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SMEs to tackle liquidity issues with help from friends and family

In recent blog articles [Beanstalk Management](#) has revealed that sourcing capital remains one of the most pressing issues. Although a stimulus plan has been adopted by the UK government in order to boost the SME sector, lending has remained tight and banks appear unwilling to extend credit.

One recent study undertaken at the initiative of a company within the Close Brothers Group revealed that an important number of SMEs in the UK are turning to family members or friends in search of alternative sources of financing. The soaring need for capital is mostly due to the fact that banks and other financial institutions have adopted more strict measures on their lending activity and small companies now have to think up new business strategies in order to efficiently manage their cash flow.

According to the results of the survey more than 540,000 SMEs (approximately six times more than last year) have been calling upon relatives and close ones to raise funds as lacking bank funding, they might be facing serious liquidity crises. The figures have shown that only 6 percent of the questioned businesses believe they will receive funding from their banks in 2009 as opposed to 73% who gave the same answer when questioned last year. Under such circumstances it appears that businesses need to be more innovative and think up more creative methods of raising finance.

Editors Note: Founded in 2005, Beanstalk Management is an innovative, expert business broker specialising in buying and selling businesses, raising finance and strategic consulting.

Tags: Beanstalk Management Limited, raising finance, corporate finance, Close Brothers Group