

# Attracting Early-Stage Investment

*In 2002, Andrea Carr founded Rising Stars, which was acquired by Hachette in 2015. She talks here about how educational vision and mission sit alongside commercials when attracting early-stage investment.*

**Andrea Carr** is an education business founder, leader and investor. She is a specialist in education technology, business growth, organisational change and digital strategy. Her roles include chairman at Teacher Tapp and Mable, board director at eEducation Albert and eyWorks, and trustee of Impact Multi Academy Trust and the Teacher Development Trust.



## What investors are looking for

Everyone loves a powerful story, so at the outset business founders and leaders need to be clear as to their reason for being. It's worth regularly practising a short elevator pitch in which you articulate your mission and the problem you are solving, with succinct and honest evidence to support your claims. Anyone looking to attract investment needs to be on top of their financials; being able to confidently present your growth story is of course important, but sensible and believable numbers have to be part of this.

The 'rule of 40' is one metric that investors sometimes use to benchmark a business, e.g. an annual growth rate of 30% alongside an EBITDA of 10%. For subscription-based businesses, renewal rates will also get laser focus and rates above 85% will be reassuring to anyone looking to invest. The quality of the team, including demonstrating strong financial and cashflow management, is of course vital too.

## Focusing on the end users

What's important for me, whether running or investing in a business, is to know that there is ongoing, genuine market research happening. Is the business engaging directly and regularly with decision-makers in schools? Is there evidence that conversations with the market

## Investing in products and services to address a problem

I've just joined as chair of a business that provides remote and tech-based support for children with speech and language difficulties. The model addresses a very clear problem for which there is no solution in

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