



**CONSULTING &
IMPLEMENTATION
SERVICES**



Funding for green ideas

Destino Australia, 2010

Presented by: Greg Spinks, Director, CIS

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Today's objectives

2

- Funding sources
 - ▣ Private (commercial) funding
 - ▣ Public funding programs

- How to obtain funding
 - ▣ Elements of a business case
 - ▣ Attributes for successful funding

- Questions, comments, concerns?

Funding sources

3

**Private
(commercial)**

Public

Seed Funding
Angel Investment
Venture Capital
Banks

Local Gov't

State Government
Federal Government

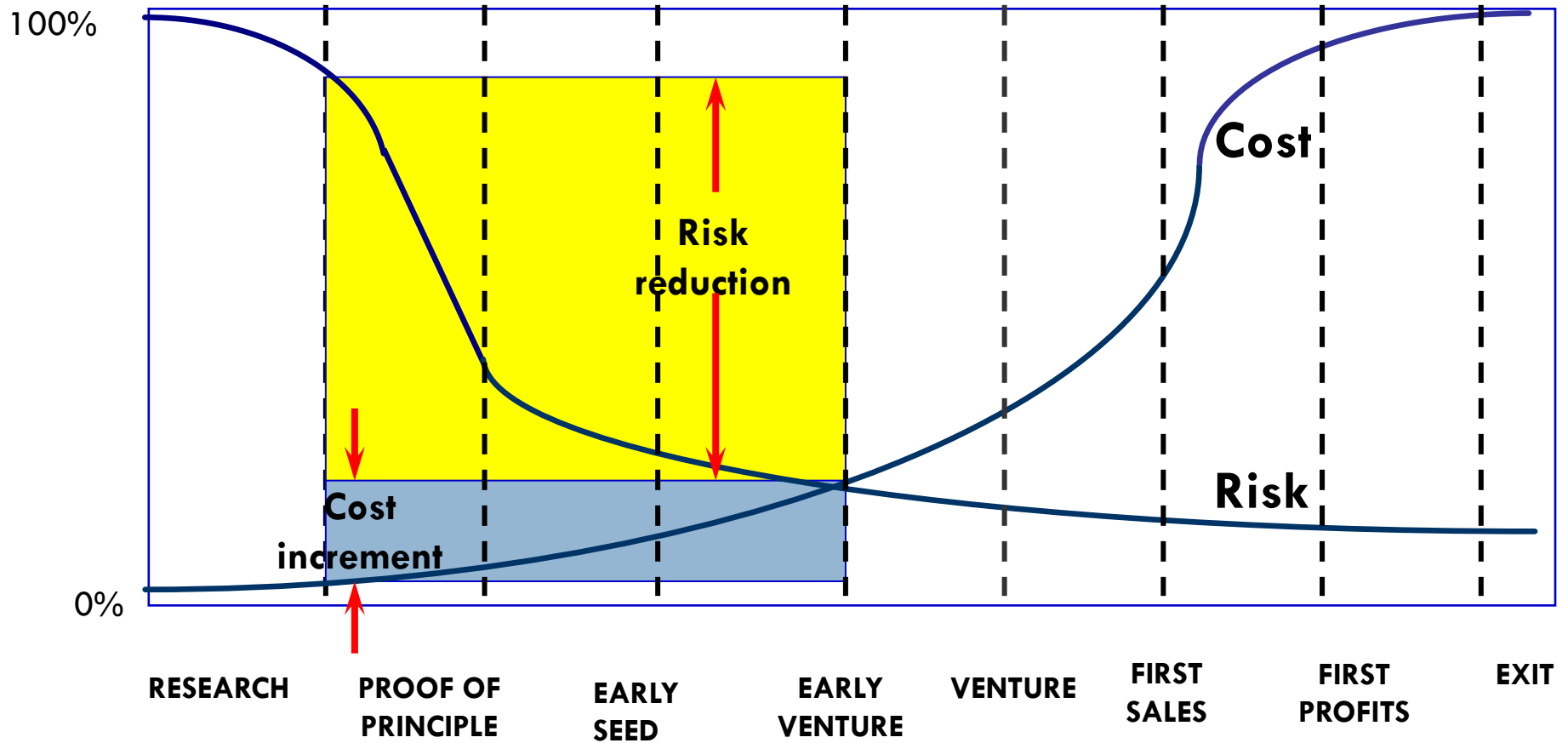
Chicken or egg

4



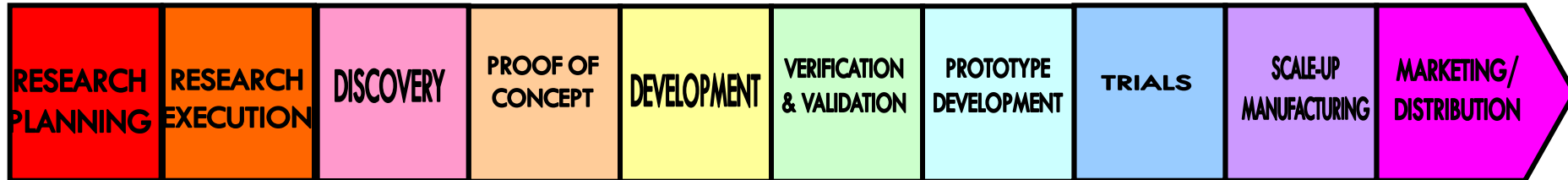
Bridging the 'valley of death'

5



Across the value chain

6



Seed funding

- Self-fund from previous ventures
- Raise funds from family, friends and fools
- Government grants
- Business incubators and mentoring programs
- Pre-seed capital funds



Angel investment

- Affluent individuals or angel networks
 - Common second-round source of funding
 - Capital provided in exchange for ownership equity



Venture capital

- Takes idea from proof-of-concept to commercialisation
- Capital provided in exchange for significant ownership equity and decision-making power
- Funds with niche interests, such as green technology and sustainability

Local Government

8

Typically, only larger councils invest specifically in sustainability initiatives.

Local government funding programs: some examples

Funding program	Amount	Priority areas/target
Sustainable Melbourne Fund (Melbourne)	Max. grant \$500,000	<ul style="list-style-type: none">• Proven case for water, energy or waste efficiency• Demonstration of clean technologies• Development opportunities with other sustainable organisations• Ability to overcome financial barriers
Environmental Grants Program (Sydney)	Min. grant \$5,000	<ul style="list-style-type: none">• Delivery of services resulting in direct environmental improvements• Development of community knowledge• Innovative projects that target greenhouse gas reduction, water, air quality, waste, flora and fauna, environmental education, food

State Government

9

Grants programs by state

Victoria	Sustainability Fund, Beyond Best Practice, Community Support Grants	www.sustainability.vic.gov.au
NSW	Environmental Trust, Climate Change Action Fund	www.environment.nsw.gov.au
Queensland	Sustainable Energy Innovation Fund, Natural Resources Awareness Grants	www.qld.gov.au/grants
NT	Greening the Territory Environment Grants	www.environmentgrants.nt.gov.au
WA	Environmental Community Grants Program	www.grantsdirectory.dlg.wa.gov.au

State Government

10

State government funding programs: some examples

Funding program	Amount	Priority areas/target
Victorian Government Sustainability Fund (Victoria)	Max. grant \$1,000,000	<ul style="list-style-type: none">• Mainstreaming sustainable behaviours• Innovation or best practice in resource use• Development of strategic tools, markets and analysis of trends
Beyond Best Practice (Victoria)	Max. grant \$70,000	<ul style="list-style-type: none">• Collaborative efforts between industry groups, local government and businesses• Capacity to transform a Victorian industry• Demonstrate optimal life cycle outcome
Environmental Trust (NSW)	Max grant \$5,650,000	<ul style="list-style-type: none">• Restoration and rehabilitation• Research into environmental problems• Environmental education
Environmental Community Grants Program (WA)	Total pool \$1,500,000	<ul style="list-style-type: none">• Categories: biodiversity conservation, sustainable catchment management, fauna rescue, nature appreciation in natural areas, etc.

Federal Government

11

Federal funding programs: some examples

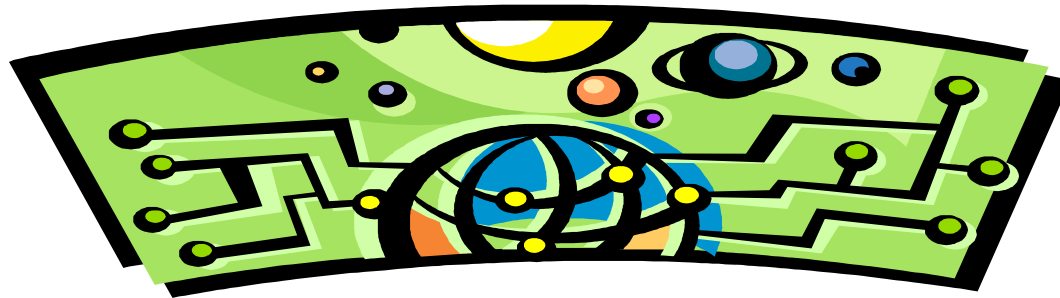
Funding program	Amount	Priority areas/target
Climate Ready Program	\$50,000 - \$5,000,000	<ul style="list-style-type: none">• Research and development of an innovative product, process or service• Proof-of-concept• Early-stage commercialisation
Community Action Grants	\$5,000 - \$20,000	<ul style="list-style-type: none">• Groups already operating in the environmental and sustainable land management arena
Education for Sustainability Grants Program	Total pool \$3,000,000	<ul style="list-style-type: none">• Groups that facilitate change in community attitudes and behaviours in support of sustainable development
TQUAL Grants (prev. Australian Tourism Development Program)	\$5,000 - \$500,000	<ul style="list-style-type: none">• Private sector businesses• Regional tourism/regional economic development• National tourism industry associations

Application process

12

You will invariably need to develop a business plan/application

“If you don’t have a road map you will get lost, make many wrong turns, arrive late and waste your ticket price because the show will be over.”



“Fail to plan, plan to fail.”

Why?

13

Internal

- ❑ To convince yourself and assess the risks
- ❑ To explore and develop objectives and strategies and how to meet and measure them
- ❑ Identifies key development areas and resources required
- ❑ Allows pro-activity rather than reactivity
- ❑ Allows integration and coordination
- ❑ Allows clear communication of intent and purpose to top management
- ❑ Allows monitoring and adjustment of activities for goal achievement
- ❑ You control the venture, it doesn't control you

Why?

14

External

- Typically a requirement
- Obtain capital from investors
- Obtain grants from government
- Guide business advisors (accountants, solicitors etc)
- Create credibility with partners (OEMs, suppliers, R&D organisations)
- Create credibility with stakeholders

The process

15

- The process is staged and never finished:
 - ▣ Initially: broad-brush/conceptual
 - ▣ Progress to setting up a framework of issues to make sure nothing vital is missed
 - ▣ Details are worked out which add “flesh” to the “skeleton”
 - ▣ Regularly review it

Your plan

16

- *Brilliant* executive summary
- You must “sell” it
- Persuasive – an *exciting* document
- Simple – easy to read and focused
- Language – of strategic fit
- Linkage and logic throughout
- Useful – packaged appropriately

Key activities

17

- ▣ Participant/stakeholder engagement negotiation
- ▣ Project management
- ▣ Understanding and relationship building with funding source
- ▣ Articulating clear, simple but compelling messages
 - Outstanding written skills are needed
- ▣ Financial plans
- ▣ Impact modeling?
- ▣ Legal & governance arrangements?
- ▣ Implementation plan

But planning starts with the customer

18

- Who are the customers?
 - Who is making the decision?
 - Who will influence the decision?
 - What is the formal and informal process?
 - Why do they want to give you this funding?
 - What is it worth to them?
 - What does your plan/application have to look like?
 - How will you tell them about it?

- Value Proposition:
 - What problem have you solved and why do they care?

Communicating the 'value proposition'

19

Features

27cc Engine

Disc brakes both front and rear

Pneumatic tires with inner tubes.

Automatic centrifugal friction clutch.

Optional Removable Seat.

Anti-vibration mounts.

Electronic ignition.

Anti-slip surface.

Top Speed of 35 Km/ph.

LATEST Feature: a free wheel design on rear sprocket allowing no resistance whilst engine isn't engaged.



Value propositions

20



Bridging statements

.....which means that.....
.....this saves you.....
.....this helps you.....
.....so you'll be able to.....
.....and because of this.....
.....and that lets you.....

Can you tell me what problem has been solved and why you would care?

....How you are sorted

21

To be competitive you must:

- Meet compliance requirements
- Address any stipulated funding criteria

Stack 1	Must Fund
Stack 2	Might Fund
Stack 3	Forget it

Elements of a good plan/application

22

To get into the right stack, you must prove that you are a superior opportunity than others

- Meets funding sources criteria
- Need to bring out the critical success factors
 - ▣ Executive summary, overview must be fantastic
 - Do this at the end
 - ▣ Superior opportunity
 - ▣ Convincing strategy to achieve objectives
 - ▣ Quality and depth of management/team
 - ▣ Corporate governance and structure
 - ▣ Appropriate level of investment

There are no shortcuts

23

- It takes time – typically 2 to 6 months
- You should be involved yourself
- You need the right team to get it right
- Know your targeted investor(s) and tailor the plan accordingly
- You only get one chance to create a first impression so be creative

You can be wrong!

24



You can be wrong!

25

Seeing the future is your job! - it's a difficult undertaking

Lord Kelvin

- ▣ "Radio has no future."
- ▣ "Wireless [telegraphy] is all very well but I'd rather send a message by a boy on a pony!" (1897)
- ▣ "The wireless telegraphy is one of the most wonderful inventions the world has ever seen. I think it will be of great commercial use some day and as I have seen it demonstrated on the ship in which I have just arrived I can say that it is very marvellous indeed." (1902)

You can be wrong!

26

- ▣ “I think there is a world market for maybe five computers”
- Thomas Watson, Chairman of IBM, 1943
- ▣ Judah Folkman (inventor of angiogenesis-inhibitors) would ‘cure cancer in two years’
- James D. Watson – co-discoverer of DNA, 1998
- ▣ “The Americans have need of the telephone, but we do not. We have plenty of messenger boys”.
- Sir William Preece, Chief engineer of the British Post Office, 1876

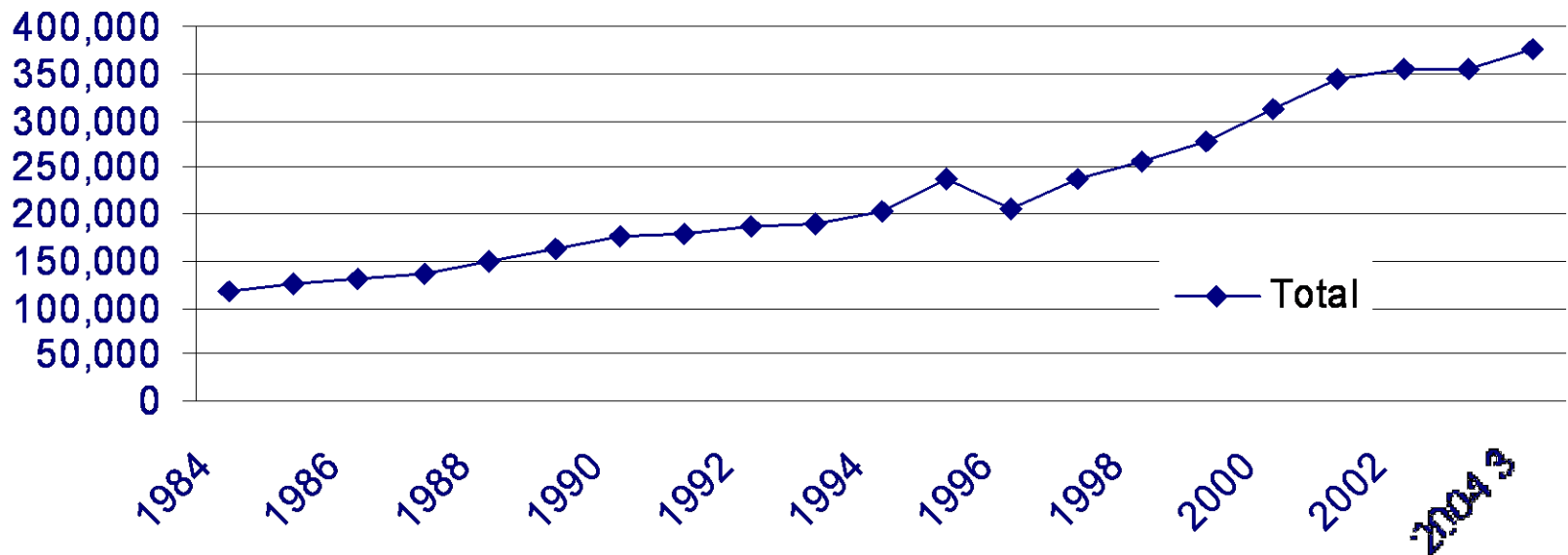
You can be wrong!

27

“I retire content in the knowledge that every major invention that could be invented has been invented”

- Secretary of the US Patents Office 1899 Retirement Speech

US Patents



And so can investors...

28

John Keely and the Ether Motor

- ▣ In the latter part of the 19th century, John Keely extracted vast amounts from gullible investors when he proclaimed that he had invented a motor that was powered from the vibrations in ‘the ether’
- ▣ People put money into his inventions until his death in 1898
- ▣ Inspection of his lab revealed hidden pipes and contrivances to “power” his “ether” motor

A case for better technical due diligence by investors!

Questions, comments, concerns?