

market buys again and again and makes the business money”

Paul is a big fan of private sector investment, especially angel money. In his view, it forces discipline on a business, as well as acting as an enabler to make, do and employ. In his view there is a wall of such money in the Far East looking for a home; hence the appointment of Mark Brett and the strategy to link it with investment opportunities in the West.

And he has strong views on how taxpayers' money should be spent. “The public purse is for long term investment in society like children's education, addressing deprivation or healthcare, especially when times are tough like now. It is the duty of the public sector to free up private enterprise, which can do the job of generating wealth more quickly, efficiently and cheaply, and on a global scale, by itself.”

“What is the big news at DCB Ventures this week?” I asked

“I don't think I have mentioned yet, that we also do work in the MedTech space. We're pretty pleased that we have just been appointed to



do a private placing for Viroblock an exciting anti-virals business based in Geneva. And there's some interesting tech transfer work we are doing for clients in the UK.

Meanwhile we are on the hunt for a second office in London to compliment the one we already have at the Boho Zone in Middlesbrough. We are feeling the pleasure and pain of being a fast growing start-up, just like so many of our clients.”

Perhaps DCB Ventures' London office may end up in an edgy urban building in or near London's current home of digital enterprise at Silicon Roundabout. But I can't help feeling that, as the business opens more and more offices across the globe, it will continue to be shaped by its roots in the North East, influencing its outward looking culture and its knowledge that looking elsewhere rather than here for enterprise opportunities and investment, is the obvious solution to bringing success to UK plc in the 21st century.

You can reach Paul on +44759 559 1657 or email him at paul.callaghan@dcb-ventures.com anytime.



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Where are they now?

Jeremy Harbour

Jeremy Harbour talks about an early start, his never-ending supply of opportunities and how the pursuit of customers can cost more than it makes.

We have featured a number of “born” entrepreneurs over the months, but Jeremy Harbour is possibly the most relentlessly and enthusiastically entrepreneurial deal-maker of them all. Catching him between Singapore and Brazil, we asked him about the lure of the next project.

Jeremy’s career began at 8, when he was selling his mother’s flowers in jam jars outside her beauty salon, but really got going at 14, with the aid of his helpful grandmother who drove him to car-boot fairs. “I was the annoying kid at school who was always trying to sell you stuff,” he admits cheerfully. He quickly progressed to a Saturday and then also a Sunday market stall and was not only selling his own lines but supplying other market traders too. Leaving school the moment he finished his GCSEs, Jeremy’s comment to the Telegraph that “the only reason to go to university is to learn how to roll a really good joint”, has come back to



haunt him many times, but his point is valid; what would he learn there that he would not learn better running his own business? A view endorsed by his careers teacher who told Jeremy’s mother that Jeremy had spent an hour outlining his career plans in some detail and that Jeremy had better be allowed to get on with it.

With hindsight, Jeremy regards his first setback, aged 19, as a good thing, although it was devastating at the time when

the failure of his company selling arcade games to pubs wiped out the £60,000 of savings he had built up in his teenage years and he had to go back to the drawing board. Moving back in with his parents, he was forced to digest some hard lessons which, although they caused weight loss and heartbreak at the time, have served him very well subsequently. He also confesses that he would have been insufferable had his star risen much further and that a little humiliation probably saved him in the long term.

He had discovered that it is impossible to learn from theory, “The most I knew about business was on the day I started,” he says, “but of course logic doesn’t apply to real business and real human beings. Business books and MBA courses are all about theory, but however much you plan and hedge, there will always be that black swan event which pops up and over which you have no control.” The concept that the more you think you know, the less you actually know and that the only way to learn is by experience, has been key in Jeremy’s subsequent career.

In practice, the fear of losing everything was not as bad as the reality and before long Jeremy had absorbed the lesson and started up again, this time with a more practical franchise model on similar lines to his previous company. In the mid 1990s Jeremy got into the mobile phone market when he realised that although large corporations could deal directly with the likes of Vodafone and Orange and private buyers could go to the high street, small and medium sized companies had no satisfactory route to the sort of deals and convenience they ought to be getting. The business grew quickly but really leapt forward when Jeremy negotiated a

deal with CostCo, to have a presence in their many outlets where Jeremy’s market of SME managers was exclusively the customer base. The mobile part of the business was sold in 2006 when Jeremy realised that ten years in one business was enough and it was time to sell and move on.

Again, he has learnt lessons from this experience. Having started as owner/manager, what made his business grow, was the employment of staff to take care of the nuts and bolts, enabling him to diversify and become more strategic. An example of this is the meeting with CostCo. As owner manager, he would have tried to supply their phones. As a business tactician, he could see that supplying CostCo’s members was the deal to make. “Entrepreneurs generally need to get out of their own way,” he says, “we are great at starting things, but rubbish at running them day to day, so a good team is essential.”

He now regrets turning down an early £250k offer from a backer as he did not want to give away equity, but on reflection believes that a cash injection sooner would have grown the business far more quickly and thus enabled him

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Where are they now

to sell earlier and keep moving which is, in the end, his modus operandi. “People make the mistake of thinking their business is going to be ‘the one’ when in fact you are around for quite a while and it is just going to be one of many unless you want to run it for 30 or 40 years, which is an entirely different thing.”

Indeed, Jeremy takes the view that the only way of getting decent amounts of capital is from exiting and this had led him to buy and sell a few other businesses and to set up Harbour Club which helps SMEs buy complimentary or rival businesses. He still works on this today and has been advising clients in Asia; a process which is constantly evolving as he analyses what he actually does and why it works. He finds the contrast in places like Singapore, China and Bangkok to be substantial both in terms of the money flowing through those economies and in terms of regulation, rules and incentives.

Jeremy’s main job at the moment, though, is as President of the Business Recovery Forum (BRF) whose whole ethos Jeremy is passionate about. Having done a lot of work with companies in trouble, he is astonished that advisors are able to come in and demand fees which, by definition, such companies can ill afford, particularly up front. So the BRF takes equity instead, creating a win-win situation for all parties. This is no sinecure; the companies Jeremy and his colleagues are working with are generally only a few days from calling in receivers by the time BRF get involved. Client

companies suffer from a variety of issues, from commercial exhaustion to lack of leadership but the view from an outsider will often fix the problems in relatively simple ways which the board or management can’t see. In one scenario, BRF has simply been handed the company in exchange for its debts, giving the owners release and the company a new lease of life. Or they might take a 50:50 joint venture which can release pressure on management and give the company time to take stock.

Jeremy believes that the problems most of these companies are suffering are very easily fixed and “obvious to anyone outside the business” – adding that the same could be said of the problems he has had in his own companies. “People can’t see the wood for the trees and get distracted – what I call ‘the squeaky wheel gets the oil syndrome’ where the problem which is making the most noise gets the attention, even if it is not the most important.” He also finds that not having an emotional attachment allows him to see at once what needs to be done and how. Another advantage of an outsider coming in is that it redraws the company’s relationship with others, such as suppliers, customers, landlords, and so on which can be a relief to all parties.

Jeremy’s most unlikely conclusion, however, is that the pursuit of sales may be causing some of the problems. “Even a quick cost analysis of acquiring a customer can often show that they are losing money getting these customers, when you add all the relevant factors in. It’s

counter-intuitive, but if you stop spending money on getting customers, then you can make more profit from the ones you have which will allow you to service them better which, in turn, will gain you invaluable good will.”

Jeremy suggests that investors should look at Distressed Asset hedge funds, particularly those buying up European assets for sale in the Asian market where there is an unquenchable thirst for IP, goodwill and so on. He has recently sold a business to DASPV (www.daspv.com) and feels that funds like this offer a chance to enter this market softly, as well as being a useful port of call for the disposal of any failed investments.

Reflecting on the appeal of his work, Jeremy makes an interesting analogy; “Investing money in businesses is like giving crack to children – it’s a bad idea and they’ll always come back for more,” he says, before going on to point out that money is often required as a consequence of past mistakes, rather than to produce anything new or useful, but that the hope of growing something new, or turning something around, is irresistible to the die-hard entrepreneurial investor.

www.jeremyharbour.com
www.businessrecoveryforum.org

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