

SCOPE OF WORK AND BIDDING PROCESS

INVESTMENT READY PROGRAMME

January 2022

Introduction

Funding London seeks to engage a subject matter expert to deliver in depth content on early-stage investment for twelve group sessions between 15/03/2022 and 16/12/2022 focused on topics outlined in the 'Scope of Work'. This programme is delivered by Funding London for the London Business Hub.

About Funding London

SME Wholesale Finance (London) Limited, trading under Funding London, was established in 2004 by the then Mayor of London with the specific long-term mandate to support the Economic Development Strategy for London through its SME funding activities. We are a wholly owned subsidiary of the Greater London Authority. More information about our activities and our funds can be found at www.fundinglondon.co.uk

About the Investment Ready Programme

1. Background and context

The Investment Ready Programme (for Underrepresented Founders) is designed as a pilot project to help London based SMEs, especially those led/managed by female, disabled or ethnic minority founders raise equity or debt finance. The programme will seek to leverage preceding Investment Readiness programmes and other support programmes to identify the most suitable candidates to support in a fundraising journey. The overall goal is to help SMEs raise external finance by removing barriers to fundraising through targeted support.

The barriers to fundraising identified by the British Business Bank (BBB) are lack of education when it comes to available financing resources, fear of rejection which stops entrepreneurs from even applying for external finance and business credit characteristics. The Investment Ready Programme will check that participants are aware of their most suitable financing options and help them prepare for the fundraising process and work with them to shape the business proposition.

According to the latest report from Beauhurst (The Deal), only 15p in every £1 of investment went to female-founded startups in 2020. The 'Alison Rose Review on Female Entrepreneurship' reveals that access to and awareness of funding was the number one issue for female entrepreneurs across the entire entrepreneurial journey. Female-led businesses receive less funding than those headed by men at every stage of their journey.

Extend Ventures report 'Diversity Beyond Gender' shows that only 4% of total investments made at seed, early and late stage between 2009 and 2019 went to all-ethnic teams.

Given the above stats, a targeted intervention to support founders, especially those from underrepresented groups, to access finance is clearly needed in London. Also, addressing these disparities will help to deliver a key cross-cutting theme in the London Recovery Programme, to recognise and address structural inequalities and promote a fairer and more inclusive London.

2. Programme Objectives

As set out in the Mayor’s Economic Development Strategy, ‘Businesses need access to capital to support their growth ambitions, and external sources of finance are particularly important for a significant proportion of SMEs’. The programme will support the Mayor’s aim to ensure businesses can access finance - particularly those from underrepresented groups - by boosting their ability to successfully secure finance. Specifically, the programme will seek to:

- 1) Increase the value of investments made into SMEs from underrepresented groups;
- 2) Address presentation failures and increase investability of participating SMEs; and
- 3) Enable at least £2.5 M of investment, of which £1.5M to be raised by companies founded/led by underrepresented founders (female, disable and ethnic minority).

This will be achieved by:

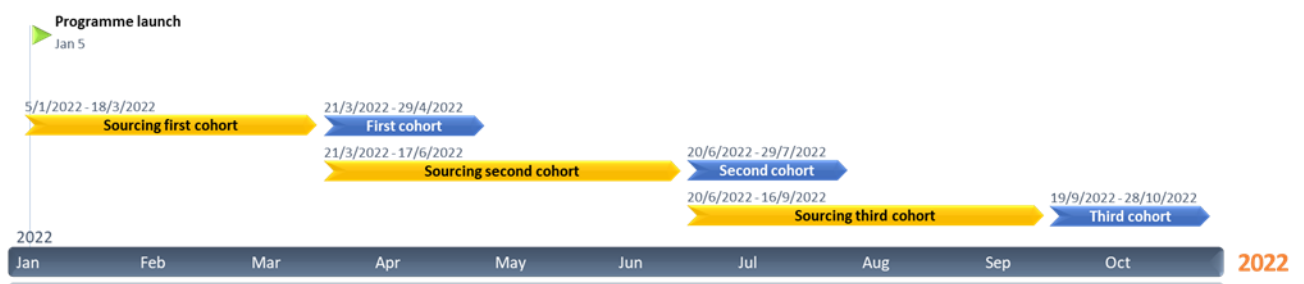
- Creating a bespoke programme of targeted support (see section 5.2) to increase the chances of participating businesses, especially those led/managed by underrepresented founders, to raise external finance;
- Creating and fostering an environment of collaboration and peer-to-peer support where participants can learn from each other; and
- Connecting with ecosystem stakeholders to enhance the targeted one-to-one support participants require to increase their chances of raising finance.

The programme will focus on those entrepreneurs who are on the cusp of launching their fund raising campaign and need further support to increase their chance of success. The areas of support the programme will offer are:

1. Reviewing fundraising strategy
2. Reviewing and presenting the deck and the story
3. Financial modelling and valuation
4. Creating a data room and investor FAQ
5. Accessing start up loans
6. Referrals to finance providers

The delivery method of this programme will involve both online and face to face sessions and meetings.

3. Programme Timeline



4. Customer Journey

1. Application Process



2. Support Programme



3. Approaching capital providers



4.1 Application Process

The application process will be divided in two stages:

Stage 1	Stage 2
<p>The entrepreneurs will register their interest by submitting an application form.</p> <p>Data that will be collected at this stage will be agreed with the Business Hub taking in consideration their reporting requirements. However, only relevant data should be gathered and this be kept to a minimum.</p> <p>The application form should be as succinct as possible and should not require more than 5min to fill in and submit.</p> <p>Please visit Annex 1 for more information on suggested data to be collected.</p>	<p>This stage will involve a short call with the pre-selected candidates to find out if the business is right for the programme and what support they require.</p>

Qualifying criteria:

- Based in one of London’s 33 boroughs
- Have a UK registered company
- Have a minimum viable product
- Have done the customer validation and tested the initial business model
- Have a strong business proposition
- Preferably have some commercial traction/partnerships
- Actively seeking investment in the next three to six months
- Be working on a large or growing global potential or high-value niche

4.2 Support Programme

Three cohorts of 12 participants each, will be launched in three separate stages, three months apart. Keeping the size of each cohort small will ensure a high-level targeted support being achieved. As a result, the programme will deliver more value to each participant. A combination of group and one-to-one support will be provided. Depending on the support each participant

needs, the programme will provide between 8 to 14 hours of group support and 2 to 5 hours of one-to-one support.

The second stage of the application process will help us identify the area/areas where each business needs help with. Depending on the level of support required, all or specific sessions will be suggested to the founder. This approach will ensure an increased value-to-time ratio for the founder.

The areas of support that the programme will offer are:

- *Fundraising strategy and funding options*: how much you need to raise, which type of funding suit your needs best (equity or debt), realistic timeframe, action plan
- *Building and presenting the deck and the story*: what information should a pitch deck contain depending on the sector to increase your chances of securing a meeting with investors, how should the information be organised, tips on how to present
- *Financial modelling and valuation*: what do you need to prepare from a fundraising perspective, how to build an economically viable business, top down forecasting, bottom up forecasting, assumptions, outcomes of financial modelling, how to value your business, methodologies;
- *Creating a data room and investor FAQ*: what is a data room/investor FAQ and why is important to have one, what information should be included and how should it be structured
- *Accessing start up loans*: overview of the scheme, support available, what additional support is provided after accessing the scheme, Q&A session with a founder who's accessed the scheme
- *Referrals to finance providers*: an office hour (one-to-one) session will be organised for each cohort. Participants will have the opportunity to pitch to investors

4.3 Approaching Capital Providers

Equipped with the right tools, during this last stage of the programme entrepreneurs will be referred to finance providers.

5.4 Pro bono support

We will seek to obtain additional pro bono support to enhance the quality of the programme. The following is a non-exhaustive list of areas that will be explored:

- Strategy support
- Financial support review
- Coaching
- Venues for face-to-face sessions

5. Programme delivery

Funding London will oversee the full delivery of the programme. To ensure compliance, experts that will be remunerated for their time will be selected through a competitive process. We will also seek to engage with experts who will offer pro bono support where appropriate.

6. Programme Outputs

A total of 36 companies will graduate from this programme. Three cohorts will be formed, each of 12 participants. Our target is that 60% of the businesses enrolled to be led/managed by female, disabled and ethnic founders should access external capital.

Depending on the support each participant requires, the programme will provide between 8 to 14 hours of group support and 2 to 5 hours of one-to-one support.

7. Programme Outcomes

Outcomes data on amount of investment raised will be collected nine months after graduating the programme. The suggested timeframe offers the best opportunity for assessing the outcomes of the programme. A target of at least £2.5M total funds raised by participants is set for this programme.

Scope of Work

The subject matter expert will help Funding London select eligible participants and provide content in the following areas for each cohort:

- *Fundraising strategy and funding options*: how much you need to raise, which type of funding suit your needs best (equity or debt), realistic timeframe, action plan
- *Building and presenting the deck and the story*: what information should a pitch deck contain depending on the sector to increase your chances of securing a meeting with investors, how should the information be organised, tips on how to present
- *Financial modelling and valuation*: what do you need to prepare from a fundraising perspective, how to build an economically viable business, top down forecasting, bottom up forecasting, assumptions, outcomes of financial modelling, how to value your business, methodologies;
- *Creating a data room and investor FAQ*: what is a data room/investor FAQ and why is important to have one, what information should be included and how should it be structured

All the above are a combination of online and face-to-face group sessions. We expect these to be interactive sessions, lasting between three to four hours.

Budget

We have a maximum budget of £40,000 (incl. VAT) to cover the delivery of twelve group sessions.

Proposal requirements

Interested bidders are invited to submit proposals addressing the following:

1. Evidence of your/your firm's experience and credentials to assist in the selection of programme participants and to deliver the workshops covering the four subject areas described above. Brief CV's of the proposed individuals to delivery this work;
2. Your proposals of how you would structure the workshops to achieve the maximum impact and how you would add value to the programme;

3. Your plan to ensure efficient delivery and achievement of the programme goals; in particular, not only getting participants ready to raise funding but maximising chances of success;
4. Your fee proposal to deliver the above and any relevant detail as to how it has been calculated.

Selection Process

Proposals will be scored on the following basis:

Maximum score of 100%. Maximum of 80% marks awarded on the quality of responses received to the questions 1 to 3 above. 20% awarded on the basis of cost (question 4. Above), with maximum score awarded to the lowest fee proposal and other bidders' scores adjusted pro-rata by reference to the lowest fee.

Proposals will be scored by a panel of experts selected by the Funding London team.

Deadline for submission of proposals

Please submit your proposal addressing the scope of work, fee proposal and providing relevant credentials (skills and experience) by 11 February to bianca@fundinglondon.co.uk. You will hear from us as soon as we review your proposal. All further contact, including notification of contract award decision, will take place via email.