p>	<p><b>(3) Leadership Capacity Building</b></p>	<p><b>(4) Customers (Domestic &amp; Export)</b></p>	<p><b>(5) Financing</b></p>	<p><b>(6) Infrastructure</b></p>
<p>BGF is building a unique national community of entrepreneurs and business owners who are regularly brought together to share experiences and further their business interests.</p>	<p>A stronger balance sheet allows portfolio companies to invest and recruit the best talent. More specifically BGF can help find and recruit new non-execs and strengthen the board.</p>	<p>BGF provides active support at board level, and with access to a growing network of senior business leaders, including placing Chairman and NXDs on investee boards.</p>	<p>BGF's growth capital helps companies to invest further in sales and marketing to build deeper customer relationships, giving them the ability to take on and fund new contracts. Increasing access to overseas markets via a network of suitably experienced non-execs, as well as the expertise within BGF and its portfolio companies, is helping to build export sales.</p>	<p>A flexible £2.5bn evergreen balance sheet. BGF provides funding for growth and equity release, investment of £2-10m for a minority stake, long term &amp; patient capital and no forced exit.</p>	<p>Portfolio companies benefit from the support of BGF's in-house IT, HR, marketing, legal and compliance specialists, who are on hand to provide high-level strategic advice that might not otherwise be available to them.</p>

## 3) Which stakeholders in the ecosystem are involved with running this?

<p><b>Entrepreneurs</b></p>	<p><b>Ecosystem umbrella organisations</b></p>	<p><b>Government (national/ local)</b></p>	<p><b>Private sector</b></p>	<p><b>Investors/financers</b></p>	<p><b>Education providers</b></p>
<p>BGF meets hundreds of companies every year run by ambitious entrepreneurs. As minority equity investors in their businesses, BGF's interests are directly aligned with theirs.</p>	<p>Broad interaction with industry bodies involved in SMEs.</p>	<p>Regular dialogue with Government as a source of relevant information on the SME universe.</p>	<p>BGF is backed by Barclays, HSBC, Lloyds Banking Group, RBS and Standard Chartered.</p>		<p>Support of Inspiring the Future initiative. Looking to do more in the field of education generally.</p>

## 4) What does success look like? What impact/outcomes are expected?

<p>Appetite for BGF capital is clear and awareness of its unique offering of finance and support is growing amongst entrepreneurs and ambitious owners of UK businesses. Momentum is building month by month. 2014 has been BGF's busiest to date. In the last 15 months BGF has deployed circa £250m in growth capital.</p> <p>Not only is BGF's portfolio of companies growing in number, so are the businesses themselves expanding.</p> <p>BGF money is being put to work buying new machinery, making new hires, undertaking more R&amp;D to develop products, helping companies expand into new markets, funding strategic acquisitions and retail roll-outs, and much more.</p> <p>Another mark of progress is the number of companies that have sought further funding from BGF. BGF has provided over £25m in follow-on funding so far. This is critical to building larger companies over the longer term.</p>	<p>BGF has introduced more than 50 Chairmen and Non-Executive Directors to its portfolio companies to date, and this number is growing rapidly. BGF recognises the need for the right balance of investment experience with wider business expertise, working effectively in partnership with the management teams it backs.</p> <p>Partnership also has a wider application. BGF has made several co-investments with other capital providers and is now actively looking at ways in which it can bring its successful approach, and use its established network and infrastructure, to reach more growing companies in the UK, particularly those at an earlier stage in their development, or those listed on AIM where BGF can complement existing quoted fund managers in specific situations.</p>
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