

Case Study

Turnaround and Refinancing Independent school

Novus supported an independent school in its expansion with the opening of a pre-preparatory and preparatory school, securing circa £550k of bank financing.



Case Study

Turnaround and Refinancing Independent school

Having established and successfully managed two nursery schools, the Principal/Proprietor decided to expand her offering by opening a pre-preparatory and preparatory school.

The Challenge

With no previous experience of preparatory schools and limited resources, the challenge was to find suitable premises, refurbish and fit out the premises, recruit teachers and staff whilst importantly starting to build pupil numbers. As primarily a start-up opportunity, it was a challenge to predict how long it would take to develop a sustainable business proposition.

The Issue

Having approached many high-street lenders, with a forecast led proposal, the Principal was unable to secure high street lending to support the business plan. There was some modest success in raising funds from a leading start-up lender, but not enough to open the school.

Novus Start-up Funding Solution

Novus invested by way of equity and loan note instruments to provide the necessary start-up funding for the school to open. Novus then supported and worked with the Principal to develop and prove the validity of the school's business model.

Refinancing

Three years after opening, the new school could demonstrate good underlying revenue from which Novus produced a sustainable and profitable business plan. This plan has enabled Novus to lead negotiations on behalf of the school and successfully secure a £550k finance facility through HSBC. Importantly, the HSBC financing replaced some more expensive business financing and therefore better prepared the school for the next stage of growth.

Business Support

Our solution focused on two key aspects of the business, firstly financial strength and control and secondly strategic and operational plans to deliver business growth.

Novus' financial expertise has been critical to developing financial plans to deliver the business growth objectives together with establishing strong financial management and controls.

Having helped to refine the business growth objectives and strategy, Novus' support has since been centred on strengthening sales and marketing activity, whilst simultaneously optimising operational performance.

Sector: Education

Turnover: Circa £2.5m

Stage 1: £350k Novus Start-up Funding

Stage 2: £550k HSBC Business Growth Funding

Specific support activities provided:

- **Growth Strategy**
 - Review and refinement of business growth objectives
 - Development and implementation of strategy
- **Sales & Marketing**
 - Development of a stronger brand identity
 - Refinement of the business value proposition
 - Competitor analysis and market positioning
 - Development of marketing communications
 - Improved sales process and sales training
 - Development of the Customer Relationship Management (CRM) system
- **Operational Performance**
 - Improved financial controls and accounting practices
 - Established key performance indicators (KPI's)
 - Development of robust controlled business processes

"My time with Novus has enabled me to acquire a new way of thinking and helped to develop new skills. By physically taking time out from day to day operations, it has focused our thinking and given us the time to make improvements to both our processes and our customer service. I have no doubt that this will have a knock-on effect to improved sales figures moving forward. Thank you Novus!"

Head of Admissions

"I have been extremely impressed with the work and dedication of Novus Investments. Their speed, knowledge and experience is very impressive and the dedication to my school has always been carried out with the utmost professionalism and attention to detail."

Principal/Proprietor