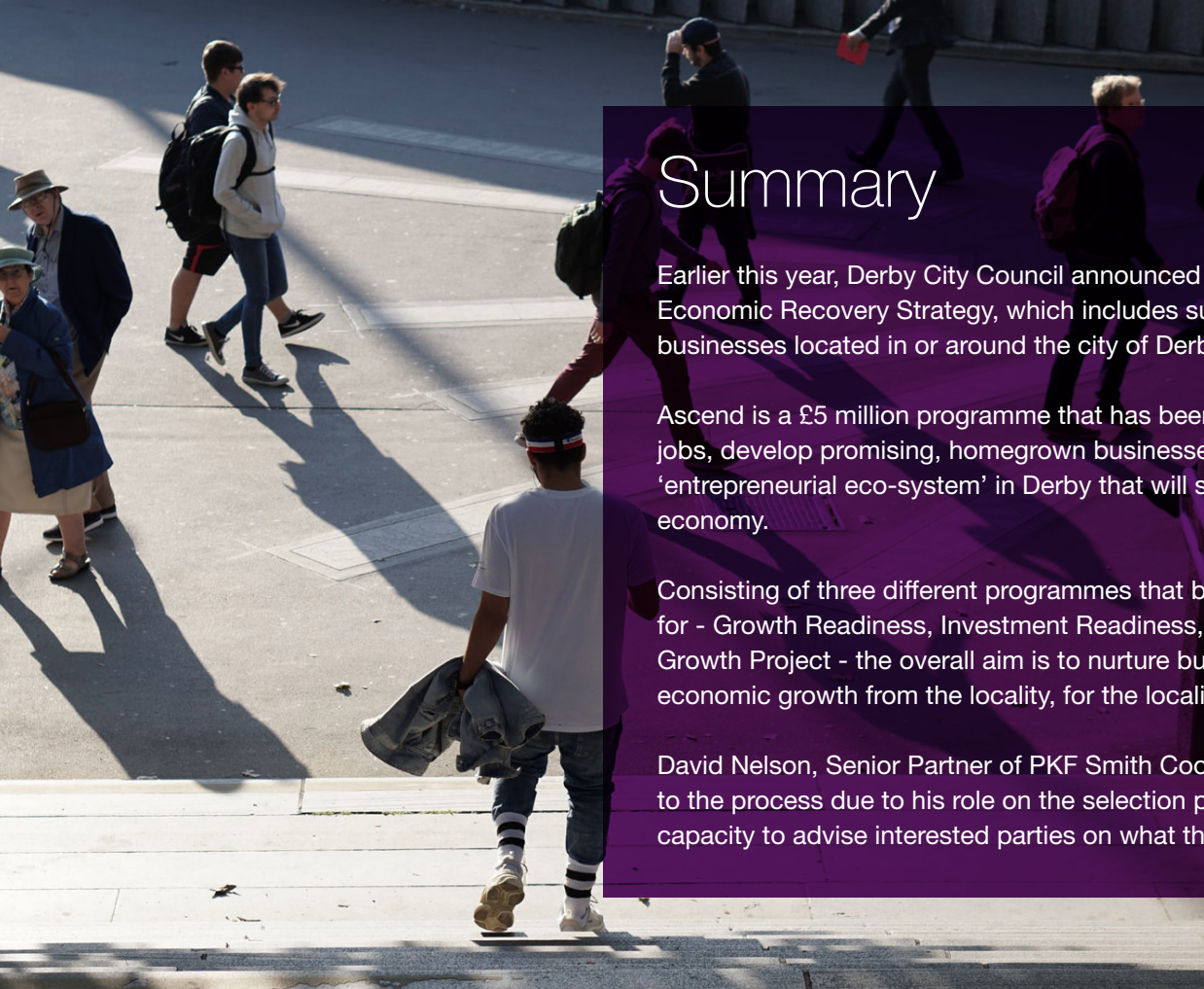


REINVENTING THE WHEEL: INVESTMENT AND ADVICE FOR FUTURE GROWTH

BUSINESS SCALE-UP CASE STUDY



LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE



Summary

Earlier this year, Derby City Council announced their post-Covid Economic Recovery Strategy, which includes support for growing businesses located in or around the city of Derby.

Ascend is a £5 million programme that has been designed to create jobs, develop promising, homegrown businesses, and engender an 'entrepreneurial eco-system' in Derby that will secure the region's future economy.

Consisting of three different programmes that businesses can apply for - Growth Readiness, Investment Readiness, and the Scale-Up Growth Project - the overall aim is to nurture budding entrepreneurs and economic growth from the locality, for the locality.

David Nelson, Senior Partner of PKF Smith Cooper, has a unique insight to the process due to his role on the selection panel and thus has the capacity to advise interested parties on what the panel is seeking.

Background

Following a tumultuous couple of years, the race is now on to kick-start the British economy once more and return to global platforms as a powerhouse of entrepreneurial innovation.

An integral aspect of this is nurturing the growth and development of viable businesses hailing from outside of London, with the aim of exploring the untapped potential residing outside the capital's purview. As such, Derby City Council have launched the Ascend programme to support local businesses in their early stages that are displaying talent and potential.

From the start to scaling up

Young businesses are usually deemed synonymous with the tech sector, yet are much more wide-ranging in actuality. They look to provide either an original product or service, or innovate those that already exist. Ripping up the rulebook, they are often associated with the disruption of the 'status quo', altering entrenched ways of thinking whilst utilising the latest in technology to stimulate growth.

After the initial development stage, the core aim of early-stage businesses is to secure a speedy growth strategy in order to scale-up and develop a business plan attractive to investors - especially if the founders are planning on being in it for the long-run.

However, despite the prevalence of fledgling businesses, statistics demonstrate that only 10% of all new brands and companies remain viable after the first year or so - meaning that 90% fail to get beyond the initial ideas and creation stage. This is largely due to a lack of early-stage funding. Whilst some rely on the 'bootstrapping' approach or self-fund the early stages of business, the vast majority require investors or funding grants in order to survive.

Derby City Council have responded to these statistics by developing Ascend as a part of their post-Covid business recovery plan, focusing on nurturing homegrown business and development within the locality.

The Ascend programme is one way that local businesses with high levels of potential can achieve the growth and funding needed to progress further.

A panel featuring a variety of people with business acumen and experience review the applications made by businesses for one of three specific programmes on offer: Growth Readiness; Investment Readiness; and the Scale-Up Growth Project. Each is designed for the different stages young businesses go through, with their own requirements laid out to streamline the applications.

The overall plan is to assist up to 50 of the most promising businesses in Derby over the course of the next two years. This will help bolster the local economy by making it more circular and, therefore, more self-sufficient - which, in the wake of Covid and Brexit, has become of vital importance.

How we can help

Acting as Derby's very own version of *Dragon's Den*, the panel ensures that each business they choose to assist meets the eligibility requirements outlined. Whilst the three programmes have their own stipulations, they all require the businesses applying to be located either in the city of Derby or within 7.5 miles, and be committed to providing jobs for Derby City citizens, graduates, and/or students.

PKF Smith Cooper's Senior Partner, David Nelson, is on the selection panel and will play a role in helping to decide which businesses show the most potential for each programme.

Described by HUUB owner and CEO, Dean Jackson, as "a rock of guidance and experience" when helping them through their growth and investment phases, and with considerable experience in aiding business owners with assessing, planning, and executing their business strategies, David is well-placed to scope out and advise up-and-coming businesses that are interested in obtaining support.

Not only are his knowledge and skills within the business world highly-valued, but David also prides himself on specialising in 'difficult to solve' cases. He's undaunted by challenges, cultivating creative solutions and advice, and has considerable knowledge of the eligibility requirements for each programme.

In short, David has the capacity to help businesses understand how to tick each eligibility box and be poised for growth and investment, which could increase the likelihood of success during the initial stages.

Do you think you've got what it takes to be the next big business in Derby? Applications for each branch of the programme are open until December 2022 - see <https://ascendderby.org/> for information about how to apply.

To speak to one of our experts, please call 03333 446306 or visit our website www.pkfsmithcooper.com

Ascend

Growth Readiness

Outcomes:

- Growth plan in place
- Periodic progress reports and monitoring
- Minimum of 2 jobs created

Funding:

- Bespoke business support worth up to £20k
- Fully funded support provided via subsidised advisory services

Investment readiness

Outcomes:

- Minimum of 2 jobs created

Funding:

- Bespoke business support
- worth up to £35k
- Fully-funded advisory support

Scale-up growth projects

Outcomes:

- Job creation as the output of a capital investment project

Funding:

- Maximum of 50% intervention rate against total capital project costs
- Minimum £20k loan (against £40k project costs) and maximum £240k (against £480k project costs) Terms include staggered drawdown mechanism and repayment profile between 1-3 years