

# 25 twenty five years twenty five insights

Lessons learnt from  
consumer branded businesses

**PIPER**  
PRIVATE EQUITY

Passionate about brands

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From our first days, we held three principles:

Stay close to customers  
Be imaginative  
Act now

These seem obvious now, indeed everyone appears to hold these three dear, but we find that many talk the talk, few know what they're talking about, and fewer still walk the talk. We prefer to stay quiet. Of course along the way we've made mistakes, but it will make us try harder. Along the way we've changed a lot – on the surface – but those early three principles have always stayed at our core.

Crispin Tweddell - *Chairman*

# 25

twenty five years  
twenty five insights

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When I sat down to write this introduction, I thought it might be interesting to reflect on how much has changed since Piper first started 25 years ago. It's hard to believe that back then, out of town sheds were the 'new thing', that mail order was largely for those people requiring extended credit, that consumers did not have access to the internet, that mobile phones weighed just under a kilogram, and desktop computers were still in their infancy. Retail was a highly masculine, command and control business, where the idea that the customer was king was unheard of.

Putting the customer at the heart of what we did was what made Piper different and it still is. In our early years as brand and strategy consultants we worked alongside many of the well-established management consultancies such as McKinsey and Bain and, whilst they were exceptional at analysing the businesses they worked for, they looked to us to use our restless curiosity into what made customers choose one brand over the other to help companies innovate. They didn't really have a terminology for what we did and I remember one client talking about us 'sprinkling your magic pixie dust'.

When we were asked, in the very early days, to invent the pub of the future by one of the leading brewing companies, our immediate response was to immerse ourselves into what customers wanted, where the gap was, and to develop our concept from there – which at the time meant providing people, largely women, with an alternative to the spit and sawdust male dominated pubs or the rather too fancy wine bars. This was a bridge too far for a business that was production led, concerned only with beer volumes, hence we decided to start Pitcher & Piano ourselves.

And it was our own experience as potential customers of banks and venture capitalists when trying to raise funding for the roll out of Pitcher & Piano that led us to believe there must be a more consumer focused way of providing funding to smaller businesses – one in which you could have a dialogue with people who were as passionate about your customers and building your brand as you were. Our first £7m fund was born from customer experience.

25 years on and we've worked with some of the biggest names in the sector, invested in and helped develop some iconic household brands and learnt an enormous amount. Sharing that learning with our investee companies is part of what makes Piper unique. It therefore seemed entirely right that to celebrate our 25th anniversary we should continue to share our learning and that of the individuals we've worked with.

So this book is a collection of insights, or lessons learnt. It's a fascinating read and from some very different perspectives. However there are three very consistent messages that run through the piece that we would echo strongly:

- 1. Put the customer at the heart of your thinking**
- 2. Talent, talent, talent**
- 3. Be the best at what you do**

Finally, digging out our early jottings on what we wanted from Piper, one of our key objectives as we wrote then, was to 'Learn, earn and have fun'. And yes, that's what we've done, but more importantly it's what we at Piper will continue to do.

Chris Curry - *Managing Partner*

# Here is part of our history, and some of our own early lessons learnt...

**P**itcher & Piano was born out of a resounding consumer need. And that's a good place to begin. Identifying what customers want has always been at the forefront of my mind when starting a new business. It's the most important thing to establish, because if they don't want anything at all you'll find yourself pushing water uphill.

In the early 1980s, it was absolutely clear that pubs, wine bars and hotels were not providing the kind of meeting places that people were looking for – where both men and women could sit down at a table, have decent food, a selection of drinks and a good chat. Nobody was thinking about the customer. So the concept behind Pitcher & Piano, the first 'female-friendly' bar, was strong – it was different and better than anything else in the market.

Having recently founded Piper, we went out looking for investors to back this exciting new bar venture. But they were hardly falling over themselves to come on-board. Instead, nearly everyone tried to undermine it. 'Where are the fruit machines?' they'd ask. 'How are you going to make it a success, if you don't have fruit machines?' 'We don't want fruit machines,' I'd reply. 'That's exactly how we're going to make it a success.'

We applied this different approach to everything – including hiring bar managers. We didn't want former pub workers as the industry had a terrible reputation for the quality of its employees. So we put an ad in The Guardian saying: 'Can you run a bar for 1,000 days, put money in the bank and have a CV second to none?'

We were flooded with applications from all sorts of people who had never considered bar management before. We were completely straight about what we were offering them: a three year job only, enough money on leaving for a down-payment on a house and a comprehensive personal development programme throughout their time at Pitcher & Piano (unheard of back then but commonplace now) that would enable them to learn about themselves and be highly employable elsewhere. That was how we recruited the very best staff. We were working on a unique business model – though most people thought we were bonkers.

However, from a customer point of view it hit the spot immediately. Our first site opened on the Fulham Road, West London in 1986. On day one, it was filled with family and friends. On day two, it was still packed, this time with people I didn't know, so I asked a few why they'd come along. 'A friend of a friend of a friend was here yesterday and said it was great,' was the general response. That's how fast word had spread – years before the days of Facebook and Twitter. It was like that from then on. For ten years. Gradually, we opened new Pitcher & Pianos in Balham, Chiswick, Trafalgar Square – and the success continued.

You always know you're doing well when the imitators start arriving. In our case they waited for about three years – then All Bar One, The Finishing Line and others began springing up across London. But this didn't worry me because I knew we'd continue to be different and better than them by a factor of two.

In fact, when it eventually came time to exit I went to see the CEO of Mitchells & Butlers, owners of All Bar One. He made me an offer, saying he planned to turn the Pitcher & Piano sites into All Bar Ones. 'Why don't you turn the All Bar Ones into Pitcher & Pianos and you'll have twice as much business?' I suggested. 'Oh,' he said. 'I hadn't really thought of that.' 'Well think of it.' I replied. 'And in any case, your offer's not enough.'

That was the kind of mentality we were dealing with. But we knew if we stuck with the consumers and looked after them better than anybody else, the business would be fine. And so it turned out.

Indeed, if it hadn't been for this 'mad' chain of female-friendly, fruit machine-free bars, Piper may not have reached its 5<sup>th</sup> birthday, let alone its quarter century.

Crispin Tweddell - *Chairman*

Adam Balon

Innocent  
number one

The company  
launched after

university friends Richard Reed and Jon

Wright opened a smoothie stall at a local

jazz festival and asked drinkers to vote

whether or not they should give up their

day jobs. The trio resigned the next day. A

decade later, Innocent was turning over

more than £100m. It is now majority owned

by Coca-Cola. Adam joined Piper's Advisory

Panel in 2011.

is co-founder of

Drinks, Britain's  
smoothie brand.

was famously

Adam and two



**K**nowing what you're about in business is incredibly valuable. At Innocent we always say 'Keep the main thing the main thing' – which means have a very clear idea about what you're doing, why it's different to anybody else and make sure you don't dilute it. That's something we got right from the very beginning at Innocent.

But other things we didn't do so well. One of them was having a Plan B. Back in the early days, we were the first company to put juice and smoothies into clear bottles. Up until then they had been sold in murky plastic bottles which were rather self-defeating as they hid the colour and vibrancy of the fruit.

So we decided to break the mould and find clear bottles of our own, even though it wasn't easy. Soon enough our competitors cottoned on to the fact that this was a good idea. When you get to a certain size in business and you start making waves then the bigger guys wake up - in this case Marks & Spencer, who were obviously huge retailers of fruit juice. 'Right,' they thought, 'We're going to do this.' And they went straight off to our bottle suppliers and said: 'We need clear plastic bottles. Lots of them.'

always have a **plan B...**

Out of the blue one summer's day, our suppliers called us up and announced: 'You haven't got bottles anymore because M&S have taken all our production.' The suppliers had completely turned us over. We've never worked with them again.

We didn't have stockpiles of bottles, so for the next few months we had a nightmare as we had a limited amount of stock and had filled every bottle we could. To make matters worse it was a long, blazing hot summer. Until that point we'd been sending out about 100,000 bottles a week. Now we had a total of 50,000 and were left scrabbling around trying to find other bottles that might fit down the production line.

It was so frustrating for the business – and horrible too because every phone-call was a customer

screaming down the phone that they couldn't get their hands on our drinks. Eventually we found another supplier, and ended up having to compromise on what the bottles looked like for a short time.

When you're growing a business you don't think about that sort of stuff because you're more interested in the fun and exciting bits – like Plan A. But it's really important to have those contingency plans in place. Ever since then though, we've always ensured we have a Plan B.

**Did You Know?**

If the jazz festival goes hadn't given the Innocent team their seal of approval, Adam did have a Plan B. He would have taken up the offer of a place at Harvard. As it was he spent 18 months selling Innocent smoothies from a van –

in an attempt to understand every element of the business.

Innocent was nearly named 'Naked' – until Adam, Richard and Jon discovered, just weeks before launch, that their archrival had already trademarked the name. 'Innocent' was frantically plucked out the dictionary.

Kiwis are (so far) the toughest fruit to turn into smoothies as their little black seeds mustn't be crushed – they contain tiny, cough-inducing hairs.

**About Adam Balon**

After leaving Cambridge University, Adam worked as a business analyst at McKinsey and marketing manager at Virgin Cola. Innocent was launched in May 1999 and now sells more than two million smoothies a week.



## Companies don't die

people kill them...

**Allan Leighton** has one of the most varied CVs in contemporary British corporate life. He started his career as a salesman at Mars and became chief executive of Asda in 1996, where he worked closely with Piper. In 2000 Leighton left to 'go plural', taking up non-executive positions at a wide range of companies including lastminute.com, BSKyB and Selfridges.

**'C**opy shamelessly!' That's something Sam Walton, the founder of Walmart told me years ago. I thought it was a great line and he meant it because there is no one who hasn't thought of something before you. For that reason, I've always been a great go-and-have-a-looker.

It's amazing what you see if you go around with your eyes open. Similarly, if you go around with your ears open it's amazing what you hear. A lot of people don't do that, they listen to respond, rather than listen to hear and they see to respond rather than see to hear. So, I'm always reading stuff, going into different shops and just keeping my eyes and ears open.

When I was at Mars I used to travel a lot and I always found a great way to get to know a place is by running. I'd just put my running shoes on in Hong Kong or Singapore because you see so much more that way.

The US has always been a great source of inspiration for me largely because it's always pretty advanced from a business perspective. I remember seeing Southwest Airlines years ago doing lots of fun stuff. They used to sing the emergency card, they'd say 'give us a tune' and someone would shout Auld Lang Syne and then they'd sing it in that tune. They made a tedious safety announcement fun but it also meant that the retention of information was even greater. We tried to do similar things at Asda.

I've also learned from other people. I will always remember something the former England rugby captain Martin Johnson said. He was asked whether there was a lot of pressure on the England team in the 2003 World Cup because they were viewed as favourites. His response was an emphatic 'No!' I'm paraphrasing but he said: 'We got ourselves in the mindset of dealing with the next thing that came in front of us – whether that was a game or a training session - that was the focus.' That resonated with me because, while strategy and everything else is very important, most of your life is just dealing with the next thing that comes in front of you and then moving onto the next.

So, instead of sitting there and thinking in 5 or 10 years time this is where I want to be, you are a) more self-satisfied and b) more successful. I try to do it all the time. I think that is why I can do plural – have many non-executive positions – because if the next thing is Peacocks or Pandora then I just deal with it because you're able to strike a balance. Ultimately, I suppose it's about how do you trade for today and build for tomorrow.

It might sound clichéd but there are three rules when it comes to running a company. The top one is do the right thing for the business and its people and be driven by that. Sometimes you'll be criticised for it and sometimes you'll be wrong but the most important thing is you can look at yourself

and say: 'Well, actually at the time I made that decision it was the right one'.

The second thing to remember is companies don't die – they don't feel suicidal one day – people kill them. The third is to surround yourself with the best people. That is fundamental. The Mars brothers told me 30 years ago: 'Always remember two things in life Allan – 50% of the brains in the world are female and brains have no colour. Your job is to get as many brains as you can so don't restrict yourself.' And that has always held through.

It also helps if you don't take yourself too seriously because somebody, somewhere has got a picture of you looking like an idiot – and it's just a question of time before it comes out.

**About Allan Leighton**  
*Having started his career in Mars as a salesman in 1974, Allan Leighton joined Pedigree Petfoods, where he was sales director until he joined Asda in 1992 as group marketing director. He became chief executive in 1996 and was credited with turning around the business that was sold to WalMart in 1999 for £6.7 billion. Since leaving Asda in 2000, Leighton has been chairman of the Royal Mail and has held non-executive positions at Bhs, the Dyson Group and Leeds United football club. Today, he is chairman of Danish jewellery brand Pandora and fashion chain Peacocks.*



## Customers don't read profit and loss accounts

**Alan Smith** spent the first half of his career at Marks & Spencer, during the height of its high street dominance. He went on to lead a number of public companies before going plural, advising and investing in new businesses including Racing Green, Space NK and Planet Organic. He joined Piper's Advisory Panel in 2003. Here he argues that the race for too much profit can sometimes lead to disaster...

**B**oard meetings at M&S in those days were a little different from what I experienced later. The talk was not of budgets and profits but of customers and goods, innovation, quality, availability.

Money did come up, of course. Teddy Sieff, then president and

former chairman, always asked the FD the same question: 'John,' he'd say. 'How much cash have we got in the bank?'

John Samuel's answer was always the same: 'Enough.'

This exemplified the M&S ethos during my time at the group. I

joined its Halifax branch on a management trainee scheme the day after leaving university and stayed with the company for 29 years. Employees never really expected to leave.

At that time M&S had a place in British retailing sans pareil. It held the affection of the British

customer in a way almost no other retailer has done before or since.

The reasons for this were simple. Its chairman for 48 years, Simon Marks, had a straightforward view of shopkeeping. He wanted to provide quality goods to customers who previously couldn't afford them. He revolutionised the supply chain by removing wholesalers and going straight to the manufacturers. He invested in technology to teach the suppliers how to make better quality efficiently. Quality and value became watchwords among the public.

But above all, Marks was never greedy. His view about returns was not trammelled by teenage scribblers in the market. His only interest in financial performance was that the business, which had been founded by his father Michael, made decent profit and progress each year.

Marks Jr was famous for two numbers: one was 10% and the other was 10%. The first was growth and the other net profit – some years M&S didn't get either. But whenever the figures exceeded 10% that was a warning signal. He recognised that those two numbers in a sense represented a deal with the consumer that was appreciated. He could build quality into his goods, deliver a fair price and get a fair profit – and that was enough.

His other deal was to take care of suppliers and staff. The former had to make a profit, the latter to have a good life. Marks only

employed people who understood this philosophy, so the whole business was permeated by these values. The result was a highly skilled, stable, experienced and dedicated group of employees and suppliers.

This didn't mean M&S wasn't hard-nosed, energetic and aggressive. The highest standards were demanded of staff and suppliers. Quality was paramount, not only in the goods but in personal standards, the stores' environment and service and indeed in the factories too.

And the most critical of all was innovation. When I moved to head office I soon learned that I could meet the chairman at any time in the corridors and the question would always be the same, regardless of seniority: 'What's new in your department?'

The result was a track record which included technical breakthrough after technical breakthrough – in food, fabric and garments, ready meals, washable suits, stretch fabrics – giving M&S dominant market shares.

Marks made decisions and stood by them, whatever the implications. M&S used to make a fortune selling ice cream, until the day Marks walked into a store and saw ice cream all over the floor. He returned to head office and said to the food boys: 'Eliminate ice cream. I'm not having it in my stores.' 'But that's two million quid,' they said. 'I don't care,' he replied. 'I won't have dirty stores.'

This hands-on attention to detail would help make Marks' M&S a retailing legend. But it wasn't driven by money. And, ironically, it was when the business started chasing profit in the 1990s that it lost its way. Value, innovation and service all suffered – destroying the deal with the customer so carefully built up over the decades.

Building the unique bond M&S enjoyed with its customers took half a century; it was severely damaged in just a few years.

Today we live in a far more sophisticated era. But many principles remain the same. To grow retail businesses for the long-term, management should not be unduly distracted by share prices and quarterly results. They should focus instead on what will make theirs a better business.

Customers won't notice if you've made more or less money. Nor do they read profit and loss accounts. They just buy goods, or they don't.

### **About Alan Smith**

*Having joined M&S in 1964 from university, Alan Smith became a Director in 1978, leaving to become CEO of Kingfisher in 1993. He was later chairman of Storehouse and Mothercare and served on a number of boards, including the South Bank Centre. Among his current roles he is non executive chairman of Space NK and a director of digital marketing specialists Tangent plc, fabric group Colefax plc and convenience store retailers Martin McColl.*

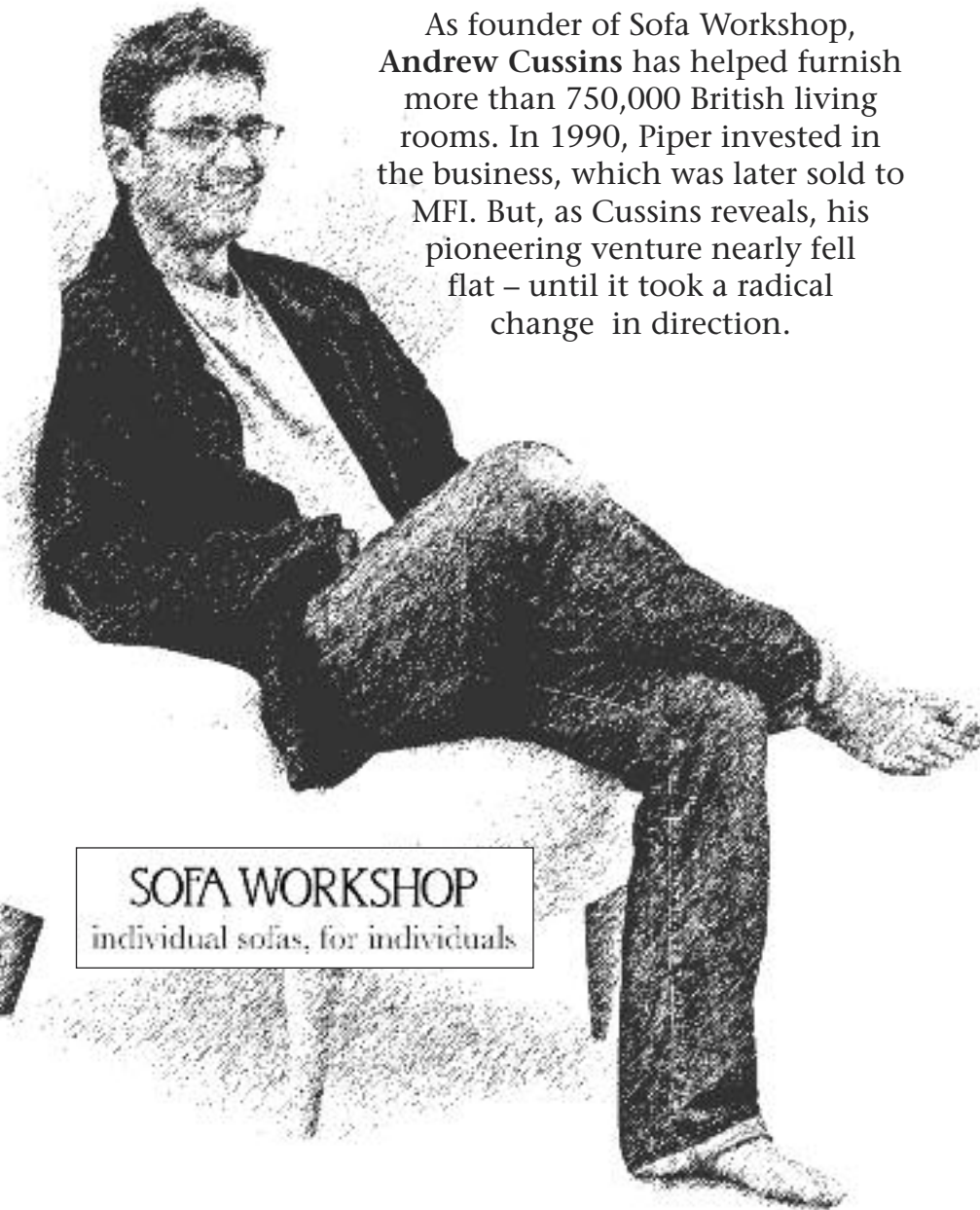
# Confuse customers and you're **dead in the water**

**O**f all the places in the country to open the first Sofa Workshop, I chose Maidstone in Kent. This was a tactical decision, not an emotional one. I wanted to open my first store next door to a Habitat – and Maidstone was the only town that fitted the bill.

We opened on 27th December 1985. Within a year, Habitat promptly closed down leaving us high and dry and reminding me why the old cliché 'location, location, location' was so important in retail.

But that first store taught me another interesting lesson. I was 27 at the time and very idealistic. I'd gone straight from university to working my way up Maple, Waring & Gillow, my family's furniture business. At its height, the firm had 120 huge stores on the high street. However, in 1984 I'd written a paper predicting the demise of the giant furniture store model due to the rise in property rents. Soon afterwards, we sold the business. With stores such as Sock Shop, Tie Rack and The Body Shop appearing on the high street, it was now the age of the specialist.

The first Sofa Workshop in Maidstone was a really modern furniture concept, with polished floorboards, unpainted plaster



As founder of Sofa Workshop, **Andrew Cussins** has helped furnish more than 750,000 British living rooms. In 1990, Piper invested in the business, which was later sold to MFI. But, as Cussins reveals, his pioneering venture nearly fell flat – until it took a radical change in direction.

**'I changed the products and shop design to what the people of Maidstone wanted.'**

walls and Kee Klamp fittings. It would have been absolutely wonderful in Milan but I'd got the wrong M, and Maidstone in Kent was not quite ready back then for hardcore modern furniture. For the first few months we hardly did any business at all.

I quickly realised I'd be bust in six months unless I changed the products and shop design to what the people of Maidstone wanted. Which was chintz. For 18 months, I sold stuff I absolutely loathed just to survive, but I learned the value of listening to your local market.

As a result, the whole concept of Sofa Workshop shifted. I'd started modern and gone chintzy but the answer was somewhere in the middle. And from there, the classic Sofa Workshop look was formed.

I saw a similar thing with Boden. I knew Johnnie Boden when he started and was one of his best customers in the early days. But those first few Boden catalogues contained the wackier items that Johnnie fancied himself. We both had to adapt to suit our respective markets.

Once I got it right with Sofa Workshop, the customers responded. Piper came onboard

in 1990 and really helped the business. We grew the brand to more than 30 stores, eventually selling it to MFI.

Sometimes though, having a good idea isn't enough. After Sofa Workshop, I opened another new concept called Chair – a British organic restaurant combined with a home store. Mixing bits of retail together was the sort of thing you saw at the time in New York and Japan.

The problem was that I had to learn a completely new game – the restaurant business – very quickly and couldn't get the execution right. Instead of recruiting a smart, trustworthy partner who knew restaurants inside out, I tried to do it myself and the learning curve was too steep. Customers couldn't work out if it was a shop or a restaurant – and if you confuse customers, you're dead in the water.

It was a massive and expensive lesson for me – assuming that, just because I'd run one business successfully, I could jump into another area without calling in the experts, and building a team with all the right skills.

It also reminded me of another old cliché about sticking to the knitting, which is what I've done

with my current business, Sofas & Stuff. While Sofa Workshop transformed the furniture retail model by moving from giant stores to small ones, Sofas & Stuff takes the experience a stage further. Our sofas are on display in barns in the countryside, where property rents enable us to sell our products at a much cheaper price than the high street.

The difference between success and failure in business is very small. If you're honest about yourself and don't pretend you're good at everything, and if you build a team with all the skills, you're far less likely to make silly mistakes and confuse your customers – or yourself.

**About Andrew Cussins**  
*Andrew Cussins joined Maple, Waring & Gillow from university in 1979 and rose to the position of marketing director before the company became part of Allied Maples Group Ltd in 1985. He founded Sofa Workshop in 1990 and sold the business to MFI in 2002 giving Piper a 6x multiple. Cussins launched Sofas & Stuff in November 2009 as an online retailer, with a showroom barn in Fittleworth, west Sussex. There are now five barns across the country, all within walking distance of good pubs.*

# Tell it how it is...



**Archie Norman** was appointed chairman of ITV in January 2010 to lead a turnaround of the ailing commercial broadcaster. He first worked with Piper in the early 1990s when he was chief executive of the supermarket chain Asda, where he presided over another turnaround - and Piper was brought in for expert advice.

**M**y career has been about taking organisations that have lost their way and creating great places to work for colleagues and value for shareholders.

The starting point is to tell it how it is. The more negative the situation, the more important that is, because your people are on the front line. They know what is really happening and they are looking for the leadership to reflect what they feel, the unvarnished truth. At the same time, you need to point a way forward.

People who think they can turn a company on its head in a year are kidding themselves because the root of most business difficulty is in the organisation and culture. So you need to buy the time and space with your shareholders and customers to deliver fundamental change. To set out the journey and recognise what to do when: a sense of time and place.

When I first arrived at Asda, I used to spend a lot of time going around the stores on my own. One conversation will always stick with me. It was with the manager of the Wakefield store. He told me his Regional Manager

‘People will follow you anywhere and through any hardship if they get a sense that the difficult times are going to be followed by success.’

had been in that week. I asked him how it went and he said: ‘Well, I had a foul-mouthed tongue lashing.’ You just can’t have that. Whatever people’s competence, whatever their failings, people need to be treated with respect. Foul language just creates fear and secrecy. Management legitimacy is no longer automatically defined by hierarchy – it has to be earned.

The culture is probably even more important in retail than other companies because the colleagues come face-to-face with customers everyday. These are not investment bankers, the people that join have often just left school or they are part-time working mums.

Often they come in the door with a sense of low self-esteem as it is the only job they can get. I once asked a check-out operator in Lancashire how she enjoyed the job and she told me ‘not very much.’ She said: ‘You’ve got to realise when I was at school and didn’t do my homework, my teacher used to say I’d end up as a check-out girl at Asda, and here I am.’ Service comes from the heart and the job of the employer is to create self-esteem and a belief in

what they are doing, the sense of self worth.

Having a recruitment policy that makes it harder to get a job is a good idea. People need to believe in their workplace and its values, it needs to be something they can describe proudly to their family. All any of us want is to go home with the sense that we’re achieving something.

The advantage of being part of a failing or challenged company is there is a mandate for change, a burning platform; harnessed in the right way, that can create real energy for people. But it’s up to management to plan the journey: this year, the year after, until you come out the other side. People will follow you anywhere and through any hardship if they get a sense that the difficult times are going to be followed by success.

Once you have come out on the sunnier uplands, the danger is that everyone will say: ‘OK, we’ve done that’, and then go back to the status quo. I’ve seen that mentality with chief executives too. Once they’ve improved the business, they are quite keen to tell the world how well they’re doing. Success requires continuous

renewal of energy, an organisation that’s constantly arguing with itself, that is driving forward and never satisfied.

This is even more relevant in today’s world where technology is changing the game all the time. Organisations that have that culture - the rolling energy that comes from having a perpetual burning platform - will always be ahead of the curve.

I’m not suggesting that you’ve got to be pessimistic but recognising the threats and the urgency of change will keep you, and the business, sharp. That comes from being optimistic but having a fear of failure at the same time. The five-year plan has to become the next five-year plan. Never sit back.

**About Archie Norman**  
As well as his chairmanship of ITV, Archie Norman is a director of Coles Group, chairman of HSS Hire and a senior adviser to the investment bank Lazard. He started out at McKinsey, the management consultancy, but made his name in business as chief executive and later chairman of Asda. He became a Member of Parliament between 1997 to 2005, before returning to business.



## Know your own style and stick with it...

**Charles Dunstone** started selling mobile phones from his flat on the Marylebone Road in 1989. Today The Carphone Warehouse operates from about 2,430 stores and is Europe's largest independent mobile phone retailer. Charles is a serial investor with Piper, having invested in their last four funds.

‘...don't be browbeaten into believing that other people know what's best for your business.’

**I**n the beginning everything is a hurdle because you don't know anything. You're doing everything – from incorporating a company and filing accounts to dealing with suppliers and opening shops – for the first time. It's all new but you just force yourself to do it. Believe me, we all make plenty of mistakes along the way but the next time it's a bit easier.

As an entrepreneur you can feel pretty insecure and that gets worse the bigger the company becomes. In my experience, that's when the outside advice starts rolling in. Everyone has an opinion and they're not afraid to tell you what needs to be done. Some of it will be worth listening to, of course, but my advice would be to disregard most of it.

Once you reach a certain size, the favourite piece of advice people like to dole out is you need a professional managing director or you need to bring in the management consultants. A lot of entrepreneurs I know have hired people believing that they are not good enough or too amateur to run their own business. They inevitably hire some top guy who has worked at a large business or management consultancy who doesn't work in their culture at all.

At these times, it's worth sitting back and reminding yourself that the 'professionals' want to come and work in your business as an employee. This means they're not as good as you because they didn't have the wit to start the company in the first place. Then there are the management consultants. They will always have a blueprint of how your company should look and behave but in my experience some truly great businesses don't do things in a conventional manner.

What I'm saying is don't be browbeaten into believing that other people know what's best for your business. Success is about knowing your own style and sticking with it.

The other challenge as a company gets bigger is that, as a rule, it gets dumber. Big companies are dumb and they're inefficient: there are too many people and an enormous amount of time is spent talking internally - just so everyone knows what's going on. Then you have people spending days in hotel rooms eating sandwiches and biscuits rather than getting on with running the company.

To help prevent that you need a steel rod of confidence in yourself

and the way your business works, otherwise your business will turn into one of those dumb oil tankers the bigger it gets. Areas like human resources will take over and the company will bear little resemblance to what it was in the beginning.

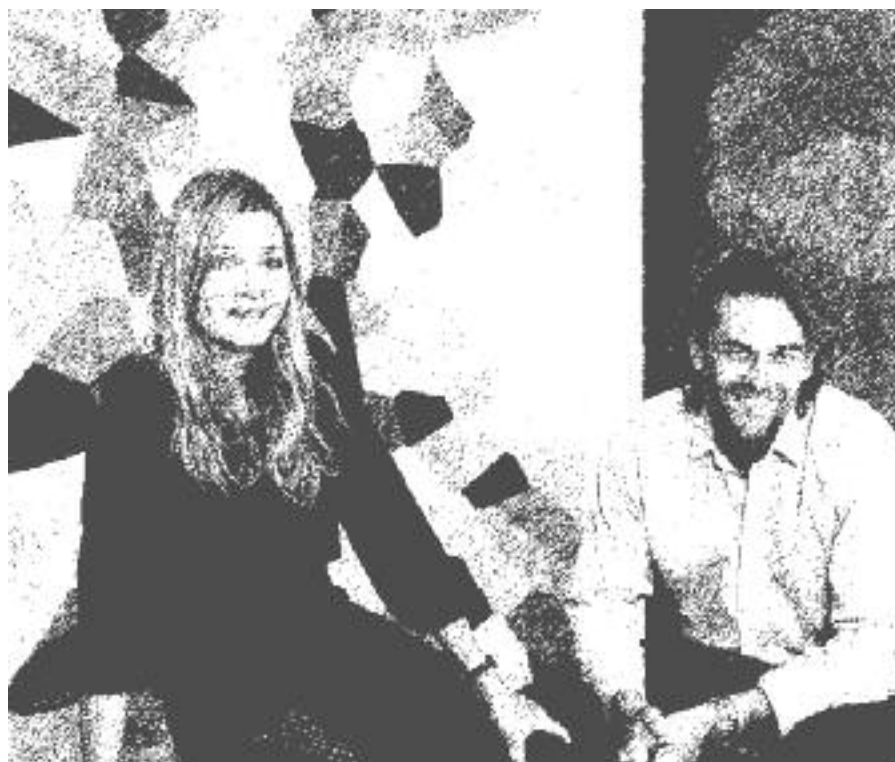
I know it's difficult for entrepreneurs to have that confidence as we're all pretty paranoid and insecure by nature but it's worth recognising what you've built up – most likely from nothing.

It's also worth remembering that small is beautiful and the more people you've got is no real measure of how well you're doing. In many cases, the opposite is true.

**About Charles Dunstone**  
*Charles has been chairman of The Carphone Warehouse since January 2010. Before that he was chief executive from 1989 to 2010. He was appointed chairman of TalkTalk Telecom Group in 2010 and is a non-executive director of The Daily Mail and General Trust and Independent Media Distribution PLC. He is chairman of The Prince's Trust Trading Board and a member of its Council. He is also a director of Best Buy Europe Distributions after the American electrical giant acquired a 5 per cent stake in The Carphone Warehouse for £1 billion in 2008.*

# Business is all about people

THE  
**RUG**  
COMPANY  
HANDMADE



Having returned to London after living in the Middle East and Southern Europe, **Christopher and Suzanne Sharp** spotted a gap in the market for luxury, hand crafted rugs. In 1997 they founded The Rug Company, opening their first store in Chelsea. The Rug Company now works with the world's top designers, including Vivienne Westwood and Paul Smith, and has stores from Toronto to Hong Kong. Investment from Piper in 2008 is helping The Rug Company fund further international expansion and build on its reputation as leading retailer of contemporary handmade rugs.

One of the keys to the success of The Rug Company's shops is the people who manage and staff them. While the location is obviously an important factor, getting the personnel right is crucial. We've learnt that being extremely diligent in the selection process and being prepared to change the staff if they are not absolutely perfect are essential. The mantra has to be: 'Look after whatever is best for the business and the business will look after the staff.' It's easy to focus too much on individual and personal staff issues and then make excuses for ineffectual employees who will then pull the whole company down.

We have at times paid the price for selecting the wrong managers and there are examples of individuals who have convinced us that they have the relevant attributes, but are quite simply, destructive for the business. There was one particular lady who we employed to run one of our American stores who interviewed extremely well, her references were positively glowing, (they had a common thread of 'brilliant'

**'Do everything you can to look after them and you'll often find they return the favour.'**

'visionary' and 'hard work'), she showed unbridled energy, enthusiasm and professed to be desperate to start immediately; such was her passion and determination to succeed. I was extremely pleased with my shrewd selection.

We rushed to hire her at a salary that reflected her obvious attributes – sales dipped and within two months it was clear she was an utter disaster. She would be out of the shop all day, apparently hounding interior designers for business but in reality, hanging out with her husband and taking the kids to the park.

We moved on quickly but it confirmed to me how important it is to get the right people onboard and if you do make a mistake, easy to do, act quickly. The difference in sales potential, between an excellent and poor manager and sales staff, will be the difference between success and failure. It's that simple.

You also want to employ people who bring experience and raise the level of professionalism in the company. We were very focused

on home grown talent but you need a mix. Everyone should be able to do their jobs better than I could. (Sadly, in many cases this is not difficult!). It makes me nervous when people always agree with me, they are either extremely unimaginative, insincere or at best, afraid. The only thing worse is never agreeing with me. A good way to get the chop!

Once you've made the investment of putting the right people in place, you should do everything you can to look after them. I've found that the most effective way of ensuring loyalty is with information. People who feel informed are more engaged and have a greater sense of ownership and responsibility.

Ever since we began the business in 1997, we've had the majority of our rugs made in Nepal – despite the fact that the country has been embroiled in civil war. We now employ more than 2000 people there and have stuck with the same group of weavers and managers. This is partly because we think they make the finest products but also because we

have a great relationship with them and they have never let us down. We have invested both financially and emotionally in each other and we have a common respect built on 14 years of business.

A few years ago there was a power cut in Katmandu and the level of unrest had gridlocked the telecommunication services. It lasted a fortnight and we couldn't make contact with anyone – I was becoming increasingly concerned until one of the guys called. I was surprised because everything was still down.

'Chris, Chris, I'm phoning from India,' he said. 'I've just got here on a bus. Don't worry, we're all OK. And we're still working – we've got kerosene lights.'

### ***Did You Know?***

*Sarah Jessica Parker was the The Rug Company's first celebrity customer in New York, but another VIP was slightly less happy. Before delivery, his first bespoke rug fell off the back of one train and was sawn in half by another. The replacement arrived at a Heathrow warehouse, which promptly burnt down.*

**Chris Woodhouse** has been the finance director of Debenhams for the past eight years. He was with the business for three years before it listed on the London Stock Exchange in May 2006. Debenhams' difficult beginning on the public markets has given Woodhouse a unique insight into how to deal with the pressures of being a PLC. He is also no stranger to private equity as he was part of the team that backed the management buy-out of Birthdays in 1996. Piper worked with him during his time at Superdrug in the early 1990s.

# Appreciate diversity...

I did my first buy-out with John Lovering, the former chairman of Debenhams, in 1996. It was for Birthdays in Manchester – a £100m greetings card chain – and we were backed by Permira and PPM Ventures. It was a family business and John and I were very much the outsiders. Our job was to professionalise the company and get it to the point where it could go public.

But, to be honest, the response to us was mixed. There was a little bit of resentment about the founder selling out and the existing management really tested us at the beginning. I will never forget the first meeting we had with the existing directors. There were seven of them around the table and they said: 'We're going to pick the

Christmas cards for this year's range and we want your help.' Obviously, it was designed to see whether we were stupid or not. John answered it very sensibly. 'You've got to be joking,' he replied. 'You've got 75 years' experience of running greetings cards businesses around this table and you want to ask my views – that's your job.'

Inevitably, it's going to take a bit of time for the incumbent team to adapt when new people come in. It really helps if the entrepreneurs are gutturally as well as intellectually committed to bringing outsiders in.

However, coming in as the new guy you have to be prepared to listen – don't sound like an MBA

graduate. One of the mistakes I often see made is when private equity go into businesses and think they have all the answers. Quite often they'll fall flat on their face. You need to remember that existing management know their business and marketplace better than anyone.

I suppose it takes a little bit of give and take on both sides. The adage is to appreciate diversity because everyone's got something to offer.

And communicate. Once you have a strategy, communicate it to the workforce and stand by your decisions. In large organisations I would say that you can never underestimate the need to communicate well and bring people with

you. There are probably just a few key messages and the amount of times you need to repeat them over and over again cannot be underestimated. Often businesses don't spend enough time communicating with people and if you don't, how can you expect everyone to march in the same direction?

I've also come across organisations that are very mean with data. My view – and it's one shared by Rob Templeman, outgoing chief executive of Debenhams – is that you have to be willing to tell people how the organisation is progressing. Only that way will they feel that they've got a stake in it.

Restructuring work is always tough, especially when jobs are at

stake, but having done it in a few companies, my advice is be honest when you communicate. You owe it to people to stand in front of them and be straightforward.

My experience is that they'll be pretty appreciative even though they might not like the message.

But the fact that you're willing to stand up there when things are going well – and not so well – is always better.

**About Chris Woodhouse**  
*Chris Woodhouse is outgoing finance director of Debenhams, one of the country's biggest department store chains. He is also group non-executive chairman of Gondola Group – owner of Pizza Express, Zizzi and Ask. He was previously deputy chairman of Halfords and commercial director and deputy chief executive at Homebase. He is a former finance director of Birthdays Group and Superdrug Stores.*



## When inefficient is good!

David Cox has worked with many fast growth companies including Wiggle and Screwfix Direct, which doubled turnover for six consecutive years up to 2000. In 2010, Piper brought him in as chairman of Diet Chef. Here he explains how unorthodox techniques can help a company dodge the pitfalls of rapid success.

Every business aims for fast and dynamic growth. But achieving it can sometimes bring in dangerous issues from unexpected quarters.

One day in 1996, while running the Bristol office of recruitment consultants Norman Broadbent, I got a call from one of the owners of a very small business in Yeovil called Screwfix Direct. A direct-mail fixings supply company founded in the 1980s by the Goddard-Watts family, Screwfix Direct quickly became popular among tradesmen – though in the early days they got their wives to call up as mail-order was considered a ‘woman’s thing’.

By the time I started talking to the Goddard-Watts family, their company was turning over £3m. They realised they lacked the necessary management skills to manage the business and prepare it for sale and asked me to recruit a team, and later join myself as MD.

By the end 1996 Screwfix Direct was turning over £7m, a figure rising to £28m in 1998, and £100m in 2000. By 1999, over 15% of our business was e-commerce – which was very unusual at the time. That year I remember reading an article in the trade press by a former MD of B&Q who had said: ‘I can never see

people buying screws on the web.’ Ironically, it was B&Q’s owner Kingfisher that bought Screwfix Direct for £82m in July 1999.

Our accelerated growth continued and was hugely satisfying, but it taught me some valuable lessons. The first is having the confidence to plan ahead. If you’re doubling turnover every year, you need an infrastructure in place to sustain that level of growth. But how early do you do it? And how will you cope with the overheads?

Immediately after the Kingfisher purchase, we reached a stage where we ran out of warehousing

‘...the bigger your organisation, the more complex the systems and so the potential for systems failure increases.’

space. After swiftly finding a suitable location, I took the proposal to an early board meeting. ‘Fantastic,’ I was told. ‘Put a paper together for the Capex committee to consider in the next quarter’s review.’ We didn’t have till the next quarter; if we didn’t find space we would simply stop operating. So I had to go ahead and buy the warehouse on the quiet – not the sort of thing corporates tend to condone.

There’s a similar conundrum about levels of staff. One of the challenges of fast growth is, somewhat perversely, ensuring you are relatively inefficient in terms of running the operations with more people than are needed. Many of the managers we hired at Screwfix Direct in the late 1990s had worked through a recent recession and were brilliant at running lean operations. But that’s a dangerous approach in a rapidly developing business because you’ll soon run out of people to handle the increased volume. You have to build in the fat today to absorb when you grow tomorrow.

Of course the choice of people in any business is important. But in a fast growing company it becomes more complicated as the temptation is to over-promote

loyal, long-serving staff into roles that are simply too big for them. It’s a difficult balancing act to recruit more senior staff while keeping your existing team happy, but failing to do so can catch out a lot of businesses.

Nowadays technology is another critical area. There’s a simple rule here: the bigger your organisation, the more complex the systems and so the potential for systems failure increases.

This simple fact is indelibly scarred in my memory of one autumn day at Screwfix Direct. A junior member of the IT team noticed that the clock on one of our key database servers hadn’t been turned back and took it upon himself to reset it. What he didn’t realise was that doing so would automatically default the clock from October back to January 1. Suddenly this great big server tried to replicate every transaction we’d had in the last ten months. Within a day, it ground to a halt and couldn’t process a single order.

Mercifully, we had an old system that happened to be running in parallel while we were changing over to the new one, so we were able to switch to that. But it was a heart-stopping moment and

could have closed us down completely.

Managing fast growing companies is all about careful planning and rapid execution; about ensuring you have the right people, processes and systems; and, perhaps most importantly of all, about the ability to hold on to your hat and enjoy the ride.

**About David Cox**  
*Having begun his career as a teacher, David Cox brought Quasar, the interactive war games company, from Australia to the UK in 1987. He later sold the worldwide manufacturing and distribution rights to the Irish group LeisureCorp. He went on to work for educational charity Understanding Industry while completing his MBA and Norman Broadbent consultants before joining Screwfix Direct in 1997. Since leaving Screwfix Direct in 2000, he has had a portfolio of non-executive directorships or chairmanships in a wide range of sectors. In addition to Diet Chef, he is currently chairman of playground installer Playforce and educational supplier The Consortium as well as a non-executive director of Wiggle, the cycle e-tailer and Toolstation, the fast growing tools and fixings company.*

**LAS IGUANAS**  
EAT LATIN • DRINK LATIN

# Stand out from the crowd

Having bought a failed Italian restaurant from his landlady in Bristol in 1991, **Eren Ali** and his business partner Aj Jaya-Wickrema created Las Iguanas, the UK's leading Latin American restaurant chain. In 2002, Piper invested a minority stake in Las Iguanas, helping the business expand from four to 14 restaurants and achieving a 6x multiple on exit in 2007.



## 1. Stand out and sparkle

The absolute key is your big idea – which has to be different, innovative and have that magnetic attraction. You just can't run with the pack. Las Iguanas opened on a quiet street in Bristol during the middle of a recession, on a site where seven restaurants had previously failed. The concept of a fun, vibrant restaurant serving simple Latin American food hadn't been seen in the city before.

## 2. But keep it simple

One of my strongest memories is of our very first guest walking through the door – a lawyer in a pinstripe suit. Today he remains our most important customer. In the early days, I'd ask the local barristers who came in for lunch what they liked best about Las Iguanas. They said they loved the fact that there were no airs and

graces – it was the one place they could kick off their shoes for an hour and truly relax. This helped us cut across various demographics. We weren't pretentious in any way.

## 3. Be fanatical about talent

I'm fanatical about finding and nurturing the right talent. It's at the heart of everything we do. The more pivotal the role, the more fanatical I get. For example, it took us two years to find our operations director. It was probably the best hire I ever made. After all, he has 1000 people reporting to him – so if I don't get it right, it's curtains. Once you've found the right people, invest heavily in them.

## 4. Be Mr Motivator

I spend a chunk of every day thinking about motivations –

throughout my career it's probably the one subject that has occupied my mind most of all. In business, you can turn almost everything into a science, but understanding the motivations of others will always remain an art form. And yet they can have the biggest bearing on the future of your business. I think we're the only restaurant chain in Britain that employs someone full-time to focus on staff motivation. It slices through everything we do – if people aren't motivated, they're not going to deliver.

## 5. Learn from the coal face

It's very easy to get distracted by various back-of-house issues, but everything you need to know about your business can be found at the coal face. It's here, up close and personal with your customers and staff, that you can gain some

incredible insights into how to improve your business. I have spent countless hours observing guests in our restaurants. I've even stalked one or two of them when they've looked at our menu board and drifted away – to check out why. I've made some of the best decisions simply by loitering and talking to everyone, from staff to guests.

## 6. Don't dumb down

As you grow, resist the temptation to dumb down and process the hell out of everything. Any retail business is a bit like a factory line – its operators ultimately exist to provide a consistent experience so the default mode is to standardise, simplify everything so it pops off the end of the line in a neat little package. But if you follow that route, eventually you'll see a compound effect and get

down to simple common denominators which you'll start to share with your competitors. The hospitality sector is there to do things *for* people rather than *to* them. By dumbing down, you'll end up doing the opposite.

## 7. Get better, then better again

Las Iguanas leads the sector on continual improvement – it's a culture we've built up over 20 years. From the very start, we've collected suggestions from our customers – we now get the equivalent of 150,000 responses every two months, distilled into a 20-page report, which is read by all of our branch managers. All the restaurants apply our 'W3' process at the end of every single day. W3 asks: what did we do really well? What are we going to do better? And what are we going to do next time? If you've instilled a culture of continuous improvement in your business, when things are getting tough you'll be able to start firing on all cylinders just when you need to.

## 8. Take it steady

I think we opened 12 or 13 restaurants before we ever went to London. We felt very much like a provincial operator and took time to grow in confidence and look at what others were doing. London's quite a different market, as many restaurants in the capital that have tried branching out themselves have discovered. They think they can storm in to any given town, do exactly what they're doing in London and get away with it. But many crash and burn. In the end, our waiting paid off. We opened a

restaurant at the Royal Festival Hall, one of the best locations in London. It was one of our big turning points and does phenomenal business.

## 9. Surround yourself with great creative minds

Everything we do at Las Iguanas has a creative edge. We seek out the best designers and creative types, whether it's for restaurant, website or branding design, food and drink development or a marketing campaign. It's all about creating something new and better while still being on brand.

## 10. Don't accept defeat

I was born in England but my parents came from Cyprus. As first-generation immigrants, they worked hard all their lives and the one thing I really learned from them is never to give up. Don't let emotions or your ego get in the way of doing the right thing. Keep at it. As a team here, all the best things we've ever done have come through dogged persistence.

### About Eren Ali

Having graduated in transport design, Eren Ali was working as a product designer when he was offered the chance to buy a failing restaurant in 1991. Las Iguanas is now the country's leading Latin-American chain with 22 restaurants and a further five in development. Eren was awarded Group Restaurateur of the Year in 2009 and Las Iguanas featured on this year's Buyout Track 100 table in *The Sunday Times*.

# remember what's good enough today is not necessarily good enough tomorrow...

**Sir Geoff Mulcahy** is a retail veteran responsible for building up Kingfisher, one of the UK's biggest conglomerates, which at its peak included Woolworths, Comet, Superdrug and B&Q. It was here that he called in Piper as consultants. Having worked for some of the biggest brands in the country, he argues that their power should never be under-estimated even if the conditions are bleak.

**P**ut the customer first. Always put the customer first. I've been in the oil industry, manufacturing and retail and in each one it's always come down to the customer. Issues and problems happen when the organisation is not close to its customers.

That's not the same as knowing your customer – that is the easy part. You need to understand and stay close to the customer and always remember that what's good enough today, is not necessarily good enough tomorrow.

The big issue for retailers now is the internet. Many of them are hamstrung because 95% of the people are experts at running stores but they don't understand that shopping on the internet is, or at least should be, a totally different experience.

When Kingfisher owned Comet it was clear that electrical goods were ideally suited to multichannel retailing with customers using the internet either to buy or research and compare before buying in store. It was the most successful internet offer launched by Kingfisher over 10 years ago.

Yet they – and other electrical retailers – continued to treat the internet as an alternate channel instead of vigorously developing it and restructuring the store portfolio for the new world. Result: they have missed the opportunity and now have even more difficult restructuring issues.

The exciting thing about retail is it's always changing, and it changes fast. You've really got to understand that the customer is always moving on, wanting more

for less. By more I don't just mean price; I mean quality, design and innovation. And any retail business needs to be continually innovating to improve efficiency, productivity and sourcing.

But every so often a transformational change is necessary to keep a business relevant. The growth of multi channel retailing together with globalisation are game changing events needing a transformational strategies from retailers. Those retailers who do not evolve will be overtaken by nimbler competitors and eventually will die.

Take Woolworths in the early 1980s. It was selling more DIY products than B&Q – it had 10% of the paint market – but it didn't need a genius to work out that B&Q, with its out of town locations, lower cost space and the



fact you could take your car and stick your stuff in the boot, was more convenient than Woolworths.

So we decided to grow B&Q, capture the home improvement market even though it made the job of turning Woolworths around more difficult.

Around this time, we brought Piper in to help on Woolworths. They helped us to create and implement a new customer vision for the business which radically changed the merchandise, store design, service, pricing, and store portfolio. This increased sales, margin, and productivity, turning a loss-making business into one that when it was demerged from Kingfisher in 2000 was earning an EBIT of around £100 million.

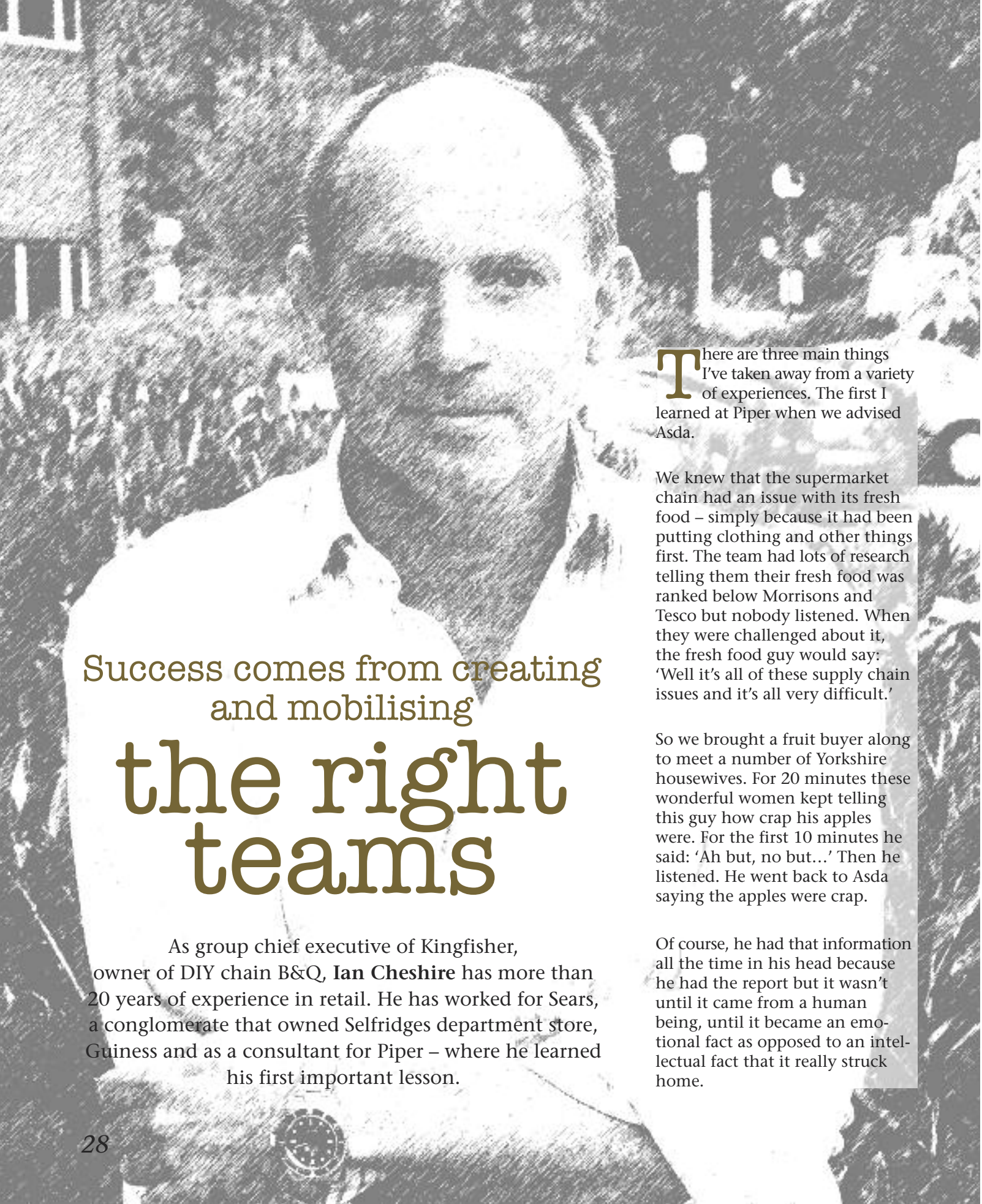
Tesco went through something

similar in the 80s. Ian MacLaurin, who was then chief executive of Tesco, was furiously building out of town supermarkets when the concept was unheard of. Analysts warned that if he kept building them, Tesco would go bust because no one wants to go out of town for their groceries. But he stuck to his guns because he had the foresight to realise shopping habits were changing. Today it's the biggest supermarket chain in the country.

It was a travesty when Woolies went bust. It was making £100m a year when it was demerged from Kingfisher and it had several new developments in the portfolio but management did not understand the need to move forward. They stopped innovating, hiked up prices and allowed operating standards to deteriorate.

Of course, some businesses just run their course and they should be wound down but more often than not big, strong brands can not only survive but prosper if management has a vision, the skills, and leadership ability to implement a successful transformational strategy.

**About Sir Geoff Mulcahy**  
*Sir Geoff Mulcahy started at Esso before moving to British Sugar. He spent 20 years as chief executive of Kingfisher, growing it into one of the largest non-food retailers in Europe whose shops included B&Q, Comet, Superdrug, and Woolworths. He retired from Kingfisher in 2003. He is now chairman of Javelin Group, a retail consultancy.*



## Success comes from creating and mobilising the right teams

As group chief executive of Kingfisher, owner of DIY chain B&Q, **Ian Cheshire** has more than 20 years of experience in retail. He has worked for Sears, a conglomerate that owned Selfridges department store, Guinness and as a consultant for Piper – where he learned his first important lesson.

**T**here are three main things I've taken away from a variety of experiences. The first I learned at Piper when we advised Asda.

We knew that the supermarket chain had an issue with its fresh food – simply because it had been putting clothing and other things first. The team had lots of research telling them their fresh food was ranked below Morrisons and Tesco but nobody listened. When they were challenged about it, the fresh food guy would say: 'Well it's all of these supply chain issues and it's all very difficult.'

So we brought a fruit buyer along to meet a number of Yorkshire housewives. For 20 minutes these wonderful women kept telling this guy how crap his apples were. For the first 10 minutes he said: 'Ah but, no but...' Then he listened. He went back to Asda saying the apples were crap.

Of course, he had that information all the time in his head because he had the report but it wasn't until it came from a human being, until it became an emotional fact as opposed to an intellectual fact that it really struck home.

**'When a team works...you will see more profound change achieved faster than with any sort of hero manager.'**

To get to that information you need to let customers voice their opinions.

We've been running online forums at Screwfix, the trade division of B&Q, for over a decade and it's extraordinary what people chat about and what you can learn from the conversation. Getting the data isn't enough; you really need to crunch it, question it. People might claim one thing but does their behaviour support that claim?

I still maintain that the best way to gauge the customer is still the simplest one: chatting to them in the store. Ask them how they're finding things, how they're using products, just let them talk. But again you need to do this all the time for it to be effective; you need to be OCD-ish about it.

The second thing I've learnt is that success comes from creating and mobilising the right teams. This has been true everywhere I've worked. When a team works – that is when the relationship and the dialogue are right and the willingness to take responsibility is there – you will see more profound change achieved faster than with any sort of hero manager. This is particularly striking

at Kingfisher where we've gone from a single chief executive to a team of five, split geographically, with divisions below.

Having these teams is even more important in big organisations. As a chief executive you spend more time in offices and meetings, talking to journalists and not interacting with customers. But you still need to keep that ruthless focus on the need of the customer. It sounds really banal but structurally it's quite difficult and effective teams make life so much easier.

Lastly I've learnt that you need thick skin! I've worked in private and public companies. I think one of the most difficult things about going from entrepreneurial to public is the level of scrutiny and interest that other people take in your business. If you're used to just answering to yourself and suddenly there are dozens of people with an opinion on your business, that can be a bit of a shock.

We have 38 analysts following Kingfisher and each of those are publishing and then you've got the newspapers with their opinion. It's a goldfish bowl and you've got to have a thick skin and

conviction in your own views.

However, one of the powerful things about being public is it gives you a currency that you can use either to develop the business by doing deals or raising money. But probably, more importantly, you can use the shares to reward people internally. We gave our store managers six months' salary in shares on the condition that they stay for three years and maintain standards to a certain level. Now that incentive is worth a year's salary and it's a very strong motivator for keeping standards up and retention high.

If I didn't work for a public company I'm not sure I could have done that.

**About Ian Cheshire**  
*Ian has been chief executive of Kingfisher since 2008. He joined the company in 1988 as group strategy director and has held a number of other roles including chief executive of B&Q. Before that he worked as commercial director at Sears (owners of Selfridges and Warehouse) and prior to that, at Guinness and Piper. Ian is a non-executive of Whitbread and a lead non-executive member on the Department for Work and Pensions Board.*



## The secrets of good business thinking

During his 24-year career at McKinsey & Company, latterly as head of the European Retail Practice, **John Brady** advised chief executives of consumer giants on all aspects of business. He retired in 2004, the year he joined Piper's Advisory Panel.

### 1. Waste time gossiping

Believe in the power of gossip. Most of the really interesting insights I gained as a management consultant happened either when I was chatting in clients' office doorways at the end of the day or drinking with them late at night. In such circumstances you're able to think more freely and pick up details that are often far more important than the obvious stuff. There is a theory that we're at our most creative on the edge of

consciousness – that our brains are sent into overdrive and enable us to solve seemingly intractable problems. Gossip has a similar, turbo-charging effect. It helps you make connections in your head that you might miss under the pressure of a normal 9-5 regime.

### 2. Make slow decisions

When making decisions, everyone should try to learn, and then follow their own mind rhythms. Some people like to jump to

answers very quickly, others prefer to ponder issues overnight. To avoid being forced into making poor choices, it's important to work out which camp you're in. I've watched people make terrible mistakes simply because they've been pressed into a snap decision, rather than allowing themselves the chance to mull it over. Be thoughtful about how your own brain works, and respond accordingly.

### 3. Understand the true importance of creating value

Too many business leaders don't think clearly enough about what creating value actually means. In simple terms, in the current economic climate if you're using the money borrowed from the bank or investors to deliver more than a minimum nine per cent return, you are creating value. If not, you're destroying value and the investors may as well have put their money in the bank. A surprising number of people confuse creating value with creating something that is 'valued'.

### 4. Find a secret formula

Many businesses lose sight of the formula that helps them make money. In retail, for example, they often get consumed with just opening the door and closing it at the end of the day. But the real skill can be sourcing products that no one else can, or sourcing them better. If, for instance, you're selling wine, the mechanics of opening and closing the store are pretty unimportant – the secret formula might be finding vineyards no one else can reach. Discovering a formula is hard and there are many blind alleys. But a

clear strategy will establish what really matters, and help you work out how to do it better than everybody else.

### 5. Think beyond the obvious

When considering a course of action, one typically thinks of the first order effect. For instance, the first order effect of introducing a seatbelt law in this country was that passenger deaths declined. However, since drivers knew their children were safely strapped in, they drove a little faster – so the number of pedestrian fatalities increased. That's a second order effect, and these are at the heart of smart thinking in business. Unfortunately, second order effects are far more easily identified with hindsight. But if you start thinking in those terms, you stand more chance of spotting them.

### 6. Focus on what's working

If you ask a businessman who owns 30 shops what he's really focusing on, he'll tell you his priority lies with his five worst performers. I think that's wrong. Instead he should be concentrating on making his top five performers even better – they'll be far less time consuming and give him far more bang for his buck. In fact, there's an argument for axing the bad ones completely, leaving him more time to spend on the profitable areas of his company.

### 7. Judge quality not numbers

Arguably the most important job of any chief executive is thinking about his staff. Yet regular evaluations are seldom carried out in Britain because we're too embarrassed to assess our colleagues

and tell them how well (or badly) they are doing. On the rare occasions assessments do happen, businesses tend to look for quantitative measures – invariably poor surrogates for real performance. Ask anyone to identify the good and bad performers in a business and they'll be able to do so. We do it all the time without thinking, so it's easy to pick up enough qualitative measures to give a surprisingly accurate reflection of a colleague's performance.

### 8. Bite the bullet fast

I've never found a chief executive who said he has moved too early in removing underperformers. So if you've made up your mind that someone is not going to deliver, you should let him go – mainly for his sake rather than yours as you're wasting his career by letting him stay in the wrong job. Bizarrely, most supposedly tough chief executives drag their feet in firing senior staff – perhaps partly through cowardice but also through fear that it will damage their companies. But businesses are much more robust than people think. You can remove a number of senior people and a company will carry on running smoothly for months. Ironically, this includes chief executives.

### 9. Get stressed...then drop a ball

Stress can be really useful in helping to galvanise you into action. Rising up to a certain point it can improve your performance, though passing this level can be destructive both personally and professionally. It's therefore best to learn where your sweet spot is and, bizarrely, try to bring yourself up to that level without

exceeding it. A lot of chief executives are good at managing stress and everyone has their own techniques. The worst type of stress is typically the feeling that you've got too many balls in the air, which are all beyond your control. One way to address this is to drop a ball. Usually, it won't matter. Either the ball will sit there to be picked up later or someone else will do it for you.

### 10. Be a sneaky diarist

I remember working with a chief executive who deliberately used to double-book his diary. He'd have two meetings happening in two separate rooms in his office. If one team needed his input, he'd stay and focus until they were on the right track. But if the meeting was going well, he'd slip into the other. If both were running smoothly, he'd move on to something else entirely. Obviously you have to be very important to get away with this but the principle is sound. Decide where you can add most value and don't waste 20 minutes on something if you've cracked it in ten. And never attend meetings where you're there for form's sake alone.

### About John Brady

After studying engineering at Cambridge University, John Brady worked as civil engineer for five years before completing an MBA and joining McKinsey & Company in 1980. He developed its retail practice, became a director and led its UK Consumer Sector, European Retail Practice and European Marketing Practice. In addition to sitting on the Piper Advisory Panel, Brady is also a non-executive director at Greene King, Aegis and Hanson.

# Find a friend...

After launching with just eight products in 1991, Boden has grown into one of Britain's most successful and influential clothing brands with a turnover in excess of £250m. But it's not been plain sailing. In 1995, with the business on the brink of collapse, founder and chairman **Johnnie Boden** recruited **Julian Granville** as finance director. Slowly, the company began turning a profit. Piper led investments in 1999 and 2003 helping establish Boden as a premium mail-order only brand. It exited in 2007, delivering a 30x multiple on its investment.

*Boden*



**About Johnnie Boden (left)**  
After a disastrous period as a stockbroker in New York, and a stint in the Piper office, Johnnie set up his eponymous clothing company in a friend's house in 1991. Twenty years later, he remains chairman of the company, brand guardian and proud owner of the office dog Sprout.

**About Julian Granville (right)**  
Julian joined Boden after working for Coopers & Lybrand's management consultancy division in Russia. He became managing director in 1997 and his job involves running the business and allowing Johnnie to do things – but only if they stand a chance of making money. Julian joined Piper's Advisory Panel in 2008.



## 1. Find a friend

*Johnnie:* It's very hard to run a business without a good mate. Two is better than one. Since entrepreneurs are fundamentally unstable, it's important to have a partner they trust who complements their personality. It's pretty impossible otherwise.

## 2. And the right team

*Julian:* We would have done much better if we'd had a good design team from the word go. We were unbelievably useless when it was just the two of us. Johnnie was paranoid about the fashion industry, thinking no one would understand what we were doing, and used to meet lots of unsuitable designers obsessed with the catwalk and fickle fashion. It's easy to give up and think you'll never find the right person, but it's worth persevering. Really good people make all the difference.

## 3. Get your product right

*Johnnie:* Don't fixate on your premises or VAT or any of the other minor details of your business. Spend at least 80 per cent of your time getting the product right, so it stands out from the competition, is good quality and something people want to buy at the right price. In the early days we were 6 out of 10 for product and 0 out of 10 in a lot of other areas. If we'd concentrated on going from 6 to 8, it would have solved many of the other problems.

## 4. Keep your eyes on the road

*Julian:* It's incredibly easy – and dangerous – to get distracted from your main objective and try to diversify your business into other areas. At various stages Johnnie was determined to expand Boden beyond a mail order/internet business and launch it on the high street, but was talked out of it by Piper. Had

we gone ahead, we'd probably have gone bust.

## 5. Enjoy year one

*Johnnie:* People often think the first year is going to be the hardest but it's actually the opposite. You receive loads of sympathy orders and can get away with blaming any problems on your inexperience. It's all quite jolly. Then the honeymoon ends. During one particularly bad period, the father of a friend of mine rang up inquiring: 'Am I right in thinking you're about to go bankrupt?' 'Well, it's not very easy at the moment,' I said. 'You bloody well deserve to,' he barked. 'It's a terrible service.'

## 6. Remember to laugh

*Julian:* We had a mutual barrister friend called Charles, who was one of our real-life models in the days before we used professionals. Back then Charles was quite

chunky, though he looked great in a pair of our moleskin trousers. However, after the catalogue came out, Johnnie received a furious three-page letter from Charles, written in legalese, accusing him of doctoring the photograph to make Charles look fatter than he really was. 'This has done my legal practice irreparable damage,' thundered Charles, demanding financial compensation. Johnnie was devastated and had a complete sense of humour failure – despite the fact that the last line read: 'I will, of course, settle for a pair of cricket trousers.'

## 7. Don't try to please everybody

*Johnnie:* I always want to be liked – which makes me terribly bad at interviewing new people because whenever I ask a difficult question, I answer it on their behalf. It also means I take it very personally when people are rude about Boden at dinner parties – despite

the fact that they're rarely Boden customers anyway. Some people will love to hate you, whatever you do. You're never going to convert them, so don't bother trying. Focus on pleasing your existing customers instead.

## 8. Invite Tesco for lunch

*Julian:* It's incredible how much you can learn from picking up the phone and asking a senior figure in your industry for lunch. People generally don't mind being asked for advice and even the biggest names can be accommodating. Johnnie once took Terry Leahy at Tesco for lunch and found him extremely helpful. Of course, it doesn't have to be Terry Leahy – though now he's no longer at Tesco his diary's probably a little clearer.

## 9. But avoid dinner

*Johnnie:* If you have to attend industry conferences in the UK,

give the networking dinners a miss. You'll end up sitting next to some other entrepreneur who's in ball bearings, and all he'll want to do is drone on about his business while you drone on about yours. We were at one entrepreneurs' dinner where I was on the top table with nine big cheeses – all on transmit, all booming, none listening to a word the other said. Every single one of us loathed it. Especially me – and I was the loudest them all.

## 10. Get lucky

*Julian:* Not an easy one to arrange, but people in business don't give luck nearly enough credit. Energy, skill and judgment count but luck outweighs them all. If you took the external shocks – like random postal strikes – that happened during the long period when we were teetering on the brink and put them in a different order, we'd have gone bankrupt years ago.

# Be nimble and bring in big returns

**John Stockton** is managing director of Weird Fish, one of Britain's leading wholesale brands in the active lifestyle clothing market. Founded 15 years ago, the company sells into more than 400 national and independent accounts, including Blacks and Debenhams. Previously the driving force behind the growth of the sports brand Animal, John led the MBO of Weird Fish which was given majority funding by Piper in 2010 to build on its successful multi-channel model.

Being quick and nimble can get you a long way in business. Yet once a company reaches a certain size, various structures and procedures start kicking in which prohibit fast and decisive action – a lesson I learnt early in my career. I had trained as a chartered accountant, but left the day I qualified! It was obvious to me that I would be constrained by the tightly controlled structure and procedures of a giant corporation.

Eventually my career took me into branded leisure goods and clothing, where in the early 1990s, I ran a subsidiary of H. Young Holdings PLC which had the UK licence for Head sports brand. It was around the time sportswear brands began crossing over into the mainstream through the big chains such as JJB and All Sports. As the volumes went up, I wanted to sign bigger minimums – the Head bags alone were worth

£15m – but the PLC was nervous about renewing the clothing license which I found immensely frustrating. So, since I'd acquired the knowledge and the contacts, I went out on my own and set up a little office with a partner near Castle Donnington, designing and sourcing bags and footwear for the multiple sports chains.

It was here that I really understood how a fast moving and independent approach can bring in big returns. Our sports company always maintained high levels of professionalism and structure but our ability to think on our feet enabled us to deliver on some substantial early orders, including one for 400,000 backpacks. We ended up supplying the chains with millions of clothes.

Being away from the tighter constraints of big business allows you much more time to have an impact on the day to day running of

an organisation, whether it's handing out payslips, dealing with suppliers or even observing how different markets are evolving - and reacting accordingly.

In fact, in the current economic climate, where larger firms are having to undergo reorganisation after reorganisation and spend time trimming corporate layers, there are real opportunities for smaller companies to experiment with new ideas and make significant gains.

At Weird Fish, we've had great success recently with pop-up stores – opening temporary shops, at much lower rents, in vacant high street locations. Landlords like pop-ups because they fill empty units, consumers like them because they make the high street less homogenous and we like them because we get the brand to the mainstream market without paying a fortune in rent.



At a larger company, you might spend months trying to get a simple decision out of management. But in a smaller outfit, where everyone has a focused and common goal, communication is far easier and creativity is encouraged. You don't need big corporate meetings to set the agenda, you knock some ideas around the table on a Monday morning and away you go. In this kind of environment, small businesses can gain early momentum and soon begin punching above their weight.

Growing a brand in a smaller, more entrepreneurial environment presents plenty of challenges along the way but it can be hugely satisfying if you get it right. Though there are times when you're reminded that reaching the next level, ultimately depends on the big boys themselves. Back when my business partner and I were selling bags to the big

sports chains, I used to spend time with JJB founder Dave Whelan – and had a few swimming races in his pool. Sitting in his sauna one day, he turned to me and said: 'Lad, do you know what the definition of a big brand is? Any f\*\*\*\*\*g brand I put on my shelf'.

There was no arguing with that.



#### **Did You Know?**

Weird Fish is the proud sponsor of quirky events across Britain including paddleboarding, boules and shin-kicking.

One of the least favourite companies John was involved with combined barbecues and Christmas decorations: 'Two terrible seasonal businesses in one.'

#### **About John Stockton**

After qualifying as a chartered accountant, John moved into the branded clothing business through a company that produced swimwear and lingerie for Marks & Spencer. He later moved to H. Young Holdings and spent eight years as chief executive of Animal, before leaving in 2008. He became MD at Weird Fish in September that year.



# Prepare to be flexible and compromise

More than 20 years ago, Kath and Nick Whitworth bought a bankrupt business in Cornwall selling sheepskin boots. Together they turned it into Celtic Sheepskin, which has become one of the largest suppliers of sheepskin footwear and natural clothing in Britain. In May 2011, Piper invested in Celtic Sheepskin to support the company through its next phase of growth. Here Kath and Nick explain how working with a spouse needn't lead to divorce!



...Be decisive...Don't be too dependent...Keep

a sensible distance...Compromise...Share a vision...Leave tim

## 1. Listen to each other

Being married actually helped us change the entire focus of our range. When we bought the company in 1990, our stock amounted to just seven pairs of boots – all in grungy dark colours. Although the boots had been specifically designed for men, Kath felt that, with a few tweaks, they could be ideal for women. So we introduce a range of brighter colours, smaller sizes and two different heights – and that's when sales really took off.

## 2. Be decisive

We get so much done and decided at all times of the day and night. Some of our key business decisions have been made over our evening dog walks along the Cornish coast, when it doesn't seem like we're working at all.

## 3. Don't be too dependent

Although we both have very different ways of looking at things, we can still rely on quick gut decisions individually where necessary. That's been a huge advantage over the years. Suppliers have asked: 'Don't you need to check that with someone?' And we've been happy to say: 'No.'

## 4. Keep a sensible distance

Today we work on different premises, albeit a minute's walk away. It's probably better than being under each other's feet all day, though we did work like that for many years too – and we're still alive to tell the tale.

## 5. Compromise

We're quite calm, not fiery – we'll only fight our corner if we think it's really important, so we are

both prepared to be flexible and compromise. Normally we can talk the other one round.

## 6. Share a vision

We both share exactly the same goals: to look after the brand and the customers. That's all we've ever wanted and that hasn't changed since the beginning. If you do what's right for the customer, the rest will follow.

## 7. Promote a stable culture

Working together as husband and wife has helped in the eyes of our staff. They see how long we work and how much we care about what we do. It encourages a stable and happy working environment.

## 8. Leave time for the (other) children

We've always looked upon the

business as a third child – it's just as demanding and you can't neglect it to look after the kids, any more than you can neglect the kids to look after work. So all three were always at the forefront of our minds. But now the other two have left home, number three is getting even more attention.

## 9. Accept outside assistance

Another husband and wife team inadvertently helped us to develop our range. One morning, a man came in and said: 'Your boots are fabulous, but we don't half get fed up of mud in the bed.' When we asked what he meant, he replied: 'My wife wears them at night, she won't take them off! Why can't you design something she can wear indoors?' That's how we came up with sheepskin slippers.

## 10. Discuss something else

Unlike most couples, one discussion we never have at the end of the day is: 'What have you been up to today?' The answer is always: 'Same as you.' So we do make sure we talk about non-work related things too.

## Did You Know?

Celtic Sheepskin originated back in Newquay in 1973 as 'Hide & Feet'. The worldwide craze for UGG Boots was started by actress Pamela Anderson, who wore them with her famous Baywatch swimsuit. Oprah Winfrey also featured the boots on her TV show – and gave her staff a pair each at Christmas.

Celtic Sheepskin produced the first official UGG Boots in the UK. Nick and Kath paid £750 to

register UGG as a UK trademark in 1991 – patent No 1,326,567 – and traded as the 'The Original UGG Co' for six years. Selling the licence to a US company five years later allowed the couple to buy their own purpose built factory in Newquay – and rebrand as Celtic Sheepskin.

**About Kath and Nick Whitworth**  
Kath Whitworth worked in telesales and later as an estate agent, before leaving to start a family and then continuing with various small ventures. Nick Whitworth joined the Royal Air Force straight from school and trained as an aircraft engineer. He quit his job as an engineer for BT when he and Kath bought the remains of the Hide & Feet business in August 1990. In 2011, Piper invested a minority stake in Celtic Sheepskin.



# It's the product, stupid!

**Kevin Dorren** is founder of Diet Chef, Britain's largest home delivered diet company. He established the business in 2007 with Andrew Veitch to offer consumers across the UK an affordable, delicious and effective weight loss solution through a broad range of chef-prepared meals. In May 2010, Piper provided growth funding to Diet Chef to help develop the brand and take it to the next level.

**T**he lessons I've learned in business over the past 15-20 years could fill their own encyclopaedia. But the one that people often forget is also the most obvious: the product itself.

In any consumer business, you must take your time and very carefully develop a product that not only customers want but also one that they understand and find easy to use. It's amazing how many entrepreneurs get excited about how they're going to package, market and sell their products without carrying out the basic tests to see whether they actually work. Inevitably, problems swiftly arise and come back to bite them. Yet if they'd just spent a little more time refining their products and talking to potential consumers, they'd stand a much higher chance of success.

I speak from experience. In the mid-late 1990s I was CEO of Orbital, a software company that began at Heriot-Watt University in Edinburgh and relocated to Silicon Valley in the US. We were out there at the height of the dot-com boom, a completely mad and surreal time.

Orbital had developed a very cool bit of technology - it took documents or anything you'd written and created a personal profile

**'If you look at any business, the most successful ones have a very strongly defined product at their core.'**

that would then link you to people with similar interests in an organisation, or on the web as a whole. Social networks are ubiquitous today, but back in the mid 1990s they were almost unheard of. At that time, the internet was enabling people to search documents, but nobody had really worked out that its true revolutionary power came from the fact that all these people were connected to it.

At Orbital we started off thinking we should sell our product to corporates, then realised that the web audience was going to be much bigger. What we didn't do was sit down and spend time working out the exact target market for our product. Instead, we tried to sell it to too many different people, and every time we did so, someone would come up with a different requirement and we'd have to customise the product to suit their needs. In the end we didn't have a product but a toolkit that could do lots of different things but didn't do one thing really well.

In many ways, we paid the price for being too early; we were trying to educate and sell something to people when they didn't even know they needed it yet. But it taught me how important it is to focus on the product - and on questions like who is going to use

it, are they going to be willing to pay for it, how big is the market and how can we approach it.

With Diet Chef, we spent a year thinking about how the product would work. When we started, no other diet company was delivering food direct to customers in the UK. I'd seen the model in the US and observed how the diet market was an interesting sector. But would it work in the UK?

We spent a long time finding out. We targeted customers from more general diet companies, set up focus groups and tried to establish the fundamental problems when it came to weight loss. We did lots of research in terms of product, cooking, delivery, supply. We even contemplated building a factory and making the food there ourselves until we calculated that it would cost at least £1m, excluding the food. We soon knocked that idea on the head - which is just as well, as I really don't look good in a hairnet.

In asking my friends about dieting, one said: 'I want to be like Madonna and have my own personal diet chef' - and our company name was born.

If you look at any business, the most successful ones have a very strongly defined product at their core. Selling technology and diet

food isn't actually that different - it's just a question of persuading 'early adopters' to take a risk on your product and then gradually cross the chasm to the general consumer.

That's easier said than done and some never manage to make the leap - but with Diet Chef we've got a product that really works and the signs are very promising.

#### **About Kevin Dorren**

*As CEO of Orbital Software, Kevin Dorren became one of Scotland's best known businessmen, winning a number of Entrepreneur of the Year awards. In 2000, Orbital was listed on the Techmark Index of the London Stock Exchange and merged with Sopheon plc in 2001. Since leaving Orbital, Kevin has helped a number of early stage companies raise venture funding, including Verisim, Go Lower, Copal Partners and Hubdub, before founding Diet Chef in 2007.*



# Remember what made a business great, is key

**Mike France** is chairman of Celtic Sheepskin, the fast-growing sheepskin and natural clothing business in which Piper invested in 2011. In the 1990s, France famously brought two of the biggest retail giants back from the brink, being part of the turnaround team at Bhs before going on to restore the fortunes of Early Learning Centre.



To many, Early Learning Centre was a much loved brand – a British institution. In the late 1990s, when customers were asked to nominate their three favourite retailers, ELC came third after M&S and Boots. And yet the business was about to be lost from the High Street altogether.

The chain of educational toy stores had started in the mid-1970s and become a retail legend over the next two decades. For a long time, it was a unique proposition but then, on the back of its success, Woolworths dusted off an old brand called Chad Valley and began selling copycat lines at 75 per cent of ELC prices. Meanwhile, Toys R Us was growing in popularity across Britain.

How did ELC respond? By diversifying into clothing and nursery goods – and trying to turn the

chain into an upmarket Mothercare. Nursery stores were rolled out across the country at a rate of knots, in the hope it would turn the business around. It did the opposite – by the mid-1990s, ELC had lost its way and was losing a fortune.

When I joined ELC in 1997 with my business partner Peter Ellis the board believed the company was heading towards a loss of £2m-£3m. Within a week, we discovered the figure was nearer £10m-£12m. But that was only half the story. The management team had been so determined to take on Mothercare that there had been no new product development of ELC toys for nearly five years. Distracted from their core business, they were effectively killing the golden goose.

One of the first things we did was fire the board. While part of a

previous turnaround team at Bhs, I'd learned that if you need to change personnel, do it quickly or it'll never happen. Our next move was to close down the nursery stores – around 25 in total – and, crucially, return to ELC's home territory: toys. Despite the closures, we didn't make any staff redundant; we reappointed them in the toy business.

From then on, everything we did was focused on toys. Within 12 months, we'd created 1,000 new products and were concentrating on what had made ELC special in the first place. We started sourcing them cheaper in the Far East; we began selling online and became Britain's first successful multi-channel retailer; we struck a deal to put concessions in Debenhams and sell through Boots and Sainsburys; we extended the franchise operations overseas.

Remembering what made ELC special to customers meant doing things that reflected the brand internally too. We introduced a sense of fun into the business. Up until that point, simple things like ELC Christmas parties and lunches hadn't existed; music wasn't allowed in the staff canteens. We soon changed all that. Another break with convention was introducing 'playtime sessions' in stores. Every Tuesday morning, we'd close the tills, remove toys from their boxes and invite parents and children in to play. Retailers don't usually take kindly to shutting tills. However, once they'd reopened, the tills went crazy. After Saturdays, Tuesdays became our best trading day of the week.

This sense of fun even extended to hiring staff. One of our new bestselling products was an electronic counting mat called Funky

Footprints. When we watched kids trying it out, we noticed they'd attack it by running up the numbers and then jumping, without fear, on to the end.

We experimented with people at ELC and found that our most valuable employees approached the mat in the same manner. So we ended up introducing it into our interviewing process, even for senior roles. After a couple of rounds of interviews and a psychometric test, candidates would meet me and our HR director. Tucked away in the corner of the office would be our magic mat. Having reeled through the standard interview questions, we'd mention the mat and encourage candidates to have a go. To this day, I'm convinced the best appointments we made at ELC were those who jumped on it like kids. And the worst? The ones who approached it like accountants.

Funky Footprints represented ELC's core ethos – it was fitting that it should play a role in its revival.

**About Mike France**  
Mike France joined Littlewoods training scheme in Liverpool straight from school. He worked for a series of big blue chip retail companies, including Sears plc, before joining Bhs as buying and merchandising director. France was brought in to revive ELC by the Menzies Group in 1997. He led a private equity-backed buy out of the chain in 2001 and ELC was sold to Tim Waterstone's Eagle Retail Investments for £62m in 2004. France joined Celtic Sheepskin as chairman in 2011. He is also co-founder of Christopher Ward, the luxury British watchmaker, an adviser to ethical clothing company Finisterre and on the advisory board of Kurt Salmon, the global retail consultancy.

As a health and fitness clubs and restaurants entrepreneur, Paul Campbell has seen many sides of the leisure industry. Here, he reveals his secrets of staying ahead of the competition...

keep your eyes open....

### 1. Get your hands dirty

Nothing beats experience. My father had a retail business selling everything from toys to hardware. As a budding teenage entrepreneur, I'd raid his stock room on a Saturday night and fill up a van. A mate and I would drive to a market on a Sunday morning and sell whatever we could to earn extra pocket money. Without wishing to sound like Alan Sugar, it's a good way of learning how to sell and frankly, an insight into how hard it is to make money. You've got to get up early and persuade people to part with hard earned cash in a competitive environment. I loved it.

### 2. Keep your options open

I never intended to join the

restaurant industry. I'd seen Pizza Express float in 1993 and knew most of the board as I'd been to university with the brother of David Page, the MD of the business. But when David asked me to join as FD, I'd just sold Relaxion, my own chain of health and fitness clubs, and hadn't anticipated going back into that kind of role. However, it gave me the opportunity to gain exposure to another side of the leisure industry. It was one of my best business decisions.

### 3. Move models

I like taking a core set of skills from one business and applying it to another. It also works between industries, especially if they share similar characteristics. In the

1990s, health and fitness clubs were pretty good at marketing and promotion. But when I got involved in restaurants, I couldn't quite believe how little was done to stimulate sales through marketing and promotion. Today pretty much all casual dining businesses take marketing very seriously.

### 4. Know your limitations

One of our biggest challenges at Clapham House was the Tootsies restaurant business. Piper had previously successfully owned the business and had sold it to Urban Dining where it later ran into trouble. David and I bought Urban Dining on the back of our successes with Pizza Express and Gourmet Burger Kitchen and

believed we'd be able to turn Tootsies around. That's the great risk with any successful team – once you've had a few successes it sometimes encourages you to be unrealistic. Our mistake was not appreciating the scale of this task – we needed double the money and double the management attention.

### 5. Quality counts

Customers today are far more aware of both value and quality. So if you suddenly drop the quality, by accident or design, people will spot it and go elsewhere. Equally, if you bring something to market that frankly is not good or distinctive enough, you'll be found out in no time. Not only are customers more demanding and discerning, they're also able to express their satisfaction (or displeasure) swiftly through various forms of social media. So aim for high standards and maintain them.

### 6. Keep an eye on the competition

Many entrepreneurs concentrate 24-7 on running their own businesses. Of course, that should be your main priority. But at the same time don't forget to keep a very close eye on what's going on around you. Markets are moving all the time and competitors may well be coming up fast on your blind side.

### 7. And another on the US

In the retail and consumer sectors especially, it's always worth keeping track of how market trends

are developing in the US. During the mid 1990s, while running Relaxion, we went on a field trip to California, where the industry was at least a decade more mature than it was in Britain. There we noticed that very few of the health clubs were charging joining fees. 'Hang on,' we thought, 'That's quite a big number in our P&L.' We knew that if we did the same in Britain it would effectively kill our model. In fact, it probably persuaded us to get a move on and sell the business sooner rather than later.

### 8. Think ahead

Success inevitably attracts competition. In the 1990s, health and fitness clubs were the next big thing. Everybody was doing well out of them and consequently a lot of capital was thrown at the sector. Within a decade, we went from a period of undersupply to oversupply – the same has happened to the casual dining market. All of which clearly has an impact on the economics of each business. So I always assess any investment opportunity within that framework and ask myself where a company is in terms of supply, how long before others get involved, and what are the barriers to entry?

### 9. Be nimble

Many young entrepreneurs who've set up their own businesses ask me about the best pace to expand. Obviously you mustn't run at a breakneck speed as it's important to learn lessons along the way, but if you hang

around too long somebody else will copy you or the market will have moved on. Today, the cycles in business are shorter (think five not ten years) and people are much more competitive and alive to opportunities. When you find something that hits the mark, make sure you capitalise on it.

### 10. Don't fake it

The advances in technology have presented new challenges that more established companies are finding harder to cope with. Social media can be a great communication tool. But people can spot whether it's been conceived by a 50-year-old CEO who decides he suddenly needs a 'strategy' or by a bunch of guys in their early thirties who actually know what they're talking about. To them it's not a strategy, it's their life. So don't try and second guess things which fall outside your comfort zone – get the experts involved.

### About Paul Campbell

Having graduated in history, Paul Campbell trained as an accountant with Price Waterhouse and began his career in corporate finance. After founding, running and selling Relaxion, a chain of health and fitness clubs, he joined PizzaExpress as Finance Director in 2000. When the restaurant chain was sold in 2003, Campbell and David Page left to set up Clapham House – Gourmet Burger Kitchen and the Real Greek were among its investments. In 2010 Nando's bought Clapham House and Campbell set up Hill Capital, a fund investing primarily in early-stage restaurants.

## Success is driven by creating a unique internal culture



**Paul Hick** specialises in fast growth and turnarounds in international consumer focused companies. He was executive chairman of Maximuscle for the period of Piper's investment from 2004 to 2007. Here he reflects on how branded consumer businesses face similar challenges in seeking to re-inject growth into their companies.

**T**he first 100 days in any turnaround are critical. Thirty days to listen, 30 days to analyse and forecast and 30 days to plan. Then it's winning hearts and minds – banks, investors and employees.

Have you ever noticed how in consumer businesses the growth drivers are always the same? Three drive revenues up, three drive costs down and the last one pushes all the others forward.

I often find the first uplifting part is the team determining the vision – what the company will look like in five years time in terms of what it will do differently, who for, who with, how, and the internal culture it will create.

Then the challenging part: the growth drivers. Everyone thinks the strategy should be 'more of the same'. The evidence and the opportunities point the other way.

Growth driver no 1 is always repositioning the brand – determining the emotional territory the brand will occupy in the minds of its chosen consumers. This will drive all the other activities, both internally and externally. 'English Elegance at Home' became Wedgwood's. At Lee Cooper, the promise of 'Built in Performance with style and fun' determined the marketing, directed the product innovation and shaped the internal culture. And at Maximuscle, 'Euphoric Personal Performance' became the mantra for the communication with body builders, serious gym users, sports people, young

FHM-reading men and toned female gym goers... although it meant something very different to each of them.

That leads to number 2: product innovation – the first visible internal sign that innovation is on the agenda. 'Monsieur, you cannot innovate in jeans – they have five pockets and a zip,' said our French product director at Lee Cooper. Within 18 months, revenues were driven by Reverso (reversible jeans), Aqua Denim (waterproof jeans), Flexease (a revolutionary stretch denim for men) and even jeans with Vitamin E micro encapsulated.

At Ballantine's, the NPD programme added £30 million in revenues and moved the whisky company from 'Industry Laggard to Leader in 18 months'. At Wedgwood it moved the company from the table top and into the home.

Growth driver 3 is new routes to market. This meant moving Wedgwood onto the internet (internal battles galore), Lee Cooper into designer outlets throughout Europe; Maximuscle into Boots, Tesco, Argos and the major gym chains. Holding margins and knowing when to say No takes nerve.

Then there are three drivers of cost reduction.

Growth driver 4: world-class manufacturing more often accompanied by 'Make or Buy' – a wonderful discipline hated by traditionalists. Internal local

manufacturing is benchmarked and bids against external low cost suppliers. At Lee Cooper, the Tunisian management team responded by reducing costs by 20% for two successive years and reduced lead times from six months to a fast track of eight weeks. All without a consultant in sight.

Number 5 is the old bogey: re-engineering the supply chain – a bore to marketeers but at Lee Cooper stocks decreased from 15 to six months and cash generation was fantastic. At Maximuscle, where founder Zef Eisenberg always ran a tight ship, Piper started its investment with revenues of £8.5m and stock of £1.5m; and ended it with revenues of £24.5m and stock of £1.5m. All achieved by the same team but with very different processes.

The final driver is getting the IT systems and reporting right. Always backbreaking, always invaluable – and worth no more words.

So what moulds them all together? What drives these same six forward?

Creating a unique internal culture among the top and critical second tier management who are delivering the change. At Lee Cooper, the Brits didn't trust the French, the Tunisians detested the French (old empire), the French looked down on the Belgians and the Spanish lost face and sulked.

An Anglo Latin culture changed

all that – with Anglo planning and innovation working with Latin creativity and brilliant implementation skills. Multicultural project teams worked together with devolved decision making – 'freedom within a framework'.

'Euphoric Personal Performance' defined too the essence at Maximuscle, where all the second tier employees were shareholders. My two best moments? In 2006, when the second tier managers were reviewing the 'vision' for 2008 and said: 'We are already there, what a fantastic company WE have created.' And when Zef and I handed out substantial five and six figure cheques to 22 of them in 2007.

To end on a cautionary note, 70% of change programmes fail. It's often down to the implementation. How do you get that right? Ask the team at Piper. They have done it a few times too.

### **About Paul Hick**

*Paul Hick's early career included roles at Metal Box, Pernod Ricard, Orangina in France and Allied Distillers. He was then MD, UK and International Operations at Waterford Wedgwood prior to leading the three-year turnaround and sale of Lee Cooper Group as CEO. In 2004 he led Piper's £8.5m buyout of Maximuscle as executive chairman. It was sold in 2007 for £75m. He is currently an advisor and an investor in Global Personals, a leading European online dating group and Fresh Tracks, a Vancouver-based specialist travel company.*

# Think and **act big** even if you're not

In 2002, **Simon Speers** joined Bottlegreen Drinks Company, the Cotswolds-based manufacturer and distributor of natural elderflower cordials and pressés. Five years later, Piper backed Speers in an MBO and together they helped grow the business into Britain's premium adult soft drinks company. Piper sold its majority shareholding in 2011, achieving a 5x multiple on its investment.



## 'go in as if you own the country'

**B**ack in the days when I worked for the Bass brewing empire, one of my bosses had a philosophy that has always stuck with me. His attitude, which he applied to everything (especially his legendary expenses), was that if you're going to play it, play it big. Don't mess around, he said, but 'go in big, as if you own the country.'

By adopting this maxim throughout my career, I've often got away with murder. Indeed, if you can pull it off, it can get you a hell of a lot further than you think, and much faster too. And, in the process, thinking big can be hugely beneficial in many different areas of business – from motivating staff to striking bigger deals or picking up new accounts.

In the early 1990s, I joined Britvic as director of sales of its Impulse Division – which covered everything except the multiple grocers. My arrival was planned to coincide with a conference day. When I asked what this involved, I was told it was just a simple 10am-4pm event. 'That's not a conference, that's a day's meeting,' I said. 'If we're going to have a conference, let's do it properly!' By that I meant making it run overnight, including a black-tie dinner and throwing some decent money at it. The idea was met with some resistance until I suggested inviting the entire board along. They ended up coming, and everyone

had such a great time that it became an annual event. The fact that I'd gone way over budget was thankfully forgotten.

More importantly, the staff in the Impulse Division suddenly felt better about themselves. Despite bringing in much more money than their glamorous counterparts, who were selling to the likes of Sainsbury's and Tesco, they had previously been made to feel second best. Now they felt good – and it made the 280 staff want to work for the division.

Thinking big when throwing a good party is one thing, but the same principle can easily apply to other areas of business. If, for instance, you're making a presentation to a customer, do it with conviction or don't bother at all. At Bottlegreen, we realised presentations weren't our forte. But even in small companies, perception goes an awful long way. So when we had a big annual showpiece with Tesco, we paid a company specialising in presentations and asked them to give us an all singing and dancing number that looked both glitzy and highly professional. They came up with the goods – so much so that the buying controller at Tesco said: 'That's the best bit of NPD I've seen this year.' The presentation resulted in us getting a listing and being on the front foot at Tesco for the next 12 months. It was money well spent.

The only problem with talking and acting big is that you've always got to live up to your word. In my early days at Bottlegreen, I used to go running during lunchtime.

One day, just before I went out, I was cornered by the FD with some bad news. 'There's a hole in our numbers,' he said. 'We've lost £21,000.'

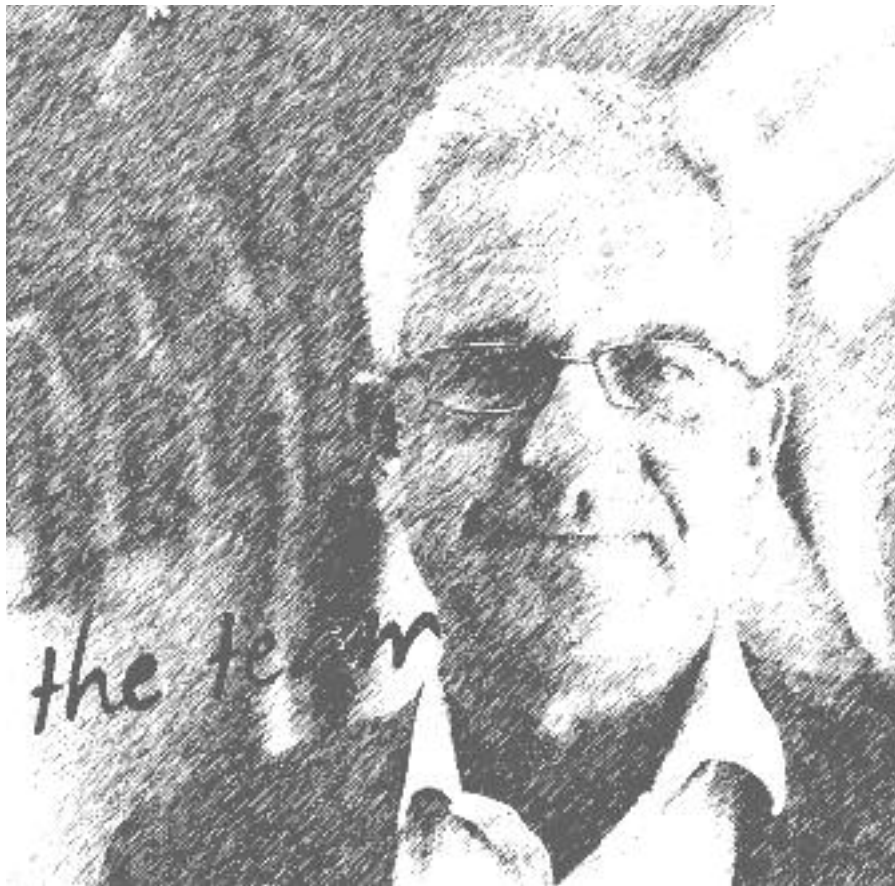
I couldn't believe it. 'That's a lot of money,' I said. 'How do you go about losing £21,000?' He shrugged his shoulders.

'If I'd lost £21,000, or even £5,000 at home, you know what I'd do?' I asked. Another shrug. 'I'd call the police.' At this, the FD's ears pricked up.

'Right,' I said. 'I'm going for my run. And I hope you've found it when I get back, otherwise I'm straight on the phone.'

And I would have done it. But by the time I'd got back, nearly all the money had miraculously reappeared.

**About Simon Speers**  
*After spending a large part of his career in the drinks business, first at Bass and then Britvic, Simon Speers joined Bottlegreen in April 2002. He led the MBO, backed by Piper, in 2007 and continues as managing director under SHS, Bottlegreen's new owners.*



## Put shareholders in their rightful place

**Simon Vine** is executive chairman of Rollover, Britain's leading hot dog supplier to the foodservice industry. He was brought in when Piper led the BIMBO of the Berkshire based company in 2006. Prior to that Vine spent many years with large companies, both in Britain and Germany, where he saw the true value (or sometimes otherwise) of shareholders.

**H**aving spent much of my working life in big corporations, I've seen too many business leaders become obsessed with pleasing their shareholders alone. For them the needs and whims of the shareholders must come first under all circumstances and everyone else has to wait in line – including the customers.

I have seen all too many reorganisations that lead to structures which look good on paper, and may even generate short-term savings when viewed from a head office perspective. However, if you don't start with an evaluation of the impact the new structure is going to have on customer service and your position in the market, the benefits will be short-lived indeed.

I remember one corporate HQ replacing a proven country-based organisation structure (which was close to the needs of the local markets) for an international functional structure with one marketing director for six countries. This was meant to save costs in the name of shareholder value. However, no-one had thought to listen to the local markets, which soon started to feel the lack of innovation and service. It wasn't long before sales and profits took a dive.

To me this approach makes no sense at all – it should be the

**'...it's very easy to become focused on shareholder value as an end in itself.'**

other way round. Locked away in a head office, it's very easy to become focused on shareholder value as an end in itself. But when you actually get inside a business you see that shareholder value is more of a by-product.

Customers should come at the top of the list, followed by employees, suppliers and other stakeholders – including shareholders. Why? Because only by getting the other components right can you deliver decent returns.

Besides, you can learn far more about the inner workings of a business on the ground than in the boardroom. And if you're willing to take it a stage further and communicate strategies to an organisation as a whole, rather than to just a chosen few, you've got much more chance of long term success.

Over the years I've had several stints working in Germany – the longest one at Uniq, the food corporation, between 1994-2004.

We had about five factories in Germany and Poland and rotated our monthly board meetings between them. They each took the form of 'town hall' meetings where all the clerical staff and factory workers were invited to hear about the company's progress and take part in a Q&A session.

Back then, this approach was rare in Germany – I think I got the idea from my other half who works in HR. But as a communication tool it worked brilliantly. It gave the employees a sense that they were truly involved in the business and proved that we, as a management team, were happy to listen to people at all levels. The staff felt they had a much better understanding of the company's goals and strategies.

In return, it was amazing how much useful information you could pick up. I remember a group of Quality Assurance operatives telling me a specific product had become worse since we changed a recipe. We looked into it and, yes, they were right. We acted on it, changed it and watched sales of the product rise again. Sure, this information could have come through the normal chain of command. However, the fact that management had learned of it – and acted – on being prompted directly by employees, did a lot to encourage a feeling of empowerment among staff.

In a productive business environment, the executive team manage downwards not upwards. Yet too many companies, especially larger ones, lose themselves in navel gazing, which almost invariably leads to unnecessary internal reorganisations. Get your structure the way you want it and don't

keep changing it unless you really need to. While you are engaged in frequent reorganisations you cannot be concentrating on your customers.

So try to look ahead, and don't worry about all those shareholders pecking away at your shoulders. They can wait their turn. After all, they're the ones with most to gain from your success.

### **Did You Know?**

Rollover sells 15 million hot dogs a year – if you put them end to end they'd go from London to New York.

The equivalent of 30 Rollover hot dogs are consumed every minute in Britain.

### **About Simon Vine**

*After working in industry at Vickers and Michelin, Simon Vine moved into the food and beverages sector. He was financial controller at Coca Cola GB & Ireland, then went into corporate finance at Hilldown Holdings and later Uniq, where he became CEO of all its businesses in Germany/Central and Eastern Europe. Vine is also a non-executive director of Out to Lunch, which provides healthy lunches to schools without their own catering facilities.*

# Customers should be at the heart of the conversation

Simon Williamson has worked in two of the most sensitive business environments: healthcare and education. He led the team that turned Bounty into the UK's number one parenting club. And when Piper provided growth capital in 2008 for Justin Craig Education, the highly regarded revision experts, Williamson joined as CEO.

A storm in a teacup taught me a lot about business – quite literally. On graduating from university in the mid 1980s, I went to work for a couple of advertising firms. One of my favourite accounts was Tetley Tea which was then, as now, squabbling for market share with its archrival PG Tips.

The problem at Tetley was that the Tea Folk – the flat-capped, Northern cartoon characters who had been synonymous with the brand for more than a decade – were no longer boosting sales. In TV ads we were still saying how each tea bag had 2,000 perforations to 'let flavour flood out'. But since 98% of the population had by then switched to tea bags, the message was out of date. In debating what to do, we seriously considered ditching the Tea Folk altogether.

Fortunately during research we realised our mistake: it was the message itself. Besides being out of date we weren't acknowledging

the relationship between tea and the people drinking it. We knew it was a very conservative market that didn't instinctively like change. Yet, when we did the research, we discovered something surprising: that people felt tea bags should be round, not square.

As luck would have it, Tetley was about to renew its plant machinery and when we tested out round tea bags we found that they brewed quicker, fitted more neatly into cups and the tea leaves didn't get caught in the corners of the bag. So we proposed that Tetley to 'go round' – and they became the first manufacturer to launch the round tea bag.

We announced its arrival with the Tea Folk jumping up and down on the table top singing 'Nothing But a Round Bag' (to the tune of 'Hound Dog'). Overnight we became brand leader and suddenly the PG Tips team, who were still using chimps to advertise their products, looked like they were



'...your team must reflect that part of society you are trying to reach.'



stuck in the Dark Ages. It took them years to recover.

Putting the consumer at the heart of the conversation was also crucial to the recent success of Bounty, the media owner I joined in 1992. The business had started life in 1959 helping Heinz baby food get to new mums by going to their bedsides with sample packs of baby products. But it had hit a glass ceiling in terms of growth.

One major constraint was the client base – previously it had always been aligned, through exclusivity deals, to certain brands. But there was a fundamental problem much deeper than this. It wasn't clear who Bounty's customers were: the brands or the mums?

After much soul searching we realized that Bounty needed to be closer to the 'end users'. The solution was to re-orientate the business towards the consumer by turning it into a parenting club

that simply aimed 'to make family life easier'. Suddenly the focus was crystal clear – the mums were core to our brand and their needs, our number one priority. Now we were a club, we needed to open our business up and no longer be restricted to promoting certain brands. Given our 95% coverage, we soon controlled the entire market, our brand-aligned competitors fell away and we tripled our profits in three years.

Understanding your consumers is key, but to do so your team must reflect that part of society you're trying to reach. When I started at Justin Craig Education, none of the staff were our target market. So where recruitment was needed I immediately set about recruiting mums with children at GCSE or A Level age. They have been invaluable to my thinking ever since. Artificially collecting data has its role, but there's no substitute for shaping and implementing your strategy using the most important people of all – the consumers themselves.

**About Simon Williamson**  
*After graduating from York University, Simon spent six years in advertising and a further two in corporate entertainment. He joined Bounty in 1992 and became managing director in 2000, leaving in 2008 shortly after its trade sale to a Canadian based company. Piper, having bought Justin Craig Education in the same year, brought in Williamson as CEO in late 2009.*

**Did You Know?**  
Historically, Tetley Tea was the leader in the north of England, whilst PG Tips dominated the south. The reason? It's thought that Tetley's Indian blend brewed better with soft water – while the South's predominantly hard water suited the African-blended PG Tips.

When asked to write a story about a cricket match, one of Justin Craig's lazier former students simply wrote: 'Rain stopped play'.

# Give and you get more back...



Working with a diverse range of private and public companies, **Stuart Rose** has faced a number of interesting challenges in his career, especially during his time at The Body Shop. Here, Rose, who was brought in by Piper to be chairman of The Rug Company in 2008, reveals how he applies a useful tip he learned from Gordon Roddick to every area of business.

**I**t was at The Body Shop that I realised I knew nothing about business. I'd come from running a corporate finance department at a firm of chartered accountants. It was here that I'd started advising Gordon and Anita Roddick and they'd asked me to join as their only other UK director in 1987.

I learned an awful lot from them, especially Gordon, who gave me a basic principle with which I've always stuck: give and you get more back. It may seem like the most obvious lesson in the world, but it's amazing how many people don't try to get the best out of others and eventually end up wondering where it all went wrong.

Gordon instinctively knew how to inspire great loyalty in all his working relationships, whatever the situation. In those days The Body Shop was broadly franchised outside the UK. We had a number of new stores opening around the world, not all of them instant successes. In fact, at least a couple of countries struggled badly from the very start – to the point where they were unable to afford to buy our goods.

In each case Gordon ensured our response was flexible and sensitive to their needs. We gave them enormous amounts of credit and

‘...it's amazing how many people don't try to get the best out of others...’

said: ‘Let's find a price you can afford.’ They bought product basically at cost for a couple of years to enable them to survive.

Of course they did survive and became very profitable in their own right. But even then, Gordon didn't ask for the money back. He knew, as a result, that they would be very strong and loyal franchisees and this would benefit the group as a whole. Which, of course, is exactly what happened. It coincided with our biggest growth period at The Body Shop.

Obviously you must never forget the ‘business’ element of a business relationship or you'll go bust. But recognise when long-term relationships need help – and if you help them, they'll remain long-term.

When I became chairman of Hamleys Toy Group in 2003, we applied the same realistic, long-term thinking to developing a major franchise business in the Middle East and India – to similar effect.

But Gordon's philosophy extended to all areas, especially the treatment of customers. When I started at Hamleys, our customer service was very patchy. Our staff all knew their train sets inside out, but many just stood around chatting to each other. If you

happened to step into their line of sight you might have been served, but it was no more polished than that.

Then the 7/7 London bombings happened. And within days, we lost a lot of customers – families stopped coming to London. The CEO and I discussed the crisis and I suggested that the only thing we could do was get better at service and convert more of the customers who came through our doors.

So we got the staff together and told them we needed to change the way we did things or we'd be in serious trouble. We increased our training and customer service and it had a fantastic impact on sales. Before 7/7 we'd had a 36 per cent conversion rate; we ended up with 60 per cent, which more than compensated for the loss of customer volume and prepared us well for when the families returned.

It's hard to engender the feeling ‘we're all in this together’ into a business but crucial if you want to keep growing. I can never understand company bosses who look upon the people who work for them as ants.

Today I'm chairman of MKM, the UK's largest independent builders' merchant. In previous jobs else-

where, the branch managers had been downtrodden and neglected. But now they've got shareholdings, dividends and a real stake in the business. They're all given a chance to change their lives and have given huge amounts in return. This inspired approach is down to founder, David Kilburn. It's a philosophy shared by The Rug Company's founders, Chris and Suzanne Sharp.

People are good almost all of the time and just need a decent chance to shine. If you treat them well, they thank the system for it and work their socks off – for themselves and for you.

**About Stuart Rose**  
*Stuart Rose worked as a chartered accountant for 13 years before joining The Body Shop in 1987, becoming managing director and later deputy chairman. Since leaving The Body Shop in 2001, he has been chairman of Hamleys and lingerie chain Agent Provocateur. When Piper invested in The Rug Company in 2008, Rose became chairman – a role he has today at MKM and Tom Davies Bespoke eyewear business. He is non-executive director of Giraffe Restaurants and advisor to Environmental Business Products, Europe's foremost remanufacturer of inkjet cartridges.*



## Don't be too proud to know your limitations

In just six years, Zef Eisenberg grew his Watford-based company, Maximuscle, into Britain's bestselling brand of sports nutrition products. In 2004, Piper bought a majority stake in Maximuscle, achieving a 10x multiple on exit in 2007. The business was sold again in 2011 to GlaxoSmithKline for £162m. Here Zef gives his top tips on building a multi-million pound empire from scratch.

### 1. Love what you do

Passion is essential; don't get involved or do any business for 'money'. I started Maximuscle on the back of a book I'd written exposing bad practice within the sports nutrition business. As a gym instructor and bodybuilder, I badly wanted the industry to change – and knew that the best way of bringing it about was by doing it myself.

### 2. Immerse yourself

To be successful, you need to immerse yourself in the industry, eat, drink, live, breathe, sleep what you do. I usually give myself a month to learn the ins and outs of any new industry. I don't do 9-5.

### 3. Hire wisely

Invest in the best staff you can afford. Share incentive plans allow you to offer substantial reward and motivation, while keeping salaries sensible. Don't be too proud to know your limitations. Acknowledge your areas of weakness and employ better people to run areas in which you don't have such expertise. But remember, price does not equal quality.

### 4. Entrust others

Once you've surrounded yourself with competent people, delegate as much as you can and allow them to get on with it. Expect them to own the project and have full accountability.

### 5. Exceed expectations

Quality and service are everything – leave no room for complacency or compromise. Your customers are king; offer them

more than they expect and they're far more likely to come back to you.

### 6. Go legit

People like brands that are legitimate and backed by science and evidence, as opposed to hot air and hype. Maximuscle's history was firmly rooted in science, nutritional research and analysis. The company ethos never changed. New product development was led by research, not price – which was why its products became so popular among serious gym users, and elite professionals in football, rugby, athletics and many other sports.

### 7. Take calculated risks

Success does not appear without taking regular, well thought out risks. Bigger premises, more products, outside investment, higher calibre staff, new systems etc are all risky – but managed well, you can convert that risk into success and profit.

### 8. Get noticed

Edgy PR and marketing that doesn't cost you much money are crucial. Do stunts, anything bold and daring that makes you stand out from the crowd and gets people talking about your brand. Thanks to Maximuscle's good connections with the British military, we once drove a tank through the streets of London and drew up outside Buckingham Palace. That certainly got the brand noticed – as did the time we turned up to our first trade show in an American monster truck offering cash for the best 'pose down'.

### 9. Refine your exit strategy

At exit, put yourself in the mind of the buyer, have every area covered, checked and answered. Leave no room for debate, margin or chipping by grooming your business for accuracy, honesty and perfection. Ensure your business is 100 per cent kosher and properly audited. We did all this ahead of both exits at Maximuscle and it secured us the best price.

### 10. Leave a legacy

Strong brands are worth more than generics. They add substantial value, sell for more multiples, attract more goodwill and leave a legacy. Once you've worked hard to build your brand, look after it well and defend it to the hilt.

#### **About Zef Eisenberg**

*Having left school at 16, Zef Eisenberg worked in the health food industry, became a competitive bodybuilder and qualified as a senior gym instructor, nutritionalist and herbalist. He used the proceeds from his self-published exposé of the sports nutrition industry to set up Maximuscle in 1995. In 2011, Zef sold his remaining stake in the business to GlaxoSmithKline. He runs Maxicorp Ltd, one of the largest commercial and residential property investors in Jersey and Guernsey, is an active investor in the leisure and wellness sector and is a participant in extreme motorsports.*



