



inspire

Enabling entrepreneurs
to **succeed**



Published by DECISION magazine
www.decisionmagazine.co.uk

Copyright L A Dillner, publisher 2015

First published in DECISION magazine in December 2015. All rights reserved. No part of this publication may be reproduced in any form or by any means - graphic, electronic, or print, including photocopying - without the prior permission in writing of the publishers.

No responsibility for loss occasioned to any individual or business acting or refraining to act as a result of reading material from this book can be accepted by the authors, publishers or any party involved in its compilation, publication, and distribution.

Writing by Larry Dillner and Susan Fenton, www.fwords.co.uk
Photography by Andy Scaysbrook, www.andyscaysbrook.com
Design by Jill Din, Artz, www.artz.co.uk

Typeset in Dutch 801 Roman, Helvetica TT Bold

Contents

Introduction...3

Preparing for the really big idea...4

What happens with happy people...7

Standing back to make progress...10

Why business is one hug at a time...14

Knowing where to apply lateral thinking...16

How to preserve business integrity...18

Always wanted to start a business...20

Floating the boat is first consideration...23

Strategy based on opportunism...24

Achievements just further the chase...27

Why there can be no point in strategy...29

Unpicking business and personal goals...30

How to get off the hamster wheel...33

Providing business with real impetus...35

Introduction

What drives the entrepreneur to want to reach the next level?

And the one after that?

What are the challenges - practical and psychological - that they have to address to keep on achieving?

Preparing for the really big idea

Marc Biles is in the mood for thinking big: to be precise, one billion dollars' worth of big. It's quite an ambition for a young entrepreneur who once dreamed of being a pop star, but Biles believes that the latest in a series of innovations at the tech start-up he co-founded just a few years ago has huge potential.

It's true one of the earlier innovations fell by the wayside but that hasn't discouraged Biles at all – they have all been learning stages on the way to the big idea, he says.

After leaving university with a music degree, Biles parked his goal of pop stardom to get a more flesh-and-blood job with financial services firm the Richmond Group. His role, he recalls, quickly turned from sales into business development, since he had been blessed since childhood he says with an “insatiable curiosity” about how business worked and always had a stack of ideas for new ones. “My uncle had a welding business and I was absolutely fascinated with it. I pestered him something rotten with questions,” he remembers.

Later on, his “obsession” with the sonar business run by a girlfriend's father led him to his first business idea: a technology to deter ‘whalestrike’ – boats hitting whales – by emitting a sound that meant ‘danger, keep away’ in cetacean-speak. Unfortunately it didn't work; Biles discovered that there was no language common to all cetacean pods and that a similar idea examined by the US military had only led to whales being driven aground.

One of the new business ideas he promoted at the Richmond Group, with a small team of developers, designers and product development people, was technology start-up Ratio. The purpose was to create price comparison software which would, among other things, help to drive traffic to

sister company Amigo Loans. What was behind the idea to create a price comparison site when there were others – some very well known - already in the market? “Naivety, belligerence, stubbornness,” suggests Biles. “The site was never going to challenge the competition in terms of size and revenue, he explains, but it created great value in terms of sending customers to Amigo, bringing that business far more referrals than famous rival Money Supermarket did.”

Then in 2013 Biles and his colleague Tara Flynn carried out a management buyout of Ratio and created their own comparison site, choose-wisely.co.uk. The site was partly intended as a ‘showcase’ to demonstrate what they were capable of, and to base further development work around, but Biles says it worked well. “People started using it and telling their friends and we now deal with more than 50,000 referrals each month.”

Onward and upwards, another idea was a subscription-based retail website called briefd.co.uk, which sells gentlemen's designer underwear. Users input their preferred style, size, brand and colour, and the site curates a selection of products they might like, one pair of which is dispatched each month. Briefd achieved a second, secret, goal: training the team to prepare them for another new business - website software that could predict user behaviour. Biles was fascinated by the ideas in the book and film *Minority Report*, where computers predict who is likely to commit a crime, allowing the perpetrators to be arrested before they do so. Also in the film, screens transmit adverts personalised to the viewer's known behaviour.

“I love the idea of artificial intelligence that personalises things,” Biles says. “That grew out of my frustration about my inability to buy gifts.” Ratio developed a Google Chrome plug-in that would tell users if the product they were searching for was available cheaper via choose-wisely.co.uk. There was a problem though. “It relied on people downloading the plug-in and I couldn't get everyone in the room here to do it, let

Entrepreneurs and their potential



Marc Biles, Ratio

alone customers,” muses Biles. Undeterred, he launched in 2014 yet another idea, a program that emailed users with product recommendations tailored to their known demographics. But that didn’t take off either. “Spam in the financial space had gone through the roof and I felt we couldn’t take the reputational risk with what could be an incendiary product,” says Biles.

But what came next is the idea that Biles thinks could send the value of Ratio “through the roof.” An ‘intent-marketing’ program called Remora analyses a website user’s “gestures and behaviour” so that the website owners can gain data which will allow them to predict the outcome of a visit.

For example, says Biles, if a mouse is moved towards the top right-hand side of a screen the chances are the visitor is about to lose interest and close the page. Remora can then respond by showing an overlay with a personalised message to compel the user to complete their journey. Ratio calculate that clients have seen an average of a 10.6% increase in revenue since adopting Remora.

The software earned Ration an invitation to the boot camp at the Duke of York’s Pitch at the Palace event in March, and though they didn’t get through to the pitching stage Biles says they met some “really interesting” people.

A company that is this open to experimentation and so supportive of incubator business ideas is presumably not quite as strategically focused as others. “There’s an element of flying by the seat of our pants,” admits Biles. “If you asked me last year if we could grow Remora as a business I wouldn’t have been able to tell you. Remora costs £25,000 a month to run and Tara [Flynn] won’t let me spend that forever. But if it pans out to be everything it promises to be, we will have to take it seriously and treat it as our main business.” Biles runs Remora while Flynn runs choose-wisely.co.uk. “We’re a team,” he says. “Tara’s very slick and driven – she makes everything runs like clockwork. I’m more of a dreamer, more peaky and troughy; she’s more consistent.”

“There are two types of business – aspirational and me-too,” suggests Biles. “With me-too, price is the real differentiator. Growing a sustainable business means having original ideas and a unique offering.”

Having worked for a large group and run a small independent, Biles says the benefits and challenges they present are equally exciting, but the latter adds a new dimension: “The resolve you need when playing with your own money is greater,” he suggests. “Not everyone is suited to working for a small business. People who do need a grit and determination and willingness to work twelve-hour days and weekends if necessary. And enthusiasm....!” Words fail him temporarily as he indicates the people in the next-door office.

That enthusiasm comes partly from the working environment, Biles maintains. “I know this sounds a bit David Brent [the corporate-speak-loving character in The Office TV sitcom] but culture is vital. It wouldn’t be fun for me to work somewhere I wasn’t allowed to wear shorts. Part of what we do is very disciplined, as financial services is regulated, but I don’t know where ideas would come from if work was too proceduralised. We’re all geeks who love trying new things.”

Biles says that as a child he loved playing with Lego. “I used to spend a lot of time building towns, complete with monorails and docks,” he recalls. “What I do with businesses is rather similar, though in a different context. I’m not a genius but I do love growing businesses.” It’s not an entire surprise to hear, therefore, that he uses Lego as part of the hiring process. “At interviews we ask people to use Lego bricks to get a bottle of water across a pretend river. You can tell from the way they do it whether they are creative or scientific people. Scientists build a bridge that has structural integrity, and the creatives build rocket ships.”

The approach to psychology might not be 100% accurate, he admits, but it does give a good indication of which candidates have the creative approach that he’s looking for.

He gives an example of the consequence:

“We recently had a problem with our internet provider; the line kept cutting out and the response of their customer service team was poor. So one of the guys built a program to check the connection and if it wasn’t working, reset it and automatically tweet at the service provider. We tweeted at them over 400 times in one day; their chief executive’s team got back to us fairly rapidly after that!”

But ‘play’ is never just for the sake of playing, he adds. “We need an excuse to launch something new. We wouldn’t start experimenting if we didn’t think something could become commercially viable.”

Biles is a great believer in the power of music as an influencer of creative work. “I’m very aware of the impact that music has on the team. If they’ve had a bad day they need to hear [American rock band] Rage against the Machine but we’re most creative and productive if we listen to Classic FM. A change of music can control the mood in the office; jazz musician Chet Baker is helping me a lot with writing pitch documents, for example.”

Turnover in the first year was £2.8million, with profit of £160,000, and in the year to April 2015, turnover had risen to £4million, though profit did not rise due to the costs of running Remora. The aim is to grow revenue by a third each year.

Biles confesses that when it comes to finance he’s still learning. “I didn’t do a very good job when I applied for R&D tax relief,” he admits. “I never had to worry about finance before as it was done at head office level.”

He aims to be transparent with staff about the finances of the business. A screen on the wall displays the latest figures. “Everyone has access to the numbers,” says Biles. “That’s necessary because although our cash balance could keep us running for up to twelve months if it had to, every entrepreneurial business should have a sense of fighting for its life.

“With Remora it feels like we have the opportunity to create a billion-dollar business. Personalisation on the internet is going to be really big. The web landscape has

been one size fits all, with the journey made for the average user, but a personalisation revolution will happen, with the user being at the heart of that shift. We’re just scratching the surface of that. There’s no reason why the internet has to be like a book, with the next page the same for everyone.

“Take travel, for instance. We can recognise from the user’s behaviour and gestures whether someone is looking for a five-star holiday or a backpacking trip. By the time they click to the next page we can build that page with 95% accuracy to what they want to see. That journey will be unique to them. Our goal is to make “a lasting contribution” to the internet.”

What happens with happy people

The Stars and Stripes festoon the offices of Dynamite Recruitment Solutions, a reminder to sales staff that if they hit targets they will soon be off on a trip to New York. A motivational saying on the wall highlights the importance of good attitude. What mood are you going to choose to have today? it asks.

“Behaviour breeds behaviour,” explains founder and managing director Matt Fox, “especially in a sales driven organisation. If you want people to perform they have to be motivated. It’s a cliché that you don’t build a business, you build people, but I believe that if you haven’t got good, happy, motivated people you have nothing, especially in a business like this.”

Before setting up Dynamite, Fox was an area director for a national employment agency. He’d learned a lot from his MDs, who were “two of the most inspirational people I had ever met.” But after an MBO a new chief came in whose approach didn’t chime with the way Fox thought things should be done.

Entrepreneurs and their potential



Matt Fox, Dynamite Recruitment Solutions

Entrepreneurs and their potential

“A defining moment was when he was talking about a member of the team who needed some kind of support; his comment was ‘everyone’s replaceable’,” recalls Fox. “He was someone who’d never had to recruit, train and develop a team of recruitment consultants. Then a few months later he told everyone ‘well done folks, wonderful year, if we carry on like this we can become like an Adecco’. That was to people who had spent their careers trying not to be like Adecco. There was a stony silence, and everyone started leaving from that point on.”

The last straw was when Fox’s MD said he was going to close a department. “Difficult decisions do have to be made in business but not if they’re barmy – that team was making money,” says Fox. “I thought the decision didn’t add up, ethically or commercially. I thought I could do things a lot better.”

So, in August 2011, he left and launched Dynamite. “It was an absolute roller-coaster until the end of the second year,” says Fox. “I sat down over the Christmas break and thought crikey, it’s gone really well, how have we done that?”

Last year the business generated a pre-tax profit of £1.1million. “I’m pleased with that, bearing in mind I was shaking my kids’ piggybanks three years before to fund the start up,” says Fox. “The numbers have been quite impressive and we have generated more than enough income for future growth.”

Where he’s particularly savvy is knowing when to stop investing in the growth of a particular part of the business, even when at face value it might seem counter-intuitive. “Our commercial team is consistently generating revenue, but we are developing the accountancy team, which has massive potential for expansion, from two to eight people, as well as launching an insurance desk and a luxury retail desk.”

The latter is a case of intelligent opportunism. “When we launched we hadn’t planned to do luxury retail but we now have someone with experience in that sector, so why not?” asks Fox. “I do believe a business

should assess the skills and passions it has and build on them.”

Ironically, the biggest challenge is recruiting recruiters. Which is why Dynamite set up their own training academy last year. “It also means we can take on people who have no experience but who have the right behaviours and attitudes to ensure a cultural fit,” says Fox. “They are often those who buy most into the agency’s values.”

Some recruiters are hired from among the sixty plus people a week who are interviewed for clients’ vacancies. Fox himself entered the industry that way. He was looking to escape from a job in mortgage compliance when he followed up a friend’s suggestion he should try recruitment. “It was a chance to get a decent company car,” he jokes.

Ingenuity, resourcefulness are essential attributes for a service company, says Fox. As an example of ingenuity, the company took a branded car and helium balloons to the local shopping centre at the weekend. “We’re taking the office to the candidates,” he says.

He’s spent a lot of time creating a set of performance standards. “The detail is what makes the difference, what makes us what we are. It’s a whole host of different aspects, some quite insignificant in isolation.” For example, successfully placed candidates get a welcome pack when they start their new job, and receive congratulations cards signed by the whole Dynamite team. “That’s the sort of thing that makes the week end on a high, if everyone is writing congratulations cards,” says Fox.

“Of course there are people we can’t put forward for various reasons; perhaps we might interview a candidate who has no relevant experience and while we might be prepared to give them a chance, the client’s view would be different. But I still want them to walk away feeling they’ve had a positive experience with Dynamite. If they go to the pub on Friday night who’s to say they’re not associating with people who would be good candidates? We email those whose applications we’re not pursuing, and we often

get emails back saying ‘thanks for letting me know, no-one else has.’”

Fox doesn’t plan geographical expansion, partly because he doesn’t think it’s necessary - “although there’s no substitute for meeting candidates face to face, that’s what Skype is for” - and also because he feels it would be more difficult to keep Dynamite’s values as the company grows. “You can end up with a business which has pockets that reflect your values and others that just don’t,” he muses.

He also thinks some entrepreneurs can get too greedy. “My approach to finance is conservative – a lot of people’s mortgages depend on this business. Yes, I probably could have gone and bought a penthouse somewhere nice but that would have been completely irresponsible. What I want to invest in is growth and making sure the finances are stable enough that if I meet five people tomorrow who are awesome I can take them all on and not have to worry.

“For the business to continue to be as manic as it is, we need confidence in the economy and in the last recession companies were holding off to see what happens - it wasn’t that they couldn’t afford to take people on. It would only take the current threat to pull out of Europe to begin to look likely; that could play havoc from the day a referendum was called and, if we came out, probably for a year afterwards. It would be disastrous for the economy.”

The business has grown organically and Fox doesn’t want to take outside investment. “That would enable us to grow faster, but I would have investors on the phone telling me I’d had a bad week and I’m quite capable of knowing that myself! I would only be in the position I was before, of working for someone else. You have to keep your eye on the prize, and that means we have to continue to develop our temporary appointments part of the business.” Temps now account for 25% of the business and Fox wants to take that to at least 40%.

The “prize” he refers to is an eventual sale of the business. He has always planned

for an exit; he has property interests and is interested in starting an estate agency. “In the initial plan the exit was five years but we’re nearly there now and I’m nowhere near done,” says Fox. So the exit was pushed back to around 2018. In the meantime he hopes to grow conservatively to thirty people (from seventeen now), with turnover of £4million and gross profit of £1.8million.

“I’m front-end focused; I’m fine with staff management and I have a firm idea of where we’re going,” he says. “My challenge is how to package the business, what do I need to aim for in terms of structure. Perhaps we need to be a bit more corporate.”

Not alone among entrepreneurs, Fox is driven largely by an “immense” fear of failure. “I would do everything in my power to make sure that doesn’t happen. I have friends that have set up recruitment businesses and I don’t think I could bear the humiliation of failure to be honest. In the US the attitude is different – it’s OK to stuff up one business because that will make you better next time.”

Fox admits that striving for success is a source of stress. “A lot of people say they’re stressed but you don’t know what that is until you’ve run a company with people depending on your skills and performance as the owner-manager for their financial security.”

Standing back to make progress

Andrew Henning knew he would have to stand back from his original specialism of design if he was going to achieve his goals of growing turnover from £9million to £15million and making Redweb the largest digital agency of its kind outside London.

The former graphic designer, who set up the digital agency in 1997 to meet the early surge for websites, says the founder of a technology-based company can become a



Andrew Henning, Redweb

Entrepreneurs and their potential

“dinosaur” relatively early on. “As much as I like to think I’m a great designer, our industry moves so quickly that if I want to be proactive and be at the forefront, I would have to be doing it all the time; I couldn’t just dip in and out.”

Henning continues: “I see businesses where the owners are the dominant factors in the output, controlling every aspect of the deliverables, and you wonder how many businesses are stunted because of that. I say to them ‘why don’t you let someone else do that?’”

“It’s about choosing which battles to fight. I like to think I’m good at stepping back. If someone says ‘leave it to me’, that’s great - though if after a week I don’t hear anything I’ll want to know what’s going on.”

Henning doesn’t even handle all the pitches – only those he’s asked to get involved in. “I don’t have a role, other than being the CEO, and I don’t have to do anything other than look to the future and look at the figures,” he says. “And even then if the figures are not as they should be, I would hope that someone else is already dealing with it.”

Now Henning has passed a lot of responsibility to his chief operating officer, Luke Platt, and is very conscious of the need not to interfere. As Henning explains: “For Luke to do his job, I have to do my job, which is not to do his job. My role now is the higher level planning. Luke makes the operational decisions and I just give my backing or a second opinion.”

The nature of the business, operating in the fast-changing digital environment, presents an interesting challenge for the balance of strategy and opportunism.

“Things are continually changing so the key is to be willing to reinvent your business regularly and move forward,” Henning asserts. “That’s not just about growing the business. Technology changes, client expectations change. A manufacturing company makes the same product and grows as a business making more of it, but for us the technology is constantly developing, and that

gives different problems and opportunities.”

He thinks the challenge lies in identifying and acting on opportunities as they arise, as opposed to wholly sticking to strategy and saying ‘this is where we are going to be’. He likens the business to an amoeba, which can split itself into two, each part then growing in its own right. For example, a content production project required videography so the agency took on a videographer, who subsequently enlarged into a team, which meant the agency could then take on even more work, as well as showing off some of their successful projects.

Henning says: “We’re a service business so we never utter the words ‘no, we can’t do that’. We say ‘give us a few days to go away and think about how we can do it.’” This included quickly diversifying into ‘responsive’ design [websites that can be viewed from mobiles and other devices as well as computers] three years ago which has now become the default, as opposed to building desktop sites then providing apps separately for other devices.

“I don’t worry about what’s around the corner, or barriers we perceive to be there,” muses Henning. But he does recognise recruitment can be a challenge. This is why he was instrumental in setting up an apprenticeship scheme, started in 2014 in conjunction with a local college. “We had seven apprentices last year and I’d be surprised if we have fewer than ten this year,” says Henning. The great thing about apprentices, he says, is that they might not be perfect when they first join but they can quickly develop into ideal Redweb staff.

Now the company is hoping to work with local universities on a graduate scheme structured differently from the norm. “I don’t want computer science students coming for a year on a sandwich course and then leaving,” Henning explains. “I’d prefer to have them throughout the four years of their studies. That would suit those who don’t want or can’t afford to move away to go to university.”

Henning is amenable to people working from home as long as it doesn’t dilute the

Entrepreneurs and their potential

team spirit. “It’s a liberation from my point of view. I don’t care if people wander in at 10am; it’s about people being responsible for their own time.” This is self-regulating, he says. “If someone isn’t pulling their weight their own team should deal with it.”

The size of the agency now – 120 people – makes it “not insignificant” in its field and Henning has taken on a talent manager to handle this growth, which he says will change employee perceptions of the agency. There’s likely to be further “amoeba splitting”, he says, as teams separate and grow in order to diversify into additional services, such as marketing. “Our niche has been technical – coding and design - rather than more campaign based. Now our emphasis is more towards ‘onboarding’, companies which want to move their existing websites from one provider to another.”

Which is why one of his mantras is client retention. “Account management has to be built around continuing to develop the relationship,” says Henning. “This means the agency can make itself a valuable, and arguably an intrinsic part of the client’s team. If the client should lose key people from within their own organisation, we would be the ones who provide continuity because we know what’s going on,” he explains.

Turnover has grown from £6million in 2013 to £9million in 2014. The aspiration is to get to £15million. “If that happens it happens,” Henning shrugs. “I can’t say whether that would take five years or longer. But the London agencies we compete with are at about £10million to £20million and there’s no reason we can’t be doing the same.”

But Henning isn’t driven solely by the top line. “We’re in an industry of turnover gazing but that doesn’t paint the whole picture. Ultimately the numbers have to work and we’re always working towards a financial goal and aware of where we are financially, but I’m quite tolerant around profit and loss. I’m not a finance director by mindset, someone who throws his toys out of the pram if we don’t meet our targets!”

Targets are more aspirational than set in stone for Henning. “We talk to every team and decide where we want to be, and work the finances back from that. If we do x amount of work, this is what we could achieve.” More important than the numbers, he says, is that the staff are happy and productive. “If you have a situation where you have good figures but people are working long hours flat out, something has to change or the business isn’t sustainable. I’m very much about overall vision and drive, nudging people and giving them responsibility but not putting them under significant or unnecessary pressure. Otherwise I don’t think it’s possible to deliver good quality, cutting-edge work.

“But I want us to be fast paced and able to move forward quickly and you only realise you’re doing that if you judge yourselves against the competition. Our benchmark is the London agencies: how can we be better and smarter, more disruptive?”

An entrepreneurial business will have a different culture,” he suggests. “This might be a stereotyped view but there’s some truth in it: in London agencies they have senior people – the ‘names’ – with the people under them doing the work. They have fancy offices but a big staff churn because there’s no career progression. We can bring people through quickly and we give them autonomy and responsibility. I want them to come and say ‘this is not going fast enough, we should be doing this or that’. We encourage that, within the confines of what we’re trying to achieve. We give them a voice and ideally the opportunity to progress, without waiting for the person above them to leave. For me, a constant is that I want to run a business that people want to continue to work for.”

“What could hinder us is a lack of client understanding of the differentiation we can offer,” muses Henning. “We’re in a competitive market where there are a lot of companies which at face value can do what we do, and unless the client sees the difference, the result is that prices are driven down.”

Having got the agency to the size it

is, he has no plans currently to sell. “I’m comfortable to push it as far as possible as an independent and use the flexibility and the opportunities that presents to nip at the heels of the networks. When I decide to exit I will say to everyone ‘I will sell in three years – how will we all benefit?’ It won’t be behind their backs; it would have to be a conscious decision with everyone knowing the targets.”

In any event he’s not keen on the idea of Redweb being swallowed up into a bigger agency and losing both identity and staff. “A friend sold his company and got a shed-load of cash but his business has disappeared from history. We’re close to being the biggest agency of its kind outside London, and when we achieve it, that will feel like success,” says Henning.

Why business is one hug at a time

“I love the fact that the our business is all about face-to-face interaction in this age of technology.” A mistake though to assume that Mark Cribb is looking back to build his business. The accurate take would be that he’s establishing business principles.

After gaining a degree in leisure management he travelled for two years and came to the conclusion that most people are lovely, and what really matters is who you want to spend time with and where. He decided that he wanted to create an environment where people could celebrate or commiserate. “That’s what life is about,” he says. “One hug at a time.”

He bought what was a down-at-heel guest house at Boscombe, at a time when the area was definitely the less salubrious part of Bournemouth’s seafront. The initial challenge was money, because without it, everything just takes longer. “I spent the first couple of years apologising to guests while we

slowly turned woodchip wallpaper to Italian wall-coverings,” he recalls. “As a statement of intent we invested in branded coffee cups from day one. And for the first three years, when guests departed, I thanked every one of them for staying because I didn’t want it to be an anonymous business. It meant that they bought into what I was trying to achieve, the British mentality of ‘fair play to you’. But you can’t grow a business by continuing to rely on that.”

“When my son was born it was obvious we couldn’t live in the hotel any more, so it meant having someone else front of house. But even when I employed someone else it was more than I could do not to grab the phone when it rang.” Even today, Cribb can be found accessing the hotel’s CCTV on his mobile so he can see what’s happening.

Three years in, he heard that the local authority was going to sell by tender the boarded up public conveniences sited on the promenade 600metres from the hotel. “I said to Fee, my wife, we should put in a bid, otherwise the building will become just another fast-food outlet. We had no plan at that stage. Opportunity knocked and we got excited. The area had just been revitalised with an artificial surf reef, the development of new beach-hut pods, and the pier was re-opening. And I remember putting in the 100-page tender document felt like going back to uni and writing another dissertation.”

At a cost of £600,000, Cribb now had the Urban Reef restaurant to go with the Urban Beach hotel. The opening was auspicious - too auspicious. “We were completely full in the first hour of opening,” he recalls. “No restaurant can cope with 180 people turning up at the same time. But then I was used to apologising.”

What prompted Cribb to really develop his business reach was the desire to smooth the peaks and troughs of trading at a seaside resort. “The catalyst was having to lay off a baker we had paid to train up,” he recalls. “It upset me. Just a complete waste.”

So the next milestone was winning the

Entrepreneurs and their potential

tender to run the cafe at the nearby Russell-Cotes Museum, and then acquiring licensed premises in Poole which he converted to a winebar under the name Jenkins & Sons (after previous occupants who were fishmongers and butchers).

It reflects Cribb's business outlook, with the usual beers from multinationals replaced with those from quirky microbreweries. And the fish and steaks are cooked over charcoal.

Then in 2011, an acre of land in the New Forest was leased to set up Urban Farm. The intention wasn't self-sufficiency, but a desire to procure locally-grown produce, which hadn't been easy when most farmers have already made volume deals directly with the major supermarkets. "We grow our own strawberries, asparagus, artichokes, and I'd love to buy a warehouse so we can roast our own coffee and brew our own beer," says Cribb. His ideas also include a traditional fish and chip shop which offers different types of batter, and what he describes as an "authentic" Italian restaurant. "It's all about exciting new ideas rather than scalability," he explains. "I'm guilty of making it happen and then wanting to move onto the next concept."

"You need to want to be successful to stay energetic," Cribb suggests, "but after nine years, with a turnover of £4million, staff who depend on the businesses, a wife and two kids, I'm now also driven by being permanently fearful of there being a financial armageddon. I can't afford to screw it up. And there's nothing wrong in deciding to have a year of reflection, to enjoy what we've got before we go again. It's also the right thing to look at what more can be achieved from existing capacity. Could we take an extra £2million from what we already have in place?"

"With four trading brands we have created an umbrella, Urban Guild. Each brand does its own thing, with a little tickle from group from time to time. And all of a sudden, now it all feels more grown up."

That said, not many companies get to this position and then appoint a Head of Happy to

make sure customers and staff are, well, that doesn't need explaining. In fact what Cribb did was to professionalise by assembling a team which includes an ops guy, marketing manager and a financial controller. "We invested £300,000 in talented people rather than open another site, which will give us a better chance of bringing in that extra £2million," he explains." What is important is that in every part of the group there is someone a member of staff can turn to for help. Now I've got people here who are better at running the operations than me - and as with most entrepreneurs, I didn't think that would be possible! But it means our speed of progress will increase. I use the analogy that a teacher can influence thirty people at a time, but the headmaster can influence 1000.

"Where do I want to be in five years' time? Ski-ing. Actually my dream scenario is that people here will continue to have faith in us being able to build something cool. If they need money for a project they want to make happen, and it's do-able, then we're good for it."

He doesn't make use of the word passion so much, but it's apparent, especially on the website where he invites customers to email him direct if they aren't happy about something so he can "fix it."

"Too many restaurants," he believes, "are run by faceless boards of directors or investors who, I can be very confident in saying, do not care as much about the customer as I do. I'm incredibly passionate about what we do. I'm obsessed by it all the time. That's the way it is. It may not be healthy, but I love it."

Knowing where to apply lateral thinking

What enabled Tony Beales to apply some lateral thinking was his understanding that a wealthy clientele means a catering and events business has to tailor its offerings to the their needs rather than offering standard menus. So when a global cosmetics company asked Beales Gourmet to quote for a function with 1500 guests, including vegetarian, vegan, gluten free and dairy free options, he didn't just dispatch some ideas and prices.

"I asked to meet them first," he says simply. "I didn't want to send a quote and get it wrong because I didn't really know what they wanted the function to achieve." Later he found out his was the only company out of eight approached by the client which had bothered to go and see them. "Business is very much about building relationships," affirms Beales. "You can only develop a relationship with the client by building a bond with them during the journey."

Beales started the business in 2005 after spending ten years working as a chef on luxury private yachts in France. His vision was to focus on that level of client, who "knows what they want and have to have it; cost isn't it."

In 2010 the chance came up to take a ten-year, £1.5million lease on the Italian Villa, in the exclusive Sandbanks area, where Beales Gourmet had been a supplier. It obviously presented a great opportunity, but he was aware of the risks of having so much money tied up in premises. "And we would have to learn to manage a venue and all that comes with that." But he was worried that turning the offer down might lose him their existing work at the villa. "That was a major factor in deciding to do it," he admits.

The business now has two brands: the outside catering side (Beales Gourmet) and the venue, which operates as The Italian Villa. This year there are 150 weddings at

the Italian Villa, fifty weddings at external venues, and some 150 other events booked between the two brands. Weddings currently account for about 75% of overall business, with the rest made up of anything from wakes to balls, birthday parties to corporate events and conferences. It's the latter – both at the villa and elsewhere, that Beales would like to expand in order to grow the business. Although bookings are only at 65% of capacity, The Italian Villa is pretty booked up at weekends and through the summer, he explains. "There are only fifty-two Fridays and Saturdays a year so there's a point where physically we can't accommodate any more."

The known capacity limitation has its benefits though, since it encourages customers to book well in advance, often two years ahead. The aim is to fill the gaps to ensure the villa is closer to full capacity all year round. Because corporate bookings tend to be for weekdays, and not during the summer, they balance out the weddings. Reducing full-time staff numbers might be the usual option for a seasonal business to save money, but Beales says staff continuity is necessary in terms of building and maintaining customer relationships and trust.

It isn't just by chance that the Italian Villas was named as the most popular venue in the world at the International Wedding Experts awards, and that Beales Gourmet were named as the best wedding caterer in their home county of Dorset and fourth internationally.

That's because the company invests in competitor analysis to look at key attributes such as helpfulness and how quickly quotes are submitted. Beales Gourmet also have themselves 'mystery shopped' to spot any "cracks." They found that their sales team was getting back to people within a day with a tailored quote while most competitors were taking up to a week or more, and then with standard three-line emails accompanying a generic pack that the customer has to work through themselves.

"Every dish, or quote, should be custom-

Entrepreneurs and their potential



Tony Beales, Beales Gourmet, The Italian Villa

ised to what the customer would really like,” says Beales. “As a chef you need a very organised process. Maybe I’m a bit OCD, but the compulsion for an organised kitchen is also consistent throughout the whole business. The company was set up like that from the start, with processes and systems in place. Front of house, kitchen, everywhere has processes.”

Beales believes that self belief is an important part of achieving success. “Ten years ago, I would never have thought that I would be running a business of this size. But I never thought I couldn’t do it; the question was how can I do it, not whether I could do it. Growing turnover can increase costs before cashflow catches up, and a company can become busier with little material difference to the bottom line.” That said, he took a calculated risk in 2015, investing in more staff and marketing, which produced a spike in turnover by over 20% on the previous year – following a three-year plateau.

But in addition to the usual business-related challenges, Beales Gourmet face unpredictables unique to a catering firm. For example, for a breakfast meeting in June starting at seven in the morning at the villa, where the event hosts wanted to eat in The Italian Garden, a judgement call has to be made no later than five in the morning as to whether the weather will allow the event to take place outdoors. “We can’t leave it any later than that to make a decision as it takes two hours to bring all the tables and chairs back indoors in the case of inclement weather,” explains Beales. He recalls catering for a scouting event on Brownsea Island. “We were doing a hog roast for 1000 scouts; that meant winching four hog roast machines, site ovens, tents and other equipment, onto a barge, again at five in the morning, to get the pigs there and cooked in time. When we landed we had to get everything up a stone track from the ferry area. Events like that are a real challenge.”

Then there was the formal three-course meal for 220 people in a marquee. “Two

hours before the guests were due to arrive there was a generator power surge and all the ovens went down,” says Beales. The team improvised by using the kitchen of a nearby school. The customer never even knew there had been a hiccup, he adds proudly.

Beales sees himself as part chef and part businessman; he shows his visitors a composite picture of him dressed half in chefs’ whites and half in a suit. “I’ve had to learn the business side,” he says of this split personality. “But I feel more comfortable in the kitchen than in a suit and tie.” With no formal business training, he had coaching from the government’s GrowthAccelerator scheme. His wife, Molly, looks after HR, health and safety, and their two children.

Of course taking on another venue could be a sure-fire way of expanding the business but Beales is wary of moving too fast. “I’m a firm believer in not over stretching. Running a business is about balance, and that includes making time for your family. Take on too much too quickly and things can unravel, usually starting with cashflow and quality.”

How to preserve business integrity

Their book-keeper has just been in touch to report that the business has moved into profit for the first time. Owners David and Karen Richards are jubilant. “We’ve been right on the cusp for so long; profit has been so close that we could almost taste it,” says Karen.

It’s been six years since the couple set up Capreolus, the artisan charcuterie producers, and now they have validation that starting their own business in the niche British preserved meats trade was the right decision.

Now the business has moved into profit it’s a question of scaling everything up, and profit will grow disproportionately as sales grow. “We knew that once we got to a certain level

 Entrepreneurs and their potential

of sales it would start to influence the bottom line,” says David Richards. The next step will be to drive more sales in this potentially “huge” market so that turnover is doubled or even trebled in the next three years.

When they started Capreolus (which derives its name from the latin for roe deer), David came from being a director of a small nano-tech company after a career in industrial sales, and Karen had a small telecoms firm. When the recession came, his company closed down and, unable to get another senior job in sales, he ended up working as a labourer on a building site.

But meanwhile, he was learning about drying meat (he had always been interested in food) and when the prospect of a second winter on the building sites loomed the couple decided to turn the albeit rather eclectic hobby into a business.

It was a case of the right decision at the right place at the right time, says Karen Richards. “When we started there was a glimmer of interest in charcuterie, but since then the rise of British charcuterie has been meteoric. Charcuterie and tapas bars are opening everywhere, but only a very small percentage of the meat consumed is made here, possibly because our climate is not conducive to drying meat.”

The business has been entirely self funded – the Richards have put in £100,000 between them and are the only shareholders - while friends and family have helped. The absence of external funding has meant having to do things gradually and cost effectively. For example, their bacon slicer was bought second-hand for £500. It would have cost thousands to buy new. They acquired a walk-in fridge from a company that was going bust and had three days to empty its premises. “I said I’ll give you a grand for the fridge and they bit my arm off,” says David Richards. The couple built their salami room with the help of an electrical engineer nephew for £14,000. It would have cost £70,000 to have built commercially.

But all this DIY means that developing the

business has taken “forever”, explains David Richards crestfallenly. It’s been a balancing act to avoid giving away control to investors. “We wanted to keep control of the business but that has meant things have not happened as quickly as we would have liked, and there might come a time when a sufficiently big opportunity requires proper funding.”

Keeping the finance in-house, he says, has held them back. “It would have saved a lot of grey hair had we had external funding; and we would have had access to an investor who might have stopped us from making some mistakes we have undoubtedly made.”

In the meantime they’ve had some challenges, not least trying to correctly predict what will sell in a market where buying decisions are on a completely different timeline to production. As Karen Richards explains, meat takes so long to dry and cure (some of the hams hanging in the drying room have been there for well over eighteen months) – that stock planning has to take place well ahead.

But customers - which tend to be delis, farm shops, pubs and restaurants (as well as the general public via online sales) – don’t plan ahead to that extent. “Very few restaurants prepare their menus that long in advance. They are more likely to call us and try to order something for delivery tomorrow,” says David Richards. “But we’re still able to exploit opportunities, such as responding to the demand for smoked sustainable fish. And recently we were able to quickly accept an offer from a local farmer to buy an unusual meat - black pigs fed on cheese whey.” Not that the main product range could be described as restrictive as it includes pork, beef, mutton, venison, goat, wild boar, goose, duck, chicken, and game

It’s a growth sector, akin maybe to the rise of the artisan brewery and British cheeses. That said, some newbie competition tends to be more of a public health than a competitive threat. “I’ve heard of people hanging meat from a tree to dry, which attracts flies,” says Karen Richards. “At a food festival this guy

came up and said ‘what do you do when you get maggots?’ Well, we’ve never had maggots but if we did we’d throw the meat away!” A reason why the Richards have been involved in writing industry best practice guidelines. “I wish they’d been around when we started,” says David.

Another thing that has helped the business grow has been having a point of difference. “We were adamant we would use only free range or wild meat and it would be humanely slaughtered,” he explains. “Quality and provenance are of the utmost importance to us and we source locally bred and reared meat wherever possible.” He gives the example of smoked duck sold by an up-market grocer but which is intensively reared in France; Capreolus have their naturally reared on grass pastures in Devon.

What the Richards don’t want to do as they grow the business is to have supermarkets as their prime route to market. David recounts how they got approached by a big supplier of food to supermarkets. “They wanted to make a limited edition pizza using artisan charcuterie. I asked how big this ‘limited edition’ was and it was 600,000 pizzas. Out came the calculators and it came to 24 tonnes of meat. There was no way an artisan company could produce that sort of quantity.

“There was only one way the project could possibly work, and that was for us to collaborate with other producers. I wrote a report to show how it could be done but it was dependent on the client assisting with funding the purchase of the meat. It all went quiet then, and soon afterwards we heard that their T&Cs were 120 days credit and that they would expect a four per cent discount for ‘early payment’. I don’t want to do business like that.”

Poor payers are a particular bane for a growing company, and they aren’t restricted to the supermarket sector. David Richards recalls a conversation with one well-known restaurant. “Their FD phoned up and graciously said he would be paying one of our invoices the following month. I said

‘I’m coming up to London with my wife, our parents and children and their partners – we’ll be a table of ten – and we’ll have the a la carte menu. I know your food’s good, damn it, some of it’s mine, so we’ll all have a great meal and get through some wine and finish off with some brandies. Then we’ll say ‘thank you, and we’ll phone you to say when we’ll be paying for it. How would that be?’ And he said ‘you can’t do that’ and I replied ‘well, you bloody well have!’ And it says on their website that they support the artisans.

“Now our business is profitable, we will be able to make decisions targeted at really driving Capreolus forward with a view to making it ultimately saleable. The market has massive potential. Including supermarket sales, it’s worth hundreds of millions.”

Always wanted to start a business

There’s a very simple reason why Simon Berry set up Appoint Group. “From a young age I wanted to be a success like my father, who was the founder and owner of Duhig Berry, the IT consultancy,” he explains. “I took a degree in business studies and looked for a market sector where I could grow a company without having to spend a huge amount of cash on start-up costs.

“Recruitment was at the top of my list and I decided the best approach would be to learn from the best - and figure out how to do it better.” He joined a market leader and worked his way into a position where he was ready to go it alone. But every day the radio airwaves and internet were warning of impending recession. So instead of launching his own company at that stage, he left to join an agency which wanted to set up a renewable energy desk. Then he moved to healthcare recruitment, where the corporate hatches hadn’t been battened down.

Entrepreneurs and their potential



Simon Berry, Appoint Group

Entrepreneurs and their potential

By now he had regained the confidence to go it alone - “it no longer felt that I would be stepping off a cliff” - and he set up Appoint Group. His ambition? “I knew I wanted to build a national business from a single location, employing 100 people in ten years,” he explains. “I wasn’t thinking about an exit strategy, or even profit for that matter. My focus was on growth and recognition in the market place.”

His first hire was from his last place of employment. Lydia Robinson joined to look after the healthcare sector, but not before Appoint Group were ensconced in offices and Berry had enough cash “racked up” for the next two appointments as well.

The gameplan was to pass day-to-day contact with existing clients to the new hires, freeing Berry to come up with new ideas and direction. “Healthcare recruitment is fascinating but a bit one dimensional,” he muses. “We found ourselves at the T-junction where we were no longer a small business in how we think or what we want to do, but to move forward significantly we were going to need a real management structure. Otherwise we were going to be on a treadmill.”

The usual way of addressing it would be to appoint additional recruiters to address specific markets, which would then provide the financial wherewithal for the new layer of management to be appointed. But that seemed ludicrous to Berry because the controls aren’t in place to effectively manage growth. “The best approach would be to bring in a management team straight away and take the financial hit because it would mean we could step up professionally as a business,” he says.

“What we had is more enthusiasm than experience. Our average age here is twenty-five. This is a generation which predominantly is still living at home, and what comes with that is if a competitor offers something extra, there’s more of a possibility that they will leave. Fundamental to our growth is minimising staff turnover, and for that to happen, people have to be given the

opportunity to buy into the ambition of the company, so it’s something they want to be part of.”

To develop engineering recruitment, Appoint Group have taken on an “experienced manager”, who Berry describes as an “entrepreneur who doesn’t want to take a personal risk, so here he can build a business within a business.”

“I really want to be exploring new niches,” continues Berry, “but as the business grows I am increasingly pulled back into operations. In a weird way, a manager going on maternity leave has been a catalyst for change. It left a large void and forced me to hire someone with significant experience. We’ve managed to recruit a director from a much larger recruitment business, a huge investment for a company of our size, but her fresh ideas and experience will help to identify and open up new revenue streams much more quickly. She’s come in to make growth happen from new business opportunities as well as increasing sales from existing activities.

“What better way is there to grow a business than with people who have more experience of doing that than I have? Will that be difficult for me as the founder? Really it’s all about personalities and chemistry working. But if it doesn’t happen, then eventually I am going to be the limiting factor because the business won’t be able to grow beyond my existing competence. I also think an entrepreneur needs someone alongside they can vent to, and share ideas with.”

A move to offices on a business park - with twice the space they need just at the moment - has been another statement of intent.

But why did he choose one of the most brutally competitive sectors in which to start a business? “Naivety,” suggests Berry. “When you want to start up on your own you assume you’ll make it work. Which is why handing in my notice in order to do that didn’t seem like a big event; just part of the process. And nobody goes into recruitment; they just happen to fall into it. I’m the exception. Even if I had known how competitive it is I would

still have chosen it because it's what I felt I could do well.

"We now need more strings to our bow - a recruitment consultancy just working with permanent staff starts each month with zero sales; contract staff will provide a constant income.

"I remember dad sold his business in my GCSE year and bought a beautiful yacht to fulfil his ambition of sailing around the world. But he got as far as the Caribbean and stayed there. I can understand why; that kind of dream never really lives up to the reality. But he still wants to know what's going on here. He's constantly reminding me to look beyond the day-to-day to the future."

Floating the boat is first consideration

"I know it sounds naff, but we do things not because they will make money but because we want to," says Peter Gordon, owner of Rockley Watersports, the market leader in the UK for sailing courses. "If a business opportunity came across the radar, our first thought would be 'does it float our boat?'" He smiles at the pun. "If it doesn't, why do it, because we wouldn't have the passion.

"Ours is a tiny market, but by nurturing standards and promoting the brand, we've maintained our position, and after forty years we're still growing. Each year we've increased sales by an average of 5%." There are two centres in Dorset and three in France. Courses aren't just for sailing (from beginner up to instructor level); powerboating, windsurfing, and paddlesports have been added, and Get Active family holidays have been launched, set on a campsite in south-west France.

Peter Gordon is part of a sailing family. Father started the sailing school business and he also set up SunSail, the yachting holiday business now part of Tui, which was run by Peter's brother Chris.

"The challenge in our sector is to look at customer feedback and work out how to make the product better," says Peter Gordon, "to identify where to invest in the visible, because if the customer doesn't notice what you have done and there is no regulatory requirement for the work, then why do it?"

He has no patience when it comes to a service-based company falling at what he calls the first hurdle. "If you deliver poor service, it's because you've chosen to do it that way. What does it cost to smile? And if you are wrong about something, just say so."

But it was attending a peer group of owner-managers which radicalised Gordon's thinking. "It made me realise I am running a business not indulging a passion," he explains. "I could split the room into two camps: those who were engaged in their business 24/7 and loved every minute, and those who wanted the business to move forward and had stepped back to let others run the day-to-day operations. I realised I had been doing much the same thing for seventeen years and to be honest, I was getting ground down."

What he did was to appoint the sales and marketing director to MD, and switched his role, perhaps uniquely for an entrepreneur, to finance director. "It's something I can do," he says, "and it was a role I always had but without the title." The other active director looks after operations. "I think it has made the business happier," Gordon observes. "There will be a time in every company where the entrepreneur will begin to hold the company back, because when you have been doing something a long time, it becomes a bit automatic. With an MD in place, the entrepreneur will be able to look at how things are done from a different perspective and begin to ask why."

And simple, but significant changes can be made. Payroll for the 100 or so people was processed conventionally with Sage and printed out before being entered up for the bank. Now the company uses e-bank on Sage and a two-hour task has become a job which is completed in a matter of minutes

and with no inaccuracies. “We hadn’t been doing it a certain way because we wanted to be inefficient. Sometimes in a small firm you tend to carry on doing it the same way simply because it works,” Gordon suggests. “I think a difference between a small firm and a corporate is that we will review the business and its strategy, but not every procedure.

“As the company grows, the chances become quite slim that an entrepreneur’s ‘one way, my way’ approach will continue to work in the best interests of the business. Initially the entrepreneur is the best person to get the business to a certain position, but then they have to realise they need to bring in people with different, better skillsets, otherwise its development is going to be stunted by their lack of experience or understanding of managing a company of the size it has grown to.

“We used to be an ops led company. Now we’re sales based. And the role of ops isn’t to determine whether something can be done. They’re here to make it happen.”

While much is said about skill shortages, instead of wailing and teeth gnashing, Rockley Watersports invested in setting up a BTEC course, which leads to a qualification as an instructor. It’s a two-year full-time course, the equivalent of three A-levels. Currently there are over 100 on the course, which takes place during term time (when Rockley Watersports are quieter) and the revenue contribution means that existing instructors, who take the courses, can be kept on full time.

The gameplan for Rockley Watersports is to have bigger capacity, with the purchase of their own site in France. It’s a priority, but Gordon has discovered another conundrum. “Unless I can deploy someone whose sole task is to find the right location, it isn’t going to happen quickly enough.”

Strategy based on opportunism

How they react to being confronted with the metaphorical brick wall - that really sets the successful business owner apart, says Neil Sherring, the chief executive of Windsor Telecom, the business he founded in 1997 and which provides easy-to-use cloud phone numbers and inbound call solutions.

Undoubtedly he’ll have more opportunities to put that into practice if he’s to achieve his goal of doubling net profit in the next three years. “If I hit a brick wall I either go over it, round it or through it if I have to,” says Sherring. “You have to have the mindset of wanting to deal with challenges and taking opportunities. And when there’s a problem, there’s always something that will turn the business round; you just have to find it.”

“It’s down to the key individuals in the company,” he opines. “Are the directors inspired by their own business or has it flat-lined? If so, maybe they don’t feel they can talk about it. Maybe they’re so wrapped up in the everyday worries that they struggle to think of alternatives?”

Dedication, commitment and coming up with ways to do things differently are all key ingredients, he says, as is being a cohesive team with fellow directors. “It helps that the three of us are different personalities,” he says of fellow board members.

He recalls two examples of how they’ve worked together to get out of trouble: “In the very early days the telco we used went bust, owing us a lot of money. So we got on the phone and sold our way out of it. It was tough and took us six months. And the network has gone down a few times over the years – though they’re built in such a way that doesn’t happen anymore – and we had to think of how to communicate the issues and deal with customers who were going ballistic, and put measures in place to try to make sure it didn’t happen again.”

Entrepreneurs and their potential



Neil Sherring, Windsor Telecom

Entrepreneurs and their potential

Sherring started the business in 1999 after meeting a man who was involved in the memorable phone numbers business – 0800 FLOWERS, for example.

“I thought it was a really good idea and he said why you don’t become a dealer and sell numbers yourself,” says Sherring. After a year it was going so well that he decided to give up the day job and focus only on the phone numbers, working at that time as a reseller for his business contact. And the telecoms market was changing as the BT/Cable & Wireless duopoly was coming to a close.

Sherring then got into ‘fax broadcasting’, which was used at the time as a low-cost marketing tool, and at one point was selling a million fax transmissions a month.

Meanwhile he had hired a salesman who introduced him to David Bennett (now Windsor Telecom’s sales director) who was running a similar business. “I never really wanted a business partner but we hit it off,” says Sherring. “I’m a Virgo and like everything to be in its place and he’s completely the opposite, but combined it’s the best of both worlds.”

Neither of them had any capital but they managed to sell their way to a modicum of success, helped by starting to contract direct with customers instead of going through a third party. “Taking that ownership was quite worrying because of the responsibility,” says Sherring, “but it wasn’t quite as daunting as we thought. Once you have the T&Cs and the customer service right you’re OK.”

“Most people still use BT out of habit, says Sherring, “but if you ring BT, speak to their call centre with a problem and your situation isn’t on their list they can’t help you. But we actually answer the phone – within three rings - and the customer get someone with a brain who’s been through an internal accreditation process, and is trained to think differently and take responsibility.”

Sherring thinks the market is big enough for there to be enough for everyone. “Without sounding complacent we have 8500

customers - mainly SMEs but also a mixed bag that includes police forces, charities and housing associations. But there’s plenty more out there and we just have to go and get it.”

Challenges include keeping up not just with technical advances but a different marketplace dynamic. Sherring explains: “Google are really into voice – and all calls will probably be free some day. It’s how we anticipate and address possible trends.”

And by focusing on different service offerings. For example, the company launched an unmetered 0845 service so the customer gets unlimited minutes. Then a service call rota has been developed, which allows clients to easily switch calls to the home number of their ‘on call’ person.

Windsor Telecom turned over £200,000 in its first year and £4million in the latest year when the company made £2.1million pre-tax profit. Sherring expects to add a further £700,000 each year on the bottom line, largely due to a policy of focusing on service charges to generate recurring revenue, rather than on call-based charges.

“One of the challenges for a business of our size where there’s no natural succession is progressing and retaining people,” says Sherring. “As the company has evolved so has our understanding of people. We’ve tried to retain a family feel; free breakfasts, birthdays off and social events are all part of the package and we’re rolling out a new bonus scheme.”

“The most important thing is that they’re happy coming to work. How do you keep ambitious people like that brilliant HR manager and the razor-sharp guy in IT?” muses Sherring. “Maybe bring things to their roles that add something extra.”

The specific answer was to promote the HR manager to operations manager and give the IT man a trainee to mentor and manage. “But what about someone who’s been here for years and doesn’t want any more responsibility?” ponders Sherring. “How do we motivate them to do more than a competent job and be really engaged, to

really want to take the business forward?” One approach is to pay for them to go on external training courses so they can gain the skills (and confidence) to advance in their careers.

Given that the business started more or less by chance, does Sherring believe more in strategy or opportunism? “We’ve developed a strategy based on opportunism,” he replies. “Strategy for us means that includes having the right people who can identify and develop ideas and then run with them.”

That also makes the process of letting go easier for the founder, and Sherring thinks the company has reached the stage where he can afford to step back and think more strategically. “You can only do that when you have a level of revenue which will allow you to extract yourself from the day stuff.”

He believes that it’s also vital to sometimes step away physically from the business. “The best ideas come from away-days,” he suggests. “We had one when we just talked about how to maximise profit. The three of us spent two days coming up with a list of bullet points. We came up with some brilliant stuff and it’s down to the managers now to take it away and do something with it.”

Sherring confesses that ultimately what motivates him is money - because it buys time, which he says is the biggest commodity for anyone. “If I can get to the position one day where I can wake up in the morning and have the freedom to spend all day in the garden if I wanted to, I would be delighted.”

“That sounds a but glib, but the reality is that I enjoy seeing a business that was started in my bedroom being run in a much better way by people who are fulfilled by it. And it gives me a buzz knowing that our products are better than those offered by multi-billion companies, that within three rings, our customers get to talk to people who will sort their problems out.”

Achievements just further the chase

Ever wondered why Sir Richard Branson really wants to go to the moon? Barry Kick, founder of brown goods company Linsar UK reckons he knows what drives an entrepreneur to challenges like that: it’s the fact that the more they achieve, the more opportunities they can see and the better positioned they are to take advantage of them.

“I’m more ambitious than I was back when we set this business up,” he says. “The more you chase the further you see. I’m not the sort of person who wants to make a few quid then lie on a beach for ever.”

In year one, Linsar, which sells own-brand smart televisions and domestic appliances to retailers, turned over £1.2million. Turnover had grown to £7million in 2014, reached £10million in 2015, and depending on product availability, says Kick, it could get to £20million, in the UK alone.

Exporting has not so far been a focus, partly because it would mean competing with the company’s Turkish supplier in its own overseas markets and partly because the cost of going into new markets with a “me-too” product would erode margins too much. However, there are higher-margin opportunities through products made exclusively for Linsar in a Chinese factory.

In the meantime there’s still plenty of room for growth in the UK (and an Irish operation is “ticking over” nicely). Having reached critical mass, the next step in reaching those turnover goals is very much about building a brand identity, says Kick.

“Surveys show that when people buy a TV there’s a hierarchy of importance: size, price, picture quality, brand, aesthetics. Although brand comes relatively low down the scale it’s still pretty important. It’s not the be-all and end-all but people buy on both rational and emotional levels. We score well on the rational elements but less than we’d like on the emotional aspects, which are what make

Entrepreneurs and their potential

people part with their cash,” he explains. “There are plenty of customers who will take advice and buy whatever’s recommended in the shop. But even more want to do their research beforehand, and will have tied themselves to a brand before they walk through the door.”

So developing an identity, “getting the brand into the consumers’ minds”, is the biggest challenge. “We’re looking right now at what we want people to take away when they think of Linsar,” says Kick.

The company engaged a marketing agency to produce a brand identity and tone of voice. Kick says the brand values under discussion include aspirational, approachable, passionate, dynamic, modern, innovative, honest and British.

He likens the business’s positioning to that of airlines. “We’re not budget but we’re not Emirates either. The one we most closely associate with is Virgin. A bit different, cool and edgy, cheeky without being rude or arrogant, yet safe and honest.”

Kick and his co-partner Terry Reed set the business up in 2006 after being made redundant from a consumer electronics company; the name Linsar as an amalgam of their wives’ names, Lynne and Sarah. Kick had TVs in his blood, so to speak. “My dad sold televisions and he used to bring sets home with him so I got to see some quite cool product. My ambition had always been to set up a business before I was thirty. I would have loved to do it earlier but I didn’t know enough. But when we got made redundant, Terry and I said ‘what are we going to do now?’ We had to find a way to pay our mortgages.”

“We knew retailers wanted decent entry-price flat-screen TVs to offer consumers,” recalls Kick, “and we thought we can buy TVs for this, sell them for that, we don’t have overheads and we’re willing to work hard.”

With an initial £5000 investment and a limited credit line the pair bought a container-load of TVs from a Turkish supplier they knew, helped by their supplier’s hunger for new business. “We were clever in tapping into

their need for growth and showing that we could deliver results for them,” muses Kick. “They gave us a credit line and helped us get going.”

Kick and Reed hired a van, touted their wares around shops and managed to sell the container-load. Then they won a deal from Pontins to supply TVs for bedrooms at the holiday parks and later still got into John Lewis department stores. That was a “massive” milestone, says Kick. “We made sure that they made money and retained margin over the life of the product with the best possible service.”

Linsar products are also now available from 600 independent stores. And with shrinkage in the competitive and not highly profitable UK television market, Linsar is one of only about five remaining brands and claims to be the only profitable one. The reduced number of brands in the UK is an opportunity, says Kick, given that some 6.5million televisions are bought each year. Meanwhile, there have been casualties among electronic retailers in the UK, with some high street names having disappeared and others selling only budget TVs or cutting back on stock levels because of low margins and competition from online retailers.

But Kick doesn’t mind the shrinking customer base. “We’re not chasing volume but trying to get the right product to the right customer,” he says. “We have also had to grow the business in the face of massive price deflation. A fifteen-inch TV cost £150 a few years ago; now, you can buy a smart TV with DVD for less than that. So we have to grow the number of sales each year just to stay still. The moment a container of product leaves Turkey and is on the water the margin is reducing, so we have to get it in and sell it out again very quickly.”

That will be an ongoing issue, especially when the seemingly unending trend for large-screen TVs reaches its peak (as Kick points out, they can’t keep getting bigger and bigger for ever), which will mean slowing sales of what are the higher-margin products. One

plan for addressing this challenge is to do more B2B work, such as supplying TVs in bulk to hotel chains and serviced apartments. Kick says he knows of contracts that could be worth more than £3million.

Linsar also plans to diversify somewhat, into repairing smartphones. “There’s a huge opportunity there as I don’t think anyone is doing it properly,” says Kick. Now that’s a revelation which clearly begs the question - is that opportunism over strategy? “If you put them both on the scales, opportunism would have outweighed strategy in the early days,” replies Kick. “We saw opportunities and went enthusiastically into making them reality. It was a learning curve – nether of us had run a business before. But I’ve always been prudent with overheads and quite humble, listening to accountants, bankers, customers. As we started to evolve, the scales tipped, as without the right strategy you can’t do much about the opportunities.”

His own role has evolved as the business has grown. “I’m better at coming up with ideas than implementing them so it’s great to have good people to support me so that I don’t drop the ball.”

Kick says he’s lucky in having Reed as his partner. “There are always issues you have to deal with in business and I realise how important it can be to have someone I like and trust to share them with. I’m always very conscious that I’m only one half of the business.”

In the meantime he hopes for more achievements such as beating global brand names in industry awards. Linsar won the ERT (trade journal) brown goods supplier of the year award in 2014. “In another category, in terms of innovation our £300 television lost out only to a £6000 one, and managed to beat Samsung, Sony and Panasonic,” says Kick. “That was a nice moment.”

Why there can be no point in strategy

“I never use the word strategy,” says Damian Stafford candidly. “The changes inherent in the fast-moving internet industry make it almost impossible to plan coherently for the future. So I don’t have in my head where the business will be in five years. I’m in an area where things can change every day. Google could blow my next idea out of the water within a week.”

His business is Mobileweb, which basically publishes clients’ web content in a way that makes it accessible via mobiles and other devices. “Shall I give you my elevator pitch?” suggests Stafford as a way of explaining in simple terms what the business does. “At least fifty per cent of website traffic is now through mobiles. If your business has a website that’s OK on your desktop but looks awful or doesn’t work well on a mobile or tablet, we can make it a ‘responsive’ site that works across all platforms. Our functionality is tried and tested so we don’t have to pay development teams; the platform has valuable IP and can genuinely publish in one day.”

Stafford points out that rapidly changing technology is both an opportunity and a threat to businesses like Mobileweb. It allows them to grow if they get on the crest of a wave but conversely can result in them being overtaken and swamped very quickly. “Progress changes everything,” he says.

Unusually, Stafford’s route to running a tech business started with a history degree; this got him a job at the British Library helping to put historically important books into electronic form. “I quickly became more interested in the technology than in the subject matter,” he explains. He then found himself in a corporate environment, becoming head of technology at Yell and chief commercial officer at a healthcare software provider. When that business was sold he took a pay-off and did a year out

before doing some consultancy and working for a digital agency.

“That was fun but I found I didn’t enjoy working for someone else,” says Stafford. “I had reached the point where I was unemployable. The ambition was not to have to work for someone else ever again.”

So in 2010, Stafford started Mobileweb with a friend from his days at Yell. They had spotted an un-met need for companies to display their product catalogues in a mobile friendly way. Their first customer was directory 118. They also set up local site viewwinchester.com.

“Time has always been our biggest competitor,” says Stafford. “The underlying technology moves so quickly.” Which is why he doesn’t talk about strategy. “I think Martin [Wilson, his business partner] did put together a business plan when we started but I don’t know where it is now. We did have some targets very early on but we never met them. Or we would beat them by a lot. So there was no point.”

Stafford’s preferred word is ‘tactical’. “People who use that word instead of ‘strategy’ are being more honest about what they can realistically effect,” he says. “We have gone after certain sectors and types of sales channel but I would call that tactical opportunism. In other words I prefer to do what the customer needs us to do.”

Stafford says that’s a far more fun way of working than attempting to follow a rigorous corporate strategy. It’s probably more stressful too, so the risk-taking entrepreneur needs to be the sort of person who can “get out of bed having lain awake all night worrying about it and not be too tired to do a day’s work”. But that’s not to say the business is aimless; for example, Mobileweb have plans for further automating one of the business’s processes so that no human intervention will be required. “Scalability has always been an aim, the model being high margin recurring revenue,” says Stafford. “Coupled with making a predictable profit, that gives us a certain value.”

Stafford splits his time between running MobileWeb and acting as a business consultant to other tech companies, which has been of “immeasurable” benefit in terms of learning about project delivery and infrastructure. But his first love is the technology. “I’m still a hands on techie, and what I’m most excited about is the technology platform itself, he explains. “I would rather be coding, if I’m honest. It’s my job and my hobby. It doesn’t feel like work to me.”

He firmly believes that having the right business partner is a prerequisite to success in business. “You need to be comfortable with the people you team up with, to know that you will have some big arguments and still be friends despite them, or because of them. Martin and I are mates but we have very different approaches and that can be a good thing. I’m a techie with common sense thrown in. Martin’s a marketing guy. Neither of us are sales people, though we can put on a reasonable show as a double act.”

Unpicking business and personal goals

Having built a successful business, entrepreneurs have been known to be reluctant ever to step back and let someone else run it. Not Ross Thornley – he’s keen to have freedom away from his branding agency business RT Brand Communications so he can pursue his dreams of doing something that will “make the world a better place.”

First he wants to see RT grow to become one of the top ten UK agencies in their field. With those aims in mind he has been busy building up his management team into one which eventually could take over completely.

Achieving that – more than any purely monetary target - would be a definition of success for Thornley. “My definition of success has evolved,” he explains. “It was

Entrepreneurs and their potential

about determination and self belief. I started the business when I was young and in the early days I had to prove myself in the grown-up world so that self belief was critical. Now it's about equipping the business for succession, developing a leadership team that can handle growth and be self managing."

Thornley says he is actively "turned off" by the traditional financial measurement of success. "Forget what the bank account says; the question is have I made the world a better place and is my legacy sustainable? It's about the volume and depth at which I can influence others, whether that's a person, client, project or product, and having a deep, lasting, positive impact."

As he speaks, RT have recently won a tender to supply branding services to a well-known global organisation; it's a project that fits Thornley's personal aspirations perfectly. "This project will touch more than a billion lives, people who might be underprivileged or disconnected, and that for me is both a privilege and a success."

Winning that tender, he says, in competition against agencies from around the world, was not happenstance. "I don't really believe opportunities are entirely unexpected," he says. "Opportunities are the result of a series of events. If you can understand that you can try to influence them and, when they happen, try to land them." Is there a methodology to opportunity then? "Of course there is," asserts Thornley. "Your strategy should be about being ready to catch opportunities."

He's been working with an executive coaching organisation - "I've never been naïve enough to say I can't learn from others" - and says that the process had a big influence on his mindset as regards business ambition: "Their mindset is ten times growth rather than two times. You are more likely to get over the tipping point if you think big and leave behind the baggage of what's been possible in the past."

Thornley confesses to always having considered himself rather "oddly isolated"

and says the coaching has made him feel less so. "I've found other people who think in the same way as me. Some of my previous environments have been focused on why something's not possible rather than why it is."

Significantly, the coaching has enabled Thornley to unpick his personal and business goals which, he says, had been too closely entwined. "I'm not personally motivated by money and I used to think that if chasing money wasn't important to me, that should mean it needn't be a driver for the company. But that won't sustain a business so I was a limiting factor to growth. Now I am able to see that while it's an imperative to a company, that doesn't mean it has to be to me personally."

Thornley started a business five years ago purely to fit with his aim of doing something worthwhile. Called Mug for Life, it aimed to reduce the number of throwaway coffee cups, which he says have a "shocking" environmental impact. The mug for life is a re-usable, double-walled, BPA chemical free, polypropylene cup that's made right here in the UK from recycled materials. That business now "ticks over," paying Thornley's mortgage.

Now he is involved in two other projects, one nano-tech and the other a healthcare-based product, which has "the potential to redefine society in a massively positive way". He has secured R&D grant funding of 4million euros but faces huge challenges from some major companies that don't like the potential disruption. "I'm disappointed and surprised by how big business operates," says Thornley. "But I'm not going in blindly. I know what you have to contend with if you want to create an environment of transformational change."

The big challenge for RT is acquiring and retaining quality people without any equity sacrifice. The team is rewarded by a generous profit sharing scheme instead. Thornley expects to grow the staff numbers from twenty to thirty-five. His ideal employee

Entrepreneurs and their potential



Ross Thornley, RT Brand Communications

is someone who seeks RT out because they really wants to work for the company. One “real heavyweight” is relocating 300 miles to work at RT. “He said he wanted to put the agency on the map,” says Thornley. “And I said ‘great, let’s have a crack at that together’. I want everyone to have an entrepreneurial attitude, however they define that.”

He’s even willing to support that kind of dream financially. “In 2016 we are encouraging and supporting people to create and run separate businesses if they have the right idea. There are London agencies which work that way with the aim of making everyone millionaires. If there are people with a cool idea but no money, and I can help them land that, great.” His personal desire to help make people’s lives better should be reflected in what RT is all about, he avers: “It excites me to help land other people’s dreams, through persuasion and influence.”

“Life should be a joy; I can’t wait for tomorrow and I can’t wait for next week,” he enthuses. “I know we’re going to do some amazing stuff. I’ve had tough times when I’ve wanted out – you get those moments and some last a few weeks. I don’t see that as an issue but as something to overcome or help others to overcome. If someone is depressed or stressed can I help them? If not, that’s what I would consider failure.”

In five years Thornley wants his role to be non-executive. Handing over more responsibility and autonomy to the leadership team has not been as difficult as one might imagine for the business founder. “I feel I’ve evolved into a caretaker role as opposed to the business being my baby. I panic less now, and get less stressed out if there’s an absolute storm around me,” he says. “That’s not being head in the sand. I’m acutely aware of what’s going on but I’m not affected emotionally by it.”

His openness about the succession plans is perhaps unusual. “But I’m not done with RT yet,” qualifies Thornley. “I know we can do more - but I do want to expedite the process of ‘the founder has been run over by a bus, now it’s up to you’. I hope I’ve started

something that’s way bigger than me and I want to pass it on. I want the business to get to the next level with a different team leading it beyond my capabilities.”

How to get off the hamster wheel

Growth, unless you’re careful, can be the equivalent of a hamster wheel, says Peter Marsh. “You want to do more, and to do that you need to invest in people and plant, and then you need more sales to pay for that, and so you end up in this ever-increasing organisation without necessarily improving the bottomline. Maintaining momentum gets harder too when a business gets into that situation.”

His company, Turbo Dynamics have managed to break the vicious circle largely thanks to expanding internationally, with sales up by at least 30% over the year. Exports are dispatched to sixty countries, with up to 40% of turnover coming from overseas.

With an eye on the international stage, during the past five years Marsh has been investing in the infrastructure, especially in the IT side of things, to gear up the online and e-commerce platforms. “For the size we are, we punch well above our weight in that respect,” he says. “We spent £20,000 on the clustered firewalls alone, to make sure they could cope with the growing issue of cyber attacks and virus threats.”

The two main parts of the business are the supply of new and reconditioned turbochargers, and the design and manufacture of specialist turbochargers for high-performance applications such as racing cars.

Marsh says the resultant range is probably the largest in the world, and though international trade has brought growth, it has also presented problems that wouldn’t otherwise have arisen. Marsh tells of a “catalogue of issues” over the past two years

connected with a move to accepting payments in multiple currencies instead of just sterling.

“We thought it would be straightforward,” says Marsh, “but after being mis-sold the special multi-currency platform by the card payment provider, their main group company took things over and managed to mess everything up. We got hit for currency conversion charges then bank charges; it was charge after charge, lost funds, an administration nightmare, and a devastating effect on our cashflow. The bottom line was that it cost us big time.” The upshot was an out-of-court settlement in favour of the company. Marsh would have preferred not to have had the problem in the first place. “We got into a right mess,” he explains. “We lost the best part of £400,000 and it took a while to recover customer confidence.”

Marsh grew up around cars, as his father was a Formula One driver in the 1950s as well as owning an engineering company. After his initial training in electronics, Marsh moved into engineering, taking employment with one of the few original turbocharger companies. Fascinated, he designed a range of hybrid turbochargers, intrigued by what was then a new thing in the automotive world. Engineering giant Lucas later took over the company and Marsh’s range of turbochargers, and dissatisfied with the way things were run he decided to go it alone in 1991, aged just twenty-three. He funded Turbo Dynamics with the profits from a small business he’d previously started from home, modifying chips for the electronic control units in cars.

He was lucky in that Lucas subsequently decided to get out of the turbocharger market, but not before writing off £600,000 on stock which Marsh was able to buy from a broker for £55,000. “It put us in the position of having all this stock for next to nothing.” He was also able to take a couple of people with him from his old employer as well as one of their big customers. Having contacts in the industry made setting up the supply chain fairly straightforward.

While conceding the importance in the early days of such luck and opportunism, Marsh says that now it’s all about strategy, particularly to live up to his strap-line: ‘quality without compromise’. “If you build the right product you will be known for it,” he believes. “If you do a good job for people and are honest in the way you do business you won’t go too far wrong.”

And that’s not trite hyperbole. Marsh tells of a Saab owner who had been quoted £2400 by one of the car manufacturer’s main dealers to replace their turbocharger. “I went under his car and saw a pipe had come off the turbocharger,” he recalls. “I stuck it back on with a clip and sent him on his way. They would have charged him all that money to fix a minor problem and he would have been none the wiser.”

This wasn’t an isolated incident, says Marsh. “There’s a huge amount of misdiagnosis in the motor trade, particularly on turbochargers, which are a very misunderstood product.

Marsh, with tongue in cheek, blames the television racing commentator Murray Walker. “He would talk about turbos ‘blowing up’. They don’t really blow up; a turbocharger should outlast the life of the engine; they can clock up over a million miles on a diesel engine if it is regularly serviced. In F1 of course things were being taken well past the limit.”

Where independents like Turbo Dynamics have their strength, says Marsh, is in their specialist industry knowledge. But that doesn’t dampen the biggest threat, which are the car manufacturers themselves. They already have the lion’s share of the aftermarket (servicing and repairs), but apparently it’s not enough. “We have a relatively small part of the aftermarket, but manufacturers want all the service and repair business,” says Marsh.

The challenge, he says, is to convince car owners that they don’t need to buy product which carries the vehicle manufacturer’s brand. “We have a constant battle to educate the customer that in any case,

their turbocharger isn't manufactured by the vehicle maker; it's made for them by one of the four main global turbocharger manufacturers or by someone like us."

For Marsh, turnover is becoming less important as a measure of success. "There was a time when we were obsessed with increasing turnover," recalls Marsh. "It might look nice but unless gross profit follows suit, a business is more at risk of failure."

A spot of diversification might help. With his IT manager, Marsh is a founder and co-owner, of business IT integrator Exchequer Dynamics."

Providing business with real impetus

"There is no substitute for having a huge amount of drive, passion, and belief," says Warren Munson, founder and managing director of Inspire, the chartered certified accountants and chartered tax advisers. "Those are characteristics which apply to businesses which set out with a plan and strategy and those which see an opportunity and seize it.

"Some will have set up their own companies because they didn't want to be in the corporate world, or they believe they would be better served by controlling their own destiny. At some point on their journey there will be something which presents itself, and those characteristics will kick in and they will just go for it, knowing that it will give the business real impetus.

"Their businesses will get to a point of maturity, whether by design or opportunity, but they see it as a platform, not a destination. They recognise the need for a leadership team to manage operations because the next stage for the company has to be planned. What I sense is that they come to a realisation that the development of strategy and a plan is necessary to out the next foot forward.

"That isn't seen as something which will compromise the entrepreneurial spark. They see the development as allowing them to channel their energy, to free themselves from day-to-day operations, to dream again. And by doing so, they will revitalise both themselves and the business."

Reference

Inspire was formed in 2004 with a 'can do' approach to addressing the needs of ambitious entrepreneurs and owner-managers. With a team of forty and offices in Poole and London, the firm of chartered certified accountants and chartered tax advisers, provide strategic input to help companies "see the wood for the trees."
www.inspireaccountants.co.uk

Appoint Group - www.appointgroup.co.uk
Beales Gourmet - www.bealesgourmet.com
Capreolus Fine Foods - www.capreolusfinefoods.co.uk
Dynamite Recruitment - www.dynamiterecruitment.com
Linsar - www.linsar.com
MobileWeb - mwco.xyz
Ratio - ratio.so
Redweb - www.redweb.com
Rockley Watersports - www.rockley.org
RT Brand Communications - rt.uk.com
The Italian Villa - www.the-italian-villa.co.uk
Turbo Dynamics - www.turbodynamics.co.uk
Urban Guild - urbanguild.co.uk
Windsor Telecom - www.windsor-telecom.co.uk

Photography:
Andy Scaysbrook, Revolution Photography
www.revolutionphotography.org