

Nova Ventures: Searching for gems in the UK

As Zakib Sari walked through London's Regent's Park on his way to a meeting with one of his investors in February 2016, he wondered which of the three companies he was currently evaluating would bring the greatest value to his startup. He had been planning everything even before starting the search fund. He was an engineer, so having a clear process to analyse and take decisions was natural to him. However, the theory and the hard data were one thing. Different things altogether were all the qualitative elements and small details that made his choice more complicated.

Background

Zakib was a chartered engineer with a post-graduate degree in Aerospace Engineering from the University of Southampton, England. After graduation he joined Shell UK, where he was in charge of offshore drilling operations. Some years later, he found himself managing a team of 50+ highly skilled personnel in a high-pressure working environment. Promotion also saw him responsible for the business planning team, delivering a £2 billion, five-year business forecast. This involved extensive, multivariable data analysis and leading discussions with key stakeholders across three countries in Europe.

In 2012 Zakib saw an opportunity for a business that advised large energy companies on reducing costs and lead times through multi-layered process innovation. He decided to leave Shell and start his own business. In March 2012 he co-founded Aletum Energy with another ex-Shell colleague. The business grew rapidly and broke even within six months; the founders knew the market well and were able to attract companies such as Shell, BP, Talisman, TAQA and Maersk Oil to their customer base. Within two years, Aletum Energy had eight employees, a board of three non-executive directors and an EBITDA of £500,000.

At the end of 2013, realising that having the right tools and training to run a business could be key to scaling the startup, Zakib considered pursuing an MBA and talked to some friends who had MBAs to understand the likely benefits. The opportunity cost was great, especially if he was going to do a full-time MBA. A Canadian friend he approached in early 2014 introduced him to the concept of search funds (see Appendix 1 for background information on search funds). Zakib was very surprised to hear that a recent MBA graduate could secure money from investors to search for a business to buy.

In September 2014 Zakib enrolled at London Business School (LBS) to do an MBA. It was a two-year, full-time programme and meant there would be no time for the startup, so he decided

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Some of the names and figures in the case and teaching note have been changed for the purpose of teaching.

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