

Export experts

How can internationally minded operators expand into early years markets abroad? Our recent Business Summit had some of the answers. **Catherine Gaunt** reports

The Department for International Trade education team mission is to promote the sector internationally and support the growth of exports and inward investment.

Speaking at the *Nursery World* Business Summit, Geoff Gladding, DIT head of education, said the early years sector has grown in the past few years through launches in China and South East Asia.

He said, 'With interest from China, the Middle East, South East Asia, we've really had to embrace the sector because of the scale of opportunity around the world.'

'For many of you here we know that the thought of going international isn't something that you might have considered too seriously, but our objective is to highlight to you the kind of opportunities that exist and the fact that what you do is incredibly highly thought of and sought after around the world.'

'We have a clear remit to help you as much as we can, and a very clear remit from our ministers who are keen indeed to support the sector.'

'We really embrace early years now as a key part of the UK international offer.'

OPPORTUNITIES

Vipul Bhargava, the DIT's lead on schools, education technology and the early years, talked about the opportunities for nurseries thinking of opening another setting overseas.

Mr Bhargava said, 'There are certain markets that we see demand from. We have colleagues in those countries that are talking to investors and talking to school groups about potential opportunities for UK players.'

'We continue to see new and emerging markets. We've just started some work around Latin American schools, and Vietnam. The demand for EYFS continues to increase.'



In almost all cases, UK early years providers don't invest their capital overseas, he said, but use a variety of business partnership models.

China is 'happy with the franchise model', paying a royalty fee for the UK operator. However, going down the franchise route is 'a completely hands-off approach' with 'a much lower return'.

Mr Bhargava said, 'Most UK operators don't want to do that. Most will go for the management contract option.' In this scenario, the local partner sets up the 'property company' and 'operating company' and provides full financial support.

The UK setting enters into a management contract to operate all

The DIT's Vipul Bhargava outlined how the department can help UK nursery owners expand

how can the DIT help?

The DIT can help UK early years providers in a range of ways to either take their first steps into exporting or explore new markets. This includes government-to-government discussions and dialogues: providing advice, research, introductions in-market, and trade missions. The DIT also has a strong network of colleagues both around the UK and overseas in local markets

who work closely with overseas governments, investors and partners.

If you are an early years provider that thinks exporting could be for you, contact the education sector team at DIT-Education@trade.gov.uk. Also visit great.gov.uk, which gives UK businesses access to millions of pounds worth of potential overseas business, helping them start or increase exporting.

or part of the school in return for an extra management fee. It may or may not also allocate its own brand.

CHINA AND BEYOND

China is the fastest-growing market for early years and is being driven by the relaxation of the one-child policy. Its education market as a whole, according to Deloitte, is predicted to be worth £340bn by 2020, with the private early years education sector accounting for a significant proportion.

The K-12 market is increasingly regulated, but early years is still relatively unregulated.

A key challenge is finding the appropriate partner, Mr Bhargava said. 'We always recommend that you go with someone with an education background rather than just a property investor.'

The average size of a nursery in China is 200-300 children.

'China is now starting to see some early years regulation, in contrast to Vietnam,' he said.

In Vietnam, nurseries cater for around 200 children, it's 'very open', and they have 'taken away the caps on how many children can enrol.'

'India is considered a good market but fee levels are so low, you would need to open 100 before anything comes back to you in the UK.'

CASE STUDY

Kangaroo Pouch Day Nursery is one UK early years provider that has found high levels of success internationally. The largest nursery chain in the West Midlands, Kangaroo Pouch recently secured a contract in China with support from the DIT and the Black Country Chamber of Commerce.

Signing a Memorandum of Understanding with Jiangsu Junyi Education Group to open British-style nurseries in Nanjing, the first nursery is set to open soon, a second site is secured, and it is aiming to open 15 centres in Jiangsu Province over the next three years. ■