

<b>OVERVIEW OF READY 4 FINANCE: FINANCIAL STRUCTURES</b>			
<b>Average Time</b>	<b>Session</b>	<b>Objective</b>	<b>Notes</b>
2.5 hours	<b>1. Financial options for SMEs</b>	<ul style="list-style-type: none"> <li>• Give entrepreneurs insight into suitable types of finance for their business.</li> <li>• Provide short introduction to: <ul style="list-style-type: none"> <li>▪ Types of financiers/investors</li> <li>▪ Financial options (pros and cons) <ul style="list-style-type: none"> <li>▪ Grants</li> <li>▪ Debt</li> <li>▪ Equity</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Ends with short exercise, where a few entrepreneurs explain what their financial need is and participants discuss what kind of finance would be most suitable for them.</li> </ul>
3 hours	<b>2. Debt finance</b>	<ul style="list-style-type: none"> <li>• Review types of finance</li> <li>• Learn prerequisites for receiving debt</li> <li>• Get familiar with different forms of debt: factoring, trade finance, leasing, revolving credit</li> <li>• Reflect on your need for finance</li> <li>• Case study to determine type of finance needed</li> </ul>	<ul style="list-style-type: none"> <li>• Includes case study: what kind of finance do I need?</li> <li>• Includes various in-depth handouts on different forms of debt finance, including factoring, trade finance, leasing, and revolving credit.</li> </ul>
1.5 hours	<b>3. Royalty based finance</b>	<ul style="list-style-type: none"> <li>• Educate entrepreneurs and investors on a suitable financing structure for SME investments</li> <li>• Understand benefits of RBF compared with straight debt or equity finance</li> <li>• Reflect on the entrepreneurs' financing needs</li> <li>• Understand when RBF is appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Contains group exercise with excel sheet to show different outcomes of debt, royalty or equity finance.</li> </ul>
<b>7 hours</b>	<b>Total</b>		

**Notes to trainer:** It is best to do the training in this order. If entrepreneurs are at very beginning level, you would need to modify the debt finance to not go into detail on all types of debt, and also consider skipping royalty based finance if very beginning level of entrepreneurs.

Note: It is highly advisable to invite a local financial service provider when you do the modules on Financial Structures, so that they can present the specific financial products which are available locally. This also gives entrepreneurs an opportunity to meet with a financial services professional, and discuss financial options in a more informal setting than a formal bank interview.

In terms of sequence, it is best to first do the general session on Debt finance (session 2) immediately followed by the session with a local financial services professional. It is also possible to have the local professional give the session on Debt financing.

## Logistics of session

<b>Ready for Finance_ Financial Structures</b>	
<b>Target group</b>	Entrepreneurs in BiD Network
<b>Compulsory/not compulsory</b>	Not compulsory, but highly recommended for all entrepreneurs
<b>Size</b>	10-15 participants.
<b>Trainer requirements</b>	<ul style="list-style-type: none"> <li>• Trainer should know the different parts of the balance sheet and how changes in the balance sheet can free up cash. Trainer notes describe in detail how role play works and changes in the balance sheet. Trainer should be familiar with the rules of a role play (contained in Train the Trainer).</li> <li>• Trainer should know how about debt, equity and royalty based finance structures.</li> <li>• If a financial service professional is involved in giving the training, they should be aware of all the local financial products relevant for SMEs and have experience in explaining these products to small business owners.</li> </ul>
<b>Delivery schedule</b>	On demand
<b>Materials needed</b>	Laptop, beamer, flip chart or white board.
<b>Pre-training requirements</b>	No formal ones, but participants should have some basic level of knowledge about business planning, ideally should have a business plan already, and have worked on their own financial statements. Basic understanding of debt and equity is helpful but not completely necessary.