



## Financial Poker – Twist or Bust

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# Introduction

- **Play your cards right in a challenging market**
- **Weigh up the odds on viability**
- **Deal with strategic change**
- **Manage your relationship with the bank**
- **Conclusion and questions**





## Current pressures

- **Affordability**
- **Demographic trends**
- **Costs of legal and regulatory compliance**
- **Competition from the state sector**
- **Competition from other independent schools**
- **Trend towards co-education**





# Strategy Review

- **Obtain hard evidence**
- **Review business model sustainability**
- **Be tough minded and objective**
- **Examine all the options**
- **Put sentiment aside**
- **Use an external facilitator**





## Likely outcomes

- No major changes needed
- Opportunities to improve the business model
- Merger or “bolt on” desirable or necessary
- Closure as an independent school inevitable



# Financial Poker - Twist or Bust?

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# Weigh up the odds on: Short/medium term viability

- Cash is king
- Predictable seasonality
- Control/remove costs
- Maximise income
  - increase fees, debt recovery, surplus assets, re-chargeable costs
- Property sales or fundraising
- Contingency plan
- Don't gamble



# Weigh up the odds on: Long term viability

- Constant review of your business model
  - no "sacred cows"
  - SWOT analysis
  - what type of school is now viable?
- Management
- Capital expenditure





# Strategies

- **Streamline the business**
- **Maximise assets - overseas franchising?**
- **Join a group**
  - **Charitable**
  - **Commercial**
- **Become co-educational**





# Strategies

- **Expand age range**
  - **Open a nursery or “bolt on” another school**
- **Merge with a competitor**
- **Relocate**
- **Convert to academy (free school)**
- **Close**



# Managing change

- **Feasibility**
- **Heads of terms**
- **Confidentiality**
- **Timing announcements**
- **Consultation**



# Manage your relationship with the Bank

- Traditional view
- Viability v Security
- Recent school closures
- No surprises
  - regular information
  - early notice of problems and proposed solutions
- Take advice





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