

# Express & Star

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## Financial lift up the ladder vital for loft insulation firm

A Black Country insulation business that started life in a portacabin has told how an early investment from a community finance development company has helped them grow into a million pound plus business.

Envirowarm, now HIS Midlands, was originally a social enterprise set up in 1999 by Dudley Council to fit cavity wall insulation into council houses.

Operations manager Will Walker took out a business development loan of £15,000 from the Black Country Reinvestment Society (BCRS) in 2003 to enable the business to increase profitability by recruiting another team of fitters.

In 2007, Envirowarm merged into HIS Midlands, an employee-owned company of which Will is now a director. The company has a turnover of more than £1 million, supplying and installing insulations for lofts, cavity walls and draught proofing for local landlords, local authority tenants, Government grant applications and contractors and builders.

Paul Kalinaukas, chief executive of BCRS, said: "Envirowarm was one of BCRS' first clients. We worked closely with them from the outset to clearly identify what their needs were. Envirowarm is a good example of a social enterprise that can really demonstrate a triple bottom line of profitability, social and environmental impact. Their original business model did not have enough capital to help it expand so we were able to step in and help.

"The company was well managed with a highly motivated team in a good marketplace, and banks would have loaned to them, but the requirement for personal guarantees from voluntary in other words unpaid directors was unacceptable.

"The support we were able to give them enabled Envirowarm to expand to become HIS Midlands, and also to meet their objectives, cover costs, make a profit and plough this back into the business while employing and training local peo-



**From left: Adrian Bailey, Paul Kalinaukas and HIS Midlands managing director Will Walker** ple in local jobs. The social and environmental impact of this model demonstrates itself clearly."

Will Walker, operations director at Tipton-based HIS Midlands, said, "We started in a portacabin and subsequently obtained a loan of £15,000 from BCRS to expand the business. As a social enterprise, we couldn't secure finance from banks. The loan was over three years but we paid it off in two.

"We started to look for a larger company that fitted with our social enterprise ethos and found HIS Northwest.

"We merged to become HIS Midlands and by 2005 we had taken on a 1,400sq ft unit at Link One Industrial Park in Tipton.

"We've now expanded to 5,000sq ft with 21 em-

ployees and expect to turn over £2m by the end of 2009. We will also increase our workforce further and plan to expand into heating systems and solar panel installation for the domestic and industrial markets.

"BCRS were tailor-made for our needs, and gave us that vital lift up the ladder. They were invaluable in providing our initial finance and I've no doubt we'd still be in a shed without them."

West Bromwich West MP Adrian Bailey said: "BCRS have filled a gap in finance provision, which the more conventional finance providers are missing. The fact that there is a commitment to social enterprise means that finance providers are missing a trick because social enterprises have more resilience."