



# *The Journey to Financial Freedom*

Sourcing of funds by SME Entrepreneurs

Tayo Adesoji

# Questions

- Would it not be great to be financially secure — to never have to worry about money?
- What would it take to get there? In fact, what exactly is financial freedom?
- How much money does it take to attain financial freedom (N10m, N20m, N30m...)

# Financial Freedom consists of:

- **Being debt-free**
- **Being in control of your expenses**
- **Consistently increasing your savings/assets/net worth on a monthly basis**
- **Not being forced to work at a job you dislike just to pay the bills**



**CAN WE ACHIEVE THIS FROM  
NOTHING?**

# THE FACTS

## I. **Everyone, Everything Starts From Nothing**

- ✘ Even the World started from nothing
- ✘ Rich people, poor people, successful people, non-successful people, top achievers, non-achievers – all these people start from a place where they had nothing.
- ✘ Family backgrounds are not determinants of success – there are as many successful people in this world from poor families as there are from rich families.
- ✘ Whether you are Dangote, Otedola, Michael Jordan, Tiger Woods, there was a point in the past when you knew absolutely nothing about your craft and you had to learn from scratch.



# However,

## **2. You Have Something (Rethink the whole notion that you have nothing)**

- ✘ There is always something .The pessimist sees the glass as half empty; the optimist sees the glass as half full. Have you ever considered that the glass has always been all full though?
- ✘ If you do not see what you have today as something, it is because you take what you have for granted.

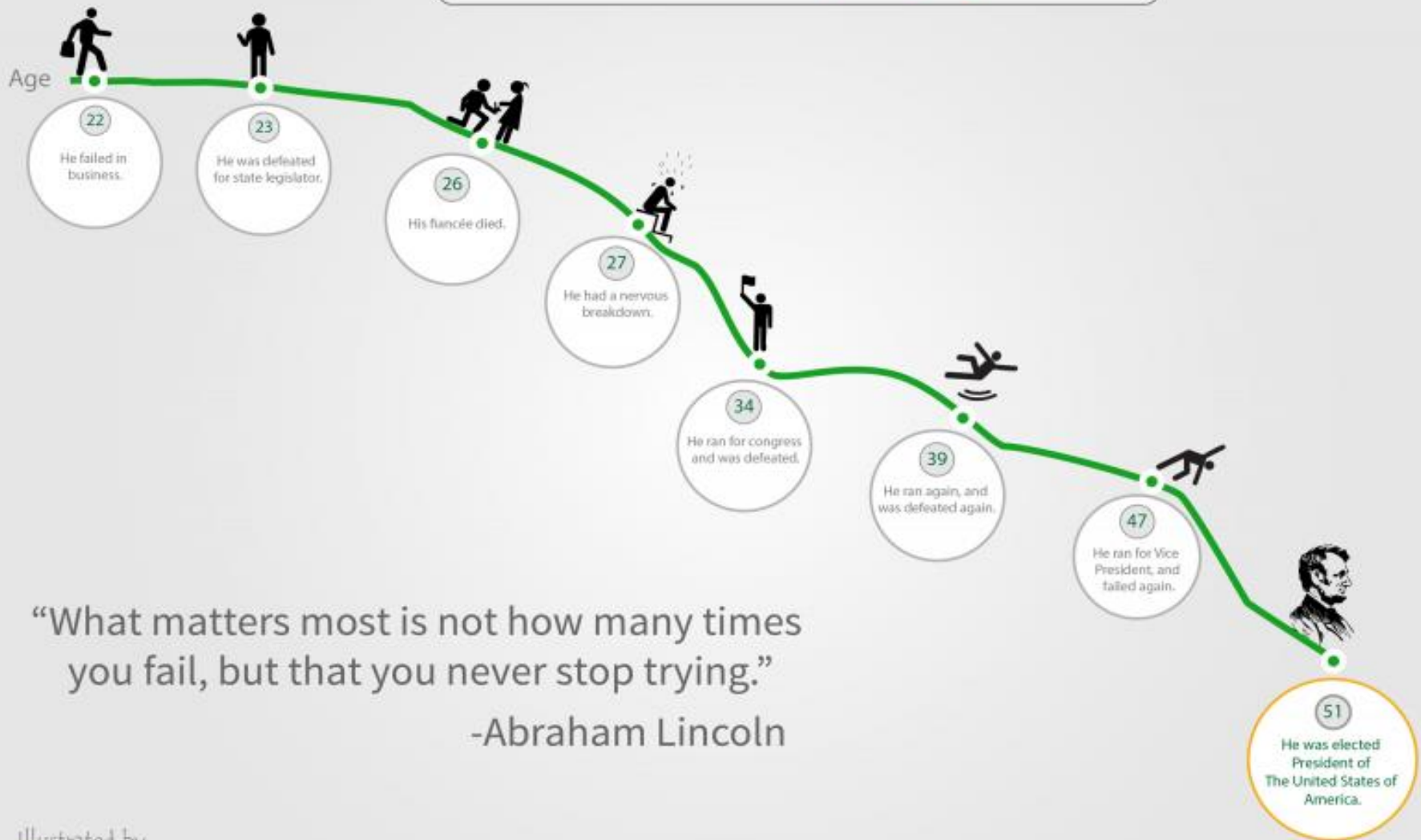


Then,

### 3. Focus on *What You Want*, not *What You Have Now*

- If we always base our decisions on what we have or don't have in this moment, we are never going to get far.
- If we limit ourselves to our history and background, we become a function of our past, we become a shadow of our past. We maintain and reinforce the status quo.
- Your current state is not a determinant of who you can be or what you can have. Remember, you have unlimited power in you. Focus on **WHAT** not **HOW**.

# Never Stop Trying



“What matters most is not how many times you fail, but that you never stop trying.”

-Abraham Lincoln



# THE GREAT PUZZLE


- How is it that no matter how ravaged a country is, some people are still going to be rich while the majority will be poor?
- How is it that no matter how materially blessed a country is, there will still be some people that will be poor?
- How is it that no matter what happens to some people they rise up from the ruins and make a master piece of their lives.



If you don't know how to use them,  
it will never be enough.

**But,**

- **Most of us prefer to settle for paid jobs – We settle for AVERAGE?**
- **Is it fear?**
  - Afraid of failure
  - Afraid of hunger?
  - Afraid of what friends and relations will say? etc
- **Is it because it is safe. Nobody get hurt! No feathers ruffled... Right?**

- 
- *Human energy is like the energy of light. When it is dissipated, as in the average light bulb, it gets work done in an average way. But when that same energy is focused and concentrated in a single direction, as with a laser beam, it has the power to cut through any kind of obstacle.*



**You can be an Enterprenuer!**

# Introduction

- A significant challenge any entrepreneur faces are:
- Lack of finance
- Manpower
- Infrastructure
- Regulatory challenges


# Sources of funds - Nigeria

- Friends/families/colleagues
- Cooperatives ..... Crowd funding???
- Angel investors
- Microfinance Banks
- Development Banks (BOI, BOA, CBN SME Funds etc.)
- Commercial Banks
- Funds from Governments & DFIs ( Grants or soft loans???)
- Supplier's credits;
- Customer's advance payments.

# Sources of funds- International

- Three sources of international funding provide an alternative to domestic funding: donors, socially responsible investors, and commercial investors
- Networks



- 
- On one extreme, donated capital carries the least financial burden for MFIs, often lending at below market rates, but is strictly in finite supply
  - Purely commercial capital, on the other hand, would be sufficient to meet the full demand once available yields to investors matches perceived risks.
  - In between these two points is a range of socially responsible investors who, to some degree, seek to leverage capital markets. The motive here is not purely driven by maximizing financial return but also includes an element of social return, known as the “double bottom line”

# Types of Funding

- Grant (Primarily used to encourage financial service providers to deepen their outreach, to develop new products and channels, or to support the development of the market)
- Debt (Funds lent over a fixed period of time and must be repaid, normally with interest).
- Equity (ownership through the form of shares).

## *What Funders Look For*

- **Your understanding of the business and the business environment.**
- **Management Team**
- **Completed Business Plan**
- **Integrity**
- **Your Understanding of the Risks.**
- **The Bottom line (NI, ROI) Single, Double or Triple bottom line.**



**Finally,**

- ***Without a vision you will always be at the mercy of other people who do have a vision.*** Far too many people simply let life happen to them, only seeing what's set before them. This is called a life of reaction. ***A life of reaction is a life of survival.***
- We all have dreams. But in order to make dreams come into reality, it takes an awful lot of determination, dedication, self-discipline, and effort.” – Jesse Owens