

# Advisor-led Intermediaries are the future for UK SMEs

The 'advisor-led' organisations are fast becoming the new 'bank managers'. Their level of expertise and market knowledge is, arguably, the best and only route for businesses owners to gain access to the vast amount of business finance products and vast array of lenders.

## The Current Landscape

The number of non-high street bank and independent lenders continues to mature in what remains a fledgling marketplace as far as the "alternative" business finance market is concerned.

In theory, the UK's business owners should now have their confidence restored regarding their plight to borrow for future growth and prosperity and that is despite the banks continued negative approach to lending. Moreover, the growing range of finance providers suggests UK SMEs have a greater choice than ever before in the supply of the external funding. Unfortunately, the confidence levels remain low.

## The Challenge

According to most of the "alternative" business finance marketplace, the new challenge is not gaining access to finance, but the process of deciphering who to borrow from and understanding of the best-fit funding option available. In addition, the majority of business owners remain unclear on the costs and the terms.

In today's world, most of us will default to our dear virtual friend and fountain of all knowledge, 'Google'. This knowledge bank will be happy to provide you with the answer to any question. For example.... "I need a business loan" or "business loans" or "finance for my business". Sorted! Really????????? Hell, no!

Back in the good ol' days, there was nothing wrong with the traditional 'bank manager' relationship. The model work well for decades. The autonomy that the 'bank manager' were trusted with combined with the banks ability to provide a speedy lending approval (or decline), was effective. Fast forward to today and the 'bank manager' has long since departed and bank lending is in sharp decline!

## Where To Now?

The raw broker market consists of many individuals that may specialise in a specific product including invoice finance, asset finance and commercial loans. However, a typical 'advisor-led' intermediary will be authorised by the FCA and consist of a team of business finance specialists that will have both the knowledge and the expertise to advise a business on all lending options. Therefore, the words 'best-fit' are often used and for the obvious reasons. In addition to the advice provided, each application is packaged in accordance with the lenders preferred lending criteria.

As the market continues to evolve, the lender's preference is to work with the 'advisor-led' organisations because the opportunity to lend is increased due to the front-end work that is undertaken before an application is made. The business owners also prefer this route to market because their preference is to work with people they can meet with a la the traditional 'bank manager' model. The intermediary will take the time needed to understand the business and will invest further time to ensure that funding can be provided. There is simply not replacement for a genuine, personal relationship with a local business finance expert.

Setting a level of expectation with both the business owners and the lenders is important, too. Confidence levels to achieve funding must be increased by any means possible. Unfortunately, the effective channels appear limited including the various on-line matching platforms and the accountants.

In conclusion, the vital link between the business owner and the lender needs to be more robust and visible and that is despite the apparent work that continues at BEIS, the British Business Bank et al. The advisory-led organisations are fit for purpose and poised to added significant value to a lending marketplace that is experiencing one of the most exciting periods in the history of business finance. ■