



# Championing The UK's Real-Life Entrepreneurs

**Presentation Summary and**  
*Financial Times* Articles  
*By Mike Southon*

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# ***Championing The UK's Real-Life Entrepreneurs***

## **Presentation Summary**

### **Background on Mike Southon:**

- Co-founded, built and sold computer services company in 1980s
  - The Instruction Set (UNIX consultancy, 3-150 people in 5 years)
- 17 random start-ups in 1990s
  - Some later went public, some went broke
- Co-authored *The Beermat Entrepreneur* with Chris West in 2002
  - 75,000 copies in UK, many other languages
  - *Sales on a Beermat, Finance on a Beermat, Marketing on a Beermat...*
- 100 live events/year all over the world
- *Financial Times* column every weekend

### **About This Document**

This delegate hand-out is to accompany the series of events run in FSB Branches in November and December 2011.

These events were to support the FSB's campaign of the same name. Mike Southon's objective in putting together the material was to provide real, useful and practical information, as well as support the FSB's key objectives:

- Increase the routes to finance
- Improve cash-flow
- Adopt a new approach to regulation
- Reduce and simplify business tax
- Incentivise job creation
- Open up export markets

The only people who can bring the UK's economy out of recession are entrepreneurs, the ones who actually create the country's wealth, rather than spend it.

FSB Branches are full of real-life entrepreneurs, the 'grass roots' of the economy, the 'unsung heroes'.

### **Unsung Heroes**

Few people would recognise the person in the picture, even if you knew his name, Robert Devereaux.

He is the 'unsung hero' of the Virgin Group, the 'finance cornerstone' who kept the company afloat in difficult times. He is happy to stay out of the limelight, leaving this role to the much more extrovert character that is Sir Richard Branson.

Mike Southon has interviewed Sir Richard Branson several times recently; details are in the accompanying *Financial Times* articles, which can be found in Appendix A.

What is interesting about the Virgin Group is that their activities are always in traditional industries (airlines, trains, health clubs, broadband, mobile telephony....) that they will make more customer-focused and fun. The enterprises usually have a shared risk, and are carefully 'ring-fenced' to make sure their demise would not bring down the whole group.

Also, some Virgin ventures (PCs, Cola, Brides, Retail...) have been quietly wound up or sold, without Sir Richard Branson being perceived as a failure. He is now focusing his attention on his not-for-profit foundation Virgin Unite, The Elders (whose remit is to address the major political and social problems of the planet) and something which fascinates him personally but may never become a true commercial venture, space exploration (Virgin Galactic).

### **So why be an entrepreneur?**

The reasons people give are:

- Make money
- Make a difference to myself and my family
- Make a difference to the world
- Have Fun!
- Freedom
- Because I have to

The best reason, however, is **'to create wealth'**

(The definition of the difference between 'money' and 'wealth' is given later)

### **The Seven-Year Cycles**

We tend to work in seven-year cycles, as follows:

- Between 21 and 28: to try as many things as possible
- Between 28 and 35: you should make a serious attempt at something
- Between 35 and 42: you might want to try something different
- Between 42 and 49: you are often at the peak of your powers
- Between 49 and 56: represents maturity and self-awareness
- Between 56 and 63: you might want to plan your legacy
- Between 63 and 70: you become a true mentor

(Source: Harry Friedman [harry@thejobslink.com](mailto:harry@thejobslink.com), [www.thejobslink.com](http://www.thejobslink.com))

### **The Most Motivational Song Ever Written For Entrepreneurs**

In 1967, The Beatles released a song which perfectly describes entrepreneurship.

*Video: 'All you Need Is Love' from the 'Our World' television broadcast*

### **Nothing You Can Do that Can't Be Done**

The lyric from *All You Need is Love* is a perfect statement of entrepreneurship

*"There's nothing you can do that can't be done,*

*Nothing you can sing that can't be sung*

*Nothing you can say but you can learn how to play the game...it's easy."*

*©John Lennon and Paul McCartney 1967*

Business in general, and entrepreneurship in particular is a very simple game with simple rules, even though it can involve hard work and long hours.

## Classifying Entrepreneurs

Most people who try and sell to small and medium enterprises classify them by turnover.

A more useful classification, based on where and how they will receive guidance is as follows:

- Apprentice Entrepreneurs
  - pre-revenue, includes unemployed graduates, over 50s, ex-service people
  - over 50% of the population has an aspiration to be self-employed, >17M people
- Seedlings
  - no fixed office, a few people working remotely, meet only occasionally
- Saplings
  - a specific location, often services offices
  - improved communication and sense of belonging
  - fixed overheads, so need to begin to manage finances better
- Mighty Oaks
  - happens much earlier than expected, around 30 people
  - need for formal processes
  - time to hire 'grown-ups'

*“You know when you’ve become a Mighty Oak when a lock appears on the stationery cupboard!”*

## Sources of Help and Advice

- Apprentice Entrepreneurs: free workshops and e-books
- Seedlings: free mentoring and on-line advice
- Saplings: pay for advice and services from a local consultant
- Mighty Oaks: have a full-time member of staff to deal with a supplier

An FSB Branch is a great place to find free advice and mentoring, as well as recommendations local suppliers. All you need to do is get out there and network!

## What are the attributes of a Successful Salesperson?

While a thick skin, product knowledge and good listening skills are very good to have; the most important attribute is to be *liked*. If they like you, they will talk to you, especially when networking.

## Networking on a Beermat

The best opening gambit to break into a group of people you don't know is: *“May I Join You?”*  
(Source: networking guru Will Kintish [www.kintish.com](http://www.kintish.com))

Then the five key questions:

- Where? Where are they from, geographically?
- What? What do they and/or their company do for a living?
- How? A case study of someone they have helped

Then you trust your instincts. If they seem distracted or uninterested, swap card and move on, using an 'exit script', such as going to get a drink.

If they do seem interested, then continue the conversation, as follows:

- Why? Why are they here; what problem do they need to solve

Reinforce that need, by agreeing that it is a general problem and then show value by offering a fact, such as a web site, book or piece of technical documentation

- Who? Show real value by offering to connect them with someone useful

Networking is a trial for most people, but if you follow the formula above, you will exit an event with a stack of business cards, with some marked up for later follow-up.

See *Networking on a Beermat* article in Appendix A

### **The Original Beermat**

- Elevator Pitch
- Mentor
- First customer

### **The Elevator Pitch**

- Pain
- Premise
- People
- Proof
- Purpose

### **Where's The Pain?**

- Who is your favourite customer?
  - not necessarily the biggest
  - the one you like the most, on a personal level
- Write up the case study, like a novel
  - Beginning: their problem, challenge or opportunity
  - Middle: exactly what you did
  - End: the results and revenue generated

### **Visit your Customer Mentors**

- Improve the case study, from their perspective
  - consequences of what you did
  - obvious stuff you took for granted
- Confirm
  - the total level of revenue generated
  - the level of satisfaction
- Ask for:
  - double the revenue, immediately
  - six referrals

## **Your Premise**

- Be local
- Be reliable
- Be nice

Real-life ‘Del Boy’ Trotters are all of the above!

## **People**

Advice from Sir Philip Trousdell on how to find leaders, based on his experience in the Army

- Psychometric tests
- Structured interviews
- Probationary period

## **The Only Three Jobs in Business**

- Delivery: usually in place, even if subject to continuous improvement and mentoring
- Sales: requires the most attention
- Finance: can be outsourced to a local bookkeeper or accountant

## **Mike’s Top Tip: Put Real Human Beings on Your Web site!**

People buy from people, not companies.

See *Who Are You?* article in Appendix A

## **Proof**

Put customer case studies on your web site; use them as referrals

## **Purpose (Part 1)**

To make money!

*Audio: ‘Money’ from ‘With The Beatles’*

(Saving the world comes later)

## **Find a Mentor**

Finding and retaining good mentors is the single most important factor in successful entrepreneurship.

Mentoring should always be *free*, given without any commercial intention.

FSB Branches are full of potential mentors; all you have to do is ask.

Mentoring should only be provided if you can afford the time; you shouldn’t go broke while you are too busy helping people!

The incentives to be a mentor include the joy of helping people, and the fact that a mentor always learns more in the process than the mentee.

Mike’s first real mentor was Sir Campbell Fraser, Chairman at RiverSoft, one of my venture capital-backed start-ups in the 90s. He had been Chairman of Dunlop, Scottish Television and many other organisations. His top mentoring advice, ever: *“Watch the cash, laddie!”*

## **Find a First Customer**

The first customer is the hardest, often it is one of your friends. After that you have reference customers who can do your selling for you.

Once you have discovered a vertical market, you can target them specifically, e.g. ‘Operations Managers at Hotel Chains’ Then, an excellent way to get appointment without cold-calling is ‘Mike’s Magic E-Mail’

Dear Mr/Mrs.....

1. “I noticed that.....” (refers to their pain or problem) – should be individually tailored
2. Your Premise (exactly what you do, very literal)
3. Your Proof (customer case study or reference)
4. “How about meeting for 15 minutes on Tuesday 10<sup>th</sup> January at 1000?”

Try different subject fields (perhaps even leaving it blank), send groups of e-mails out at different times and days of the week, and see what works best for your business.

## **FSB Key Issues**

This section was for FSB Members to voice their opinions, give feedback and suggest solutions.

### **Increase the routes to finance**

The seven stages of finance:

- operate a cash business
- learn how to use a spreadsheet
- get a part-time bookkeeper
- get a part-time accountant
- get a Virtual Finance Cornerstone (someone who looks forward)
- get a full-time Finance Director
- get a top accounting firm (if you plan to raise Private Equity/VC or exit)

### **Sources of Finance**

- Revenue! (see *Sales on a Beermat*)
- Government grants and loans
- Friends and family
- Credit cards
- Bank loans
- Angel investment
- Private Equity/Venture Capital

### **Other Key FSB Issues**

- Improve cash-flow
- Adopt a new approach to regulation
- Reduce and simplify business tax
- Incentivise job creation
- Open up export markets

*Feedback from delegates at the event will be passed back to the FSB and circulated to members*

## **Benefits of FSB Membership**

- Legal protection
- Tax protection
- Legal documents
- Special offers
- Services and benefits
- Pension scheme

.... and much more!

Details: [www.fsb.org.uk/benefits](http://www.fsb.org.uk/benefits)

## **FSB Suppliers**

*(See more detail in their separate presentations)*

### **1. Abbey Legal Services**

Advice, information and insured legal and tax representation

- Employment Disputes
- Tax Protection
- Property Disputes – Negligence Claims
- Data Protection Disputes
- Personal Injury
- Statutory Licence Protection
- Jury Service
- Criminal Prosecution Defence Cover (TS/HSE)

#### **More information:**

[www.fsblegalinfo.org.uk](http://www.fsblegalinfo.org.uk)

### **2. The IFS Group**

Pension Reform.

Auto enrolment is the responsibility of the employer not the government of pensions industry  
Will be enforced for all companies by February 2016

IFS Group have FSB Pension Scheme for members, provided by Scottish Widows, which is superior to government's NEST programme, but you must act now.

#### **More information:**

[www.fsb.org.uk/pension-scheme](http://www.fsb.org.uk/pension-scheme)

### **3. World-Pay**

FSB Card Payment Processing, provided by WorldPay, exclusive provider of merchant services.  
Provides lower cost, faster and secure transactions with multiple terminals on one router  
Streamline offer 'SME Business Gateway'

#### **More information:**

[www.fsb.org.uk/card-processing](http://www.fsb.org.uk/card-processing)

## Mike's Mentors on [www.mikesouthon.com](http://www.mikesouthon.com)

These are not official FSB partners, but are those people I go to for help, advice and mentoring when I need it. They all service providers in their chosen fields, but have provided free advice, e-books, blogs and business tests on my site.

- 1. Sir Richard Branson**  
Providing a regular blog on entrepreneurship-related issues  
[www.twitter.com/richardbranson](http://www.twitter.com/richardbranson)
- 2. Guy Rigby from Smith & Williamson**  
Has written an excellent book *From Vision to Exit*  
Providing a regular blog on finance and growth issues  
[www.guyrigby.com](http://www.guyrigby.com)
- 3. John Rosling from Shirlaws: high-end business coaching (£1M+ businesses)**  
Free business test to determine key risk areas  
See *Still Preparing for the Upturn* in Appendix A  
[www.shirlawscoaching.com](http://www.shirlawscoaching.com)
- 4. Colin Mills from The FD Centre: Virtual Finance Cornerstones for Ambitious Businesses**  
Free business test  
[www.thefdcentre.co.uk](http://www.thefdcentre.co.uk)
- 5. Angela Middleton from MiddletonMurray: Recruitment and Apprentices**  
Interviewing guide  
[www.middletonmurray.com](http://www.middletonmurray.com)
- 6. Martin Reed from Thomas International: psychometric testing company**  
Free psychometric test  
[www.thomasinternational.net](http://www.thomasinternational.net)
- 7. Bryan Adams from pH Creative – internet marketing agency**  
'SEO on a Beermat' e-book  
[www.ph-creative.com](http://www.ph-creative.com)

To access all this free content, go to [www.mikesouthon.com](http://www.mikesouthon.com) and sign up for the free weekly e-zine, which includes my *Financial Times* column a day early.

### A Plug for Mike's Favourite Supplier!

There is nothing worse than 'Death By PowerPoint'!

Mike Southon delivers 100 events per year, most often his *Something About The Beatles* presentation, which includes video and audio.

The excellent work done on the PowerPoint for this and the FSB presentation was by Eyeful Presentations, [www.eyefulpresentations.com](http://www.eyefulpresentations.com)

## Mike Southon's Own Contribution

- *Networking on a Beermat* PDF
- *Mike's Magic E-mail* PDF
- Free 80+ page *Beermat Entrepreneur* self-study guide
- Free mentoring for 'Mighty Oak' Owner-Managers
  - or those who aspire to grow over 30+ people
  - Contact Mike directly on [mike@mikesouthon.com](mailto:mike@mikesouthon.com) , 07802 483834

## Go onto Yoodoo and watch the videos

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[www.yoodoo.biz](http://www.yoodoo.biz)

## *The Meaning of Life!*

### **Purpose Part 2: The Difference between 'Money' and 'Wealth'**

Roger Hamilton [www.rogerhamilton.com](http://www.rogerhamilton.com) defines this as follows:

'Money' is defined by what you have in your pocket, your bank account, or at the bottom of your corporate spreadsheet

'Wealth' is what you would have if your money disappeared for some reason; this is your reputation, what you know, whom you know and how nice you have been to people.

### **Guanxi**

The Chinese describe this personal reputation and trust as your *guanxi*, which Wikipedia defines: *At its most basic, guanxi describes a personal connection between two people in which one is able to prevail upon another to perform a favor or service, or be prevailed upon. The two people need not be of equal social status. Guanxi can also be used to describe a network of contacts, which an individual can call upon when something needs to be done, and through which he or she can exert influence on behalf of another.*

*In addition, guanxi can describe a state of general understanding between two people: "he/she is aware of my wants/needs and will take them into account when deciding her/his course of future actions which concern or could concern me without any specific discussion or request".*

In 1970, after The Beatles split up, they had little cash and were being aggressively pursued by the tax authorities, as their business affairs were so badly managed at that time. The Beatle who built up his 'guanxi' quickest was George Harrison, who organised a charity concert *The Concert for Bangladesh* in 1971, long before Live Aid.

### **How to Build Up Your Guanxi**

Three simple rules:

- Always treat people like you want them to treat you
- Always help people, without going broke in the process
- Always tell the truth

***And In The End.....***

Almost the last track The Beatles recorded on *Abbey Road* was the aptly titled song ‘The End’

In this track, Ringo Starr gets acknowledged, with his one and only Beatles drum solo. Then the other three Beatles play lead guitar in rotation; first Paul McCartney, then George Harrison and then John Lennon, three times in total.

*Audio: ‘The End’, from ‘Abbey Road’*

*Video: ‘Closing Cinematic’, from ‘Beatles Rock Band’*

Then there is ‘The Meaning of Life’ and the moral of this presentation:

***“And in the end the love to take is equal to the love you make”***

© John Lennon and Paul McCartney 1969

# *Appendix A: Financial Times Articles*

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## **Championing Real-Life Entrepreneurs**

*By Mike Southon*

It was depressing to see Business Secretary Vince Cable quoted as saying that the economy was in worse shape than under the previous administration and that a double-dip recession was a distinct possibility.

While the opposition immediately seized upon his comments, it could be argued that this was rather hypocritical as the current debt crisis and poor bank regulation were a direct result of their own policies.

The feeling of most entrepreneurs is that government is essentially powerless to influence the economy at the grass-roots level. Rather than decreasing regulation as they always promise, any intervention on their part, however well meaning, always seems to create even more obstacles to enterprise.

The solution to our economic challenges is clear. Rather than sit on our hands and complain, now is the time for entrepreneurs to get out there and sell our way out of the recession, bringing the rest of the UK's economy along in our wake.

But this will need to be the UK's real-life entrepreneurs, not the get-rich-quick chancers we see in the media, an image actively fostered by offensive and unrepresentative programmes such as *Dragon's Den* and *The Apprentice*.

And while it is always a joy to inspire young people into a path of entrepreneurship, this is a long-term policy rather than the immediate help that the UK's economy needs.

Real-life entrepreneurs first felt the effects of the recession in 2008. Those that have survived followed the best practice that all businesses should follow. This includes the banks, which are always quick to criticise small businesses for their lack of planning.

Successful entrepreneurship involves reducing risk wherever possible by concentrating on the core business of the organisation and, wherever possible, finding the most profitable niche or vertical market. While cost-savings are important, the main focus should be on generating revenue and reducing the length of the sales cycle.

Rather than chasing brand new customers who promise big orders from exotic locations, the place to find immediate revenue is always your existing customers. They may be equally affected by the recession but willing to discuss mutually beneficial outcomes with people they trust.

It is also a myth that there is no money out there. This is the strong message I have received across the spectrum of industry, from private equity and venture capital companies, angel investors and those companies who have managed to grow successfully in the last few years.

You only need to scan the regularly published lists of fast-growth companies to see which industries have thrived in a recession; all of these companies and others like them have money to spend with the right suppliers.

I am also determined to do my bit to help the UK's entrepreneurs. Starting on November 1<sup>st</sup> in Essex, I will be presenting at twelve branches of the Federation For Small Businesses (FSB), events that are open to everyone.

The FSB recently launched a new initiative 'Championing The UK's Real Life Entrepreneurs', which focuses on the key issues facing its members. These include increasing the routes to finance, improving cash flow, adopting a new approach to regulation, reducing and simplifying business tax, incentivising job creation and opening up export markets.

The FSB's Head of Policy and Public Affairs, Andrew Cave explained to me that the campaign is designed to galvanise the small businesses in the UK to take a forward-looking and positive attitude towards the economy by increasing their revenue and taking on staff, especially the increasing number of unemployed young people.

He argues strongly that the opportunities and skilled, hard-working people are out there; all it needs is a positive attitude.

*Mike Southon's FSB Events can be found on [www.mikesouthon.com](http://www.mikesouthon.com)*

# Small Business, Big Vision

*By Mike Southon*

When historians reflect on twentieth century British entrepreneurship, certain names will be writ large, including Branson, Dyson and Dunstone. Let us hope that there is also room for at least a modest footnote on Norman Small.

A dapper former military man very reminiscent of Captain Mainwaring, Small later earned his living as a sales representative calling on the retail trade. In five years he met with over 10,000 people, who back in 1974 found themselves facing the introduction of Class 4 National Insurance, which was to be levied specifically on the self-employed.

Incensed, Small fired off a strong letter to *The Manchester Guardian* newspaper, putting forward an idea that “could do much to improve industrial relations by example, and give a voice and a platform to the huge moderate silent majority”.

His suggestion was “the formation of a non-political, self-supporting union of the hundreds and thousands of self employed people in the United Kingdom”. The Federation of Small Businesses (FSB) was formed soon afterwards.

Today, the FSB is the biggest business organisation in the UK with over 213,000 members, from sole traders to fifty-person companies. One of the FSB’s key roles is to lobby government, so I met with their Head of Public Affairs Stephen Alambritis at their London offices, strategically situated in Westminster within the sound of The Division Bell. He explained some typical examples of where the FSB was able to help their members.

A publican returned at 3am from holiday to find a letter saying his lease had been terminated. He called the FSB hotline there and then, and the organisation’s lawyers were up all night looking at the various options. Eventually, The FSB was able to prove to his landlord’s satisfaction that the appropriate lease conditions had been met, and the matter was resolved in favour of the publican.

Another member had a run-in with the tax authorities, and sensibly called the FSB immediately on receipt of the demand. Alambritis is very proud to note that when the tax authorities realise that the FSB is involved, they automatically escalate the issue to a senior inspector. In this case, the tax authorities finally accepted a payment of £400, a considerable improvement on the £200,000 originally demanded.

Success in growing a small business is predicated on hiring the right people; when this process goes wrong it can destroy many years of hard work. Most owner-managers are very wary of employment tribunals, assuming that the court will always look favourably on the litigant, however unreasonable their behaviour whilst working for the company. Alambritis quotes an example where the outcome for an FSB member was a £10,000 decision *against* their former employee who was shown to be acting maliciously.

For these and the many other benefits afforded to a sole trader or small business, FSB membership is ‘a total snip’ (as Small might have said) at £130 per year, a very small price to pay for considerable peace of mind.

Entrepreneurship can be a very lonely business, and it is always good to have friends in high places. One of the first calls made by the new Chancellor George Osborne was to the FSB and he wisely took their advice to implement the rise in VAT on the *fourth* of January, not the first,

which is traditionally a very busy day for our 'nation of shopkeepers', as Napoleon famously called us.

It is always a time of small celebration for small businesses when our VAT returns are done and dispatched successfully on-line to HM Customs and Excise. This quarter, I will definitely be raising a glass and toasting Norman Small.

The Federation of Small Businesses can be found at [www.fsb.org.uk](http://www.fsb.org.uk)

# A Taste of Branson

*By Mike Southon*

Sometimes it is better not to have too much notice of a potentially tricky assignment. So I discovered when I attended an event at Sir Richard Branson's house, only to be asked if I would mind running a question and answer session with the man himself, in fifteen minutes' time.

Fortunately I had done some formal preparation, always 90% of what is required for a successful interview. I had read his latest book *Business Stripped Bare*, which was written at the height of the banking crisis.

In the book he advocates 'small, healthy private banks', citing the example of the Medicis in the fifteenth century. They devolved responsibility to their local managers, but ring-fenced the risks so one business failure could not bring down the whole system. This is the model followed by the Virgin Group today.

Sir Richard has clearly been interviewed many times, so I only needed to establish swiftly that I understood my role, which was to allow him (not me) to shine and then facilitate his interaction with the invited audience.

My last-minute preparation was focused on understanding the audience: why they were there and what they wanted to know. The event was primarily for aspiring entrepreneurs using the Virgin Media Pioneers on-line network and resources, including some who had won a competition by submitting interesting video questions.

Matt Lovett asked Sir Richard what was his biggest fear when setting up a business and how he overcame it. Lesley Macintosh asked about self-funding and Jessica Anuna wanted to know how he got people to buy into him as a brand for his various businesses. Jamal Edwards wanted guidance on how to turn his own already very popular SBTV youth channel into a successful fashion business.

There were also delegates from The New Entrepreneurs Foundation, set up to create year-long internships for 25 of the UK's most entrepreneurially minded young adults, including Ushma Soneji, who asked about the difference between a business and a social enterprise.

Sir Richard explained that he was dyslexic, and therefore had the essential entrepreneurs' trait of seeing things in a different way. He was not afraid of taking risks, but they were always managed carefully. Self-funding was essential, especially when more conservative businesspeople did not share his vision.

He clearly had great fun being the face of the Virgin brand, rationalising this by explaining that his picture always generated large number of column inches, a much cheaper alternative to advertising. It was vital to hire the right team, and all businesses should have a social, as well as a business purpose.

Sir Richard often deferred to other people, from senior managers of Virgin Group companies to students from the Branson Centre of Entrepreneurship in Johannesburg who had been helped out of poverty. They all spoke with authority and passion about the challenges they faced.

Later, I asked Sir Richard to speak at a major event I am helping organise next March. He said he would of course be delighted, diary permitting. After he left, his *consigliere* politely reset my expectations to a more realistic level, explaining that he gets many such requests on a daily basis, and even if he does agree, he might not be able to attend at the last minute

I realised that in order to increase my chances of his attendance, I need to show that the event will meet his core values. Not only must it make good business sense to The Virgin Group for him to be there, but also the event should be creative and have a distinct social purpose. Most importantly, the experience should be really good fun.

*Virgin Media Pioneers can be found at [www.virginmediapioneers.com](http://www.virginmediapioneers.com)*

# Sir Richard Branson's Socks are in the Room

*By Mike Southon*

An unexpected but welcome bonus after my recent impromptu interview of Sir Richard Branson was an invitation to run the question and answer session at the opening of the Branson Centre of Entrepreneurship in Montego Bay, Jamaica.

The event was organised by Virgin Unite, the not-for profit foundation that works with companies inside and outside the Virgin Group helping them tackle social and environmental issues. They have set up the Centres to create local employment and actively seek out companies to act as supporters for the entrepreneurs.

The Branson Centre in Johannesburg has already incubated over 100 companies, including Lesego Malatsi's company Mzansi Designers, whose clothing designs will be shown at London Fashion Week.

The Caribbean launch was at the Centre's well-appointed offices on a trading estate. It was hosted by Lisa Lake, the Centre's Chief Development Director and Amada Wills, managing director of Virgin Holidays, who are the prime sponsors. As well as providing funding, Virgin Holidays will be encouraging their customers to provide their support, not just financially but also practically as business mentors.

Also on the panel were two members of the Centre's initial intake of fifteen entrepreneurs. Bianca Bartley designs handcrafted jewellery under her 'Peace-is of Bianca' brand, while Joshua Bailey runs The Swim Place, the only sports centre in Western Jamaica that offers all-round training in sports and other recreational activities.

These young entrepreneurs were understandably awed to be on the panel, which also included the Centre's chairman, local e-services entrepreneur Patrick Casserley, Jean Oelwang, the CEO of Virgin Unite and of course Sir Richard Branson himself.

I was even more nervous, since despite having undertaken significant research I was wondering how best to engage this distinguished panel with the invited audience of VIPs. This featured local politicians, potential business partners, successful local entrepreneurs and one of my personal heroes, Chris Blackwell, the founder of Island Records.

It is good practice for public speakers to show they are, as the expression goes, 'in the room', not just reading from prepared material but making topical comments about the particular environment or circumstances.

In this case, I remarked that it was the first event I had moderated in completely casual clothes, wearing sandals without socks. I added an anecdote about one entrepreneur who told me his goal was to be so successful that he would never have to wear socks ever again.

At this point, Sir Richard took off his shoes with a flourish, removed his socks and threw them into the audience. The ice was immediately broken, the questions flowed easily and the entrepreneurs all shone, including the delightfully self-effacing Andrew Ross, who is building a profitable company, Seascape Caribbean, to restore coral reefs.

I now possess a pair of Sir Richard's socks, which I plan to use at entrepreneur events as a metaphor for his irreverent and self-deprecating charm, which attracts customers to his

commercial ventures as well as supporters and mentors to the Branson Centres in the Caribbean and South Africa.

This charm might encourage you to book a Virgin Holiday to South Africa or Jamaica to support his local entrepreneurs with their particular challenges. These include time management, networking, finance, investment, marketing, eCommerce law, sales generation and human resources.

Lady Branson explained to me she had bought socks marked with the day of the week to try and create some order into the life of one of the world's busiest entrepreneurs.

The Branson Centre Caribbean launch event was on a Thursday, but the socks are marked 'Sunday'. Perhaps every day is a Sunday for motivated, successful and happy entrepreneurs like Sir Richard Branson.

*The Branson Centres of Entrepreneurship can be found at [www.bransoncentre.org](http://www.bransoncentre.org)  
Virgin Unite can be found at [www.virginunite.com](http://www.virginunite.com)*

# The Seven-Year Itch (Harry Freedman)

By Mike Southon

I often provide mentoring for early stage entrepreneurs and it is always fun to discuss new business ideas with enthusiastic people. But I sometimes have to point out that their recent track record of serial failure suggests that their best course of action is to find a proper job, at least for now.

A common reason for people to become entrepreneurs is that they have come to the conclusion that they are essentially unemployable; many have been let go from their last place of work and have resolved that from now on they will only work for themselves.

This argument has merit, but only extends their aspiration as far as being a 'sole trader'. This requires them to do all three jobs themselves: delivery, sales and finance. To grow their business they have to learn how to attract and work with a team, as well as develop some leadership skills, fixing the two character flaws that helped terminate their employment last time.

Alternatively, it is very common for successful entrepreneurs to have spent their twenties quietly working for other organisations. Once they reach their thirties, have developed their life skills and built a network, they can go for a gap in the market with a higher probability of success.

But entrepreneurs are easily bored, and I have noticed this tends to work in a cycle of seven years. When I mentor entrepreneurs who are successful but still seem unfulfilled for some reason, my suggestion is they consider handing over their business to their staff, taking a break and then looking for a brand new opportunity.

Harry Freedman runs The Jobs Link, which helps people find new employment. His business is the perfect bellwether of the careers market; when times are good, he is advising ambitious but bored people on radical career changes. In these hard times, much of his activity is in outplacement, helping often very dispirited people regain their self-esteem and find a new job.

Freedman has written a very timely book *How to Find a Job in a Recession*, which explains his process. He explains that looking for a job in a recession is different; the key is to be pro-active, and not just to wait for opportunities. You need to target the right opportunities and then present yourself in the right way.

A basic difference between people is that some will be introvert, and spend most of their time working on their CV, filling it with relevant features, while others are extrovert and will rush off and network. It is important to remember that both tasks need to be done; a brilliant CV, which is not actively promoted, will just gather dust, and a candidate with an outgoing personality but without the right collateral will be overlooked for the best opportunities.

Freedman works on both aspects, starting with where to look for potential jobs when nothing is being advertised. The key is in personal and on-line networking; there are many on-line tools to help raise your profile, another way of describing your personal brand. Most of us now are on social networks, such as LinkedIn, which is specifically geared for job-seekers.

Freedman's book also covers the mechanics of responding to job advertisements, the best way to use recruitment consultants, how to make speculative approaches and the challenge of cold calling. Then it is all about the interview, an area where everyone, especially the most confident, needs significant coaching. An interviewer will be trained to deal with the nervous; an over-enthusiastic interviewee can talk themselves out of an opportunity in a few minutes.

I discussed the seven-year cycle with Freedman and he had some additional insights based on people's ages. He suggests that between twenty-one and twenty-eight, you should try as many things as possible. From twenty-eight to thirty-five, you should make a good 'fist' of something. Between thirty-five and forty-two, you might decide to try something different.

Between forty-two and forty-nine you are often at the peak of your powers, while forty-nine to fifty-six represents maturity. Between fifty-six and sixty-three you might want to plan your exit, so from sixty-three onwards you can enjoy your grandchildren.

Once you understand the mechanics of job-hunting and the cycles of life, you might eventually conclude that, in retrospect, that forced career move was the best thing that ever happened to you. As Freedman says in his book, there are still many great opportunities out there; all it requires is a positive mind-set, to understand themselves and then the job market.

*How to Get a Job in a Recession* by Harry Freedman is published by Infinite Ideas  
The Jobs Link can be found at [www.thejobslink.com](http://www.thejobslink.com)

## **Networking on a Beermat**

*By Mike Southon*

In the beginning of our book *Sales on a Beermat* we put a quote by Robert Louis Stevenson: “everyone makes a living by selling something”.

This is certainly true for small businesses where everyone in your company has to be selling all the time, but sadly very few of us have any formal sales training. Unfortunately, lead generation is vital for all small businesses; far too important to be just left to the marketing department or sales force.

While everyone should be a good evangelist for their company, most people are intimidated by the process of selling. Their worst nightmare is to be confronted by a room full of strangers at a network event or conference, knowing that they are there to collect business cards from people who are potentially new business for their company.

Fortunately, networking is a well-understood process and can be refined into a small number of easy steps. Like plunging into a cold swimming pool, the first step is the hardest: breaking into a group of strangers who seem to already be deep in conversation.

Your opening gambit should be “may I join you?” a simple but effective question recommended by networking guru Will Kintish. Then, the key is to ask questions in a specific order.

A great conversation opener is “where are you from?”, or to use the script favoured by royalty, “have you come far today?” This invites a simple, factual answer, typically a place name, which in itself can often spark off the conversation.

Then you should ask them what their company does and their own specific role. This again invites a simple, factual answer.

The next question is more probing, and is based on ‘how?’ You ask them to describe in more detail how they do their particular job, or to explain in more detail their company’s day-to-day activities.

Usually, they will respond and ask what you do, so you should offer an appropriate case-study of a happy customer, delivered in a narrative style: the customer problem, and how you solved it.

It is now time to take a mental pause and consider how the conversation is going. If it has been hard work even at this early stage, then it is time to swap business cards and disengage, using a polite script like: “Nice to chat to you; if you don’t mind I’m going to head off and get another drink.” You may be disappointed; you were hoping they were going to be a better prospect, but you must remember that there are plenty more people in the room.

But if you reckon the conversation is going well, you can make a big leap from factual questions, which have simple answers, to emotional ones, which invite the listener to share their feelings in a modest way. It is time to ask the crucial ‘why?’ question.

You ask why they are at this networking event or conference; what are they looking for?

Usually they will open up a little and tell you about some challenge their company faces, such as winning new customers or finding new solutions to their technical problems. In sales language this is called a ‘buying signal’ and should be agreed with, to create some empathy: “Yes, I can see how that would be important to your company”.

You should then recommend some factual information, perhaps a web site, magazine article or book you have seen which might help them. More often than not, they will accept this offer. Then you can go for the big question: 'who?'

Your perceived value in this early stage of the sales process is not so much what, but who you know. It could be a useful contact, a subject matter expert or even a member of your own technical staff, if appropriate. If they accept this offer of a network connection, then you are an important step forward in gaining their trust.

So, for effective networking, you should remember five simple questions, which should be asked in this order: 'where?', 'what?', 'how?', 'why?' and 'who?' You make a quick note on their business card to arrange for a follow-up.

This is a basic sales activity, which everyone in your company can do; even your most introverted software engineer or accountant should enjoy chatting with other software engineers, and accountants. They should be enthusiastic about your products and services, and able to gather the business cards of people they enjoyed meeting.

You might call this being a good ambassador for your company. I call it good selling.

*Sales on a Beermat* by Mike Southon and Chris West is published by Random House Business Books

# Who Are You?

*By Mike Southon*

I recently gave a training course to small business owners, and as part of my preparation I visited all the delegates' web sites to better understand their particular sales challenges. For at least half of them, the problem was self-evident: there were no human beings featured on their sites at all.

In a very few instances, this is the correct approach. If you already have a good brand and people want to buy a commodity, then you do not need a personal welcome from Jeff Bezos when you arrive at Amazon.

But if you run a service business similar to many others, such as a law firm, accounting practice or design consultancy, only two things differentiate you from your competition: the people who choose to work for you and the people who choose to buy from you.

It is very important that any potential customers see the profiles and expertise of the people you will be proposing to undertake the work, as well as detailed case studies from happy customers whose problems you solved.

On the workshop I heard to two classic excuses for not having details of any people on their web sites. The first was a concern that if they build up the personal brand of a specific consultant, they would take this as an incentive to leave the firm and start up their own company, in competition.

While this is an understandable concern, the solution is simple. If someone wants to leave your firm it is because they do not feel valued or are managed poorly. If you suspect this might be the case, then a swift salary and bonus review is probably in order, and perhaps even the offer of a partnership or equity might be considered if they are that important to your company.

If they are brilliant but disruptive and hence not a team player, then this is the perfect opportunity to raise their profile externally and wish them well as they ruin their own or someone else's company.

The other and more mundane excuse I hear for not putting people's pictures and biographies on the web site is that they are essentially shy and hate having their photograph taken or beating their own drum in public.

This is completely understandable; most people hate photographic sessions, even professional extroverts such as salespeople or professional speakers. What makes the process easier and more effective is to not just hire a professional and likeable photographer, but also to employ the services of a stylist.

A good stylist is someone who can gain a shy person's confidence quickly, and then find the right clothes to make them feel like a million dollars without actually spending that amount. Their clients can then approach the photographic session with much more confidence.

My final tip is not to choose the photographs for the web site yourself. Most of us only remember the image of ourselves as we looked in the bathroom mirror in the morning. In real life we look different, which is why your spouse or life partner as well as work colleagues, rather than yourself, should choose the photograph.

If you feel really bold, you might even include this picture on your business card. Everyone find it much easier to remember someone's face than a name.

If you are happy with your web image, featuring a good picture next to a summary of your expertise, then the final step is to include yourself in the customer case study. If you are indeed shy but effective, there is nobody more appropriate to sing your praises than a happy customer.

## Mike's Magic E-Mail

*By Mike Southon*

I recently returned from speaking in the Far East to an in-box of several hundred e-mails. Many hoped to interest me in their services or suggest subjects for this column. All these e-mails had one major drawback; they were far too long.

There is a saying attributed to many, including Mark Twain: "I am sorry to write you a long letter, I did not have time to send a short one." It takes real skill and application to communicate your message in just a few words, which is why good journalists and copywriters are so cherished.

The World Wide Web is the spiritual home of the verbose and self-obsessed; you can easily write as much as you like about your company's products and services. Much harder is first to drive people to your web site, and then to keep them there.

We all send too many e-mails and most of them are far too long. The attention span of a potential customer is very short, so you need to convey a very simple message with a clear call to action.

A common mistake is to attempt to convey complex philosophies, deep emotions or humour in an e-mail; this can go horribly wrong and even be counter-productive. It is very important to realise that an e-mail is a very inefficient form of communication for anything other than basic facts. It should always ask a very obvious question designed to elicit a simple 'yes' or 'no' response.

When used correctly, e-mail can be very effective and take the misery out of making appointments with customers. We designed our *Sales on a Beermat* workshop specifically for entrepreneurs who were not natural salespeople and thus intimidated by cold-calling, especially as most business prospects now hide behind voice-mail.

The solution to this challenge is 'Mike's Magic E-Mail', which is only four lines long and has the first benefit of applying discipline to the writer, including basic marketing to define first precisely who it is you are targeting and exactly what it is you are trying to sell them.

Important pre-work is to secure the e-mail addresses of the people you are targeting. The place to start is your existing happy customers, studying their demographic profile, including company type, location and size.

Once you have assembled a good set of target companies similar to your favourite customers, you can work from a purchased list (which must always be re-qualified) or employ a telemarketing company to secure the right e-mail addresses. Then you have to employ the gifts and discipline of Mark Twain to write them an e-mail that is only four lines long.

The first line should address the pain, problem or challenge that the customer faces, based on your research or market knowledge. Sometimes you have little information on a particular prospect, but a visit to the 'news' or 'press' pages of their web site will often generate some ideas.

The second line explains the premise of your business and how you plan to solve their problems or help them address their challenges. It is important to be very literal here, avoiding slogans or by-lines generated by your marketing agency. You may indeed be achieving 'vorsprung durch technik', but you also need to explain that you provide reliable and cost-effective cars.

The third line must provide proof, someone who can back up the bold claim in your premise. Here you must have a one-line customer endorsement backed up by a web link to a full case study

on your web site. The fourth and final line is your call to action, which can even be as bold as requesting a fifteen minute meeting on a specific date, as you happen to be in the area.

So if your ambition is to be featured in this column, your ‘Magic E-Mail’ might read: “Dear Mike, I see you are interested in meeting interesting people who might have useful learning points for your readers. We represent Jane Smith, one of the UK’s leading entrepreneurs. She has successfully grown her business in a recession using simple but very effective sales techniques. Are you free at 10am on Tuesday 28<sup>th</sup> to meet her over a coffee?”

So please do send me an e-mail; I always enjoy receiving them, especially if you are interested in booking me to speak at your event or awayday, something I do very successfully all over the world (there was my pitch). But please remember, the shorter the e-mail, the swifter you will receive my reply.

## **Still Preparing for the Next Upturn**

*By Mike Southon*

Ever since the recession began to bite in 2008, I have been confidently predicting an imminent recovery. As spring inevitably follows winter, good times are always just around the corner. We should buckle down, get costs under control, look for new niches and sell our way out of the recession.

This was not just based on the intrinsic optimism of the serial entrepreneur; I am old enough to have lived through several downturns, and now specifically advise people to start businesses in a recession, so long as they can generate cash quickly.

I argue that recessions are the perfect time to do so, as the products and services we might want to buy are cheaper than usual. New opportunities will emerge from the demise of less nimble competitors who found themselves over-leveraged by debt and often arbitrarily closed down by their unsympathetic bankers.

But even I have been taken aback by the length and seemingly unending nature of the current recession. Banks and even whole countries are on the brink and this autumn the stock market took another lurch downwards, with plenty of people predicting worse to come.

Then I remembered attending a very interesting presentation a couple of years ago by Darren Shirlaw, whose company works with mid-sized, owner-managed businesses and large corporate enterprises in 26 countries.

He argued then that the recovery would be w-shaped, with a plateau from September 2009 to September 2011; the markets would bottom out in March 2012 but recovery would start in September 2012

He has published a free e-book, which outlines his arguments, based not on 'gut feel' or misplaced optimism but hard empirical and historical data. He explains the five typical mistakes that companies make in a recession, some ways to manage risk and how to catch the first wave of the recovery. A link for free e-book is at the end of this column.

Let us hope that his predictions are accurate and we all emerge wiser from current economic turmoil. Certainly the spirit of enterprise has not been crushed; I recently interviewed Business and Enterprise Minister Mark Prisk at the Conservative Party Conference on behalf of the Federation For Small Businesses (FSB).

He explained that over 500,000 new businesses had been started since they came into office, and outlined the measures that his department had taken to enable home working, reduce red tape and force the banks to stop rebuilding their balance sheets and actually start lending to small businesses.

This last issue was met with some scepticism by the audience, but Prisk responded that he was aware of at least seven potential new entrants to the banking market, who were well positioned to be true entrepreneurs' banks if the present incumbents continued as before.

My own advice to the 500,000 new start-ups remains the same. Run a cash business as long as possible, with, ideally, payment up front. Grow your businesses in the early stages by revenue, not by leveraging your personal debt or the acquisition of ailing competitors.

You should set simple but achievable financial goals, which for the self-employed or part-time entrepreneur might be as basic as paying off your student loan or mortgage.

Once you have a track record in paying off debts and have grown enough to afford a full or part-time finance director, you can then borrow from the banks with confidence.

The government needs us entrepreneurs to be successful to pay off its own debts. Shirlaw's optimism for 2012 should be boosted by the London Olympics, which will inevitably turn out to be more expensive than originally expected, for all of us.

*'Shirlaws W Shaped Recovery'* can be downloaded at <http://tinyurl.com/Shirlaw-WShape>

## Something About The Beatles (and Stackridge)

By Mike Southon

I am not a great fan of the television programme *Dragon's Den*; in my view it is as much to do with entrepreneurship as *The X Factor* has to do with The Beatles.

The Beatles themselves were entrepreneurs, following the model laid out in our book *The Beermat Entrepreneur*. They developed an Elevator Pitch ('like Elvis, Little Richard and Chuck Berry, only better...') found a Mentor (their manager Brian Epstein), and then a First Customer, (producer George Martin, who signed them to EMI).

They had plenty of upsets and rejections along the way, including being famously turned down by Decca, but eventually they were at the right place at the right time, specifically the Ed Sullivan show on February 9<sup>th</sup> 1964, when Paul McCartney counted in *All My Loving* and 73 million people simultaneously got the point.

There was inevitably competition, in the shape of The Beach Boys' stunning *Pet Sounds*, but they immediately innovated themselves clear of the pack with *Sergeant Pepper's Lonely Hearts Club Band* in 1967. They were at the peak of their powers, also releasing *All You Need Is Love* and probably the best double A-side of all time, *Strawberry Fields Forever/Penny Lane*.

Ironically, this was the first Beatles single for five years not to go to number one, beaten to the top slot by *Release Me* by Englebert Humperdinck, positive proof that customers are not always right.

But in August 1967, the Beatles had a critical moment; their manager Brian Epstein died of a suspected accidental drug overdose. The Beatles decided they could manage themselves, but their next project, *Magical Mystery Tour*, while containing fabulous music, was a critical flop, a self-indulgent film which did not really work in black and white TV, the only multimedia platform available in most homes that Boxing Day.

'The White Album' again featured great songs, but was a less than pleasant experience for them, with Ringo Starr quitting at one point. Their producer George Martin became exasperated by the lack of teamwork; sometimes they would work separately in three different studios. Disappointed by the final result, he resolved not to work with them again.

The next Beatles project, which eventually became the album *Let It Be*, was another difficult experience, and was shelved. But they decided to come together with George Martin again for one last album, *Abbey Road*, which contains a beautiful epitaph for the band and the sixties: "and in the end, the love you take is equal to the love you make".

The Beatles story has many business learning points, and is now my keynote presentation for both entrepreneurs and large organisations. It goes down particularly well in schools and colleges, which not only gives me great hope for the future of UK plc, but also reflects my own personal experience in the early 90s.

After we sold our company, I decided to put together a band, reinventing myself as Confused Rock Legend Mike Fab-Gere. Bizarrely, I found a significant market in UK universities and for several years was the top draw on the college circuit, sponsored by Sol Beer and Durex condoms. We played many Beatles tunes, and I was delighted that all the kids knew all the words; it's a myth that the young people just listen to rubbish, I concluded.

Today, I have great fun mixing entrepreneurship with the music that I love. My talk is called *Something about the Beatles*, a song by my second favourite band, Stackridge. Their career in the 70s replicated much of the Beatles model: they were a popular live act, were produced by George Martin, and even played at Wembley Stadium with Elton John, The Beach Boys and The Eagles. For some reason they did not sell millions of albums, and eventually split up.

But the Stackridge story has a happy ending; two of the members, James Warren and Andy Davis, later formed The Korgis, and had a huge international hit with *Everybody's Got To Learn Sometime*. Stackridge have now reformed, are touring again, and are working on a new album with a well-known producer.

I met with them at their recent 100 Club gig in London, and they seemed serene and radiant, a good combination. Best of all, they are clearly successful entrepreneurs; not in the Bill Gates or Beatles league, but while some might wish for that level of success, it does come with a price.

As Sir Paul McCartney said on *Abbey Road*: “boy, you’re gonna carry their weight a long time”.

# Attract Opposites

*By Mike Southon*

I often meet people in large organisations who want to be more enterprising. The discussion is always about new business ideas, and how they plan to stimulate innovation from within.

Once the new ideas are on the table, the challenge is always execution: how to make them actually happen. However, while most people think that the next stage involves generating new revenue or an internal budget, I have a more immediate piece of personal advice: that they should find a ‘foil’.

A ‘foil’ is someone with complimentary skills to your own. If you are naturally creative then they are more grounded, preferring to make judgements based on careful market analysis. If you are naturally extrovert and find it easy to generate attraction for your ideas, then you need someone more introverted and systematic to add substance, the ‘steak’ to your ‘sizzle’.

In addition, many entrepreneurs I meet are terrible with money; they seem to spend every penny they have, never saving for a rainy day. Their natural ‘foil’ is someone who never seems to be in debt, using the simple expedient of only having debit, rather than credit cards and accounting on a monthly, rather than a *mañana* basis.

With entrepreneurs, I explain that their ability to find a ‘foil’ represents the difference between success and failure for their new venture. It is possible to be a sole trader, earning a good living as a ‘gun for hire’, such as a good local plumber or freelance software engineer. These are people with good delivery skills who learn the hard way how to generate sales for themselves, and do their basic accounts, usually on a cash basis.

But if someone has ambitions for scaling their business, then a ‘foil’ is essential. Even the most cursory study of successful, high-profile entrepreneurs always reveals someone in the background making sure that all the promises are always kept, to the institutions as well as to the customers.

For every Richard Branson, there is a Robert Devereaux; for every Charles Dunstone there is a David Ross, and for every Bill Gates, there is a Steve Ballmer. Not all of these lesser-known ‘foils’ are necessarily introverts. They do all share the common vision and trust of their better known colleagues, but also have the ability to shine in areas where entrepreneurs are lacking, such as systems, process and people management.

Creativity and innovation in large organisations is facilitated by the simple expedient of putting together mixed teams from the pool of talent available. It is wrong to say that more traditional organisations lack creativity; in my experience there is always plenty going on, but typically under the surface, encouraged and monitored by internal mentors.

These mentors, or sponsors as they are more commonly labelled, understand how the processes of their organisation work, and are very skilled at finding ways round the system, when necessary. Their other skill is to find creative talent and then double-team these people with the right ‘foil’, more process-oriented people, such as engineers, marketers and finance experts, to increase the chances of success for the new idea.

I was reminded of someone working well with a ‘foil’ when playing the splendid *Beatles Rock Band* game with my son. I explained that when Paul McCartney wrote “it’s getting better all the time”, his ‘foil’ John Lennon chipped in with the perfect riposte: “can’t get no worse”.

Entrepreneurship is often about blind optimism in the early stages. To succeed long-term, a more objective and realistic balance is always required, and this is all about people with opposite skills, working toward a common goal.

# Perfect Pitch

*By Mike Southon*

One of the most enjoyable parts of my job is appearing at events involving an ‘elevator pitch’ competition, where hopeful entrepreneurs extol the virtues of their business idea.

These events are both joyous and frustrating at the same time; there is nothing more joyous than listening to entrepreneurs explaining how they are going to change the world. What is frustrating is that few people have worked out how to pitch their ideas in a simple form.

Organisers are always at pain to explain that their event is not supposed to be like the television programme *Dragon’s Den*, a combination of entrepreneur humiliation and the hubris of the panel, ‘as much to do with real entrepreneurship as *The X-Factor* has to do with the Beatles’ as I said in a previous column.

The events I appear at are all about providing useful input to the people pitching; everybody needs a good ‘elevator pitch’ for themselves and their business, if only to be more interesting at social and business networking events. The first thing I explain is that the elevator does not get stuck for several hours; you have to keep your pitch short and simple.

The worst culprits are inventors, engineers and technologists who feel that they have to cram as many features as possible into their three minutes. In sales, there is the well-known concept of ‘golden nuggets’, as many as fifty amazing features of your product, which have been lovingly crafted into product literature by your marketing team.

The problem is that most customers have very short attention spans and can only remember three things about your product. As soon as you mention the fourth ‘golden nugget’ the first and probably most important one drops out of their active memory. By the time you get to nugget number fifty, all the most compelling ones have long since gone, and the prospective customer has also lost the will to live.

It is important to realise that the objective in delivering an elevator pitch is not to secure an order there and then; the best you can hope for is to stimulate enough interest for them to give you another fifteen minutes and to hand over their business card.

The methodology for a good elevator pitch is very simple, and centres around five Ps: pain, premise, people, proof and purpose.

The most important question for any would-be entrepreneur is “where’s the pain?” What pain or problem do you plan to solve? The larger the pain, the more likely people are to give you money to take it away. Pain can come in many forms, but if your product or service saves time and money that is a very good start.

Next you have to explain in simple terms the premise of your business, exactly what you do. For this, you need to be literal and not descend into sloganeering. “We transform people’s lives” is laudable but impossibly vague. “We are an excellent training company, specialising in communication skills” is much more to the point.

If you feel that this is too obvious, then I suggest you visit a trade show and try and work out what each company does, just from the text on their display stands. The worst culprits are being deliberately vague in the hope your curiosity will be aroused, encouraging you to approach

someone on their stand to find out what they do. Unfortunately, the vast majority of people will not bother.

The other 'Ps' are very straightforward. You need to talk about your people, as entrepreneurship is a team game. Every investor says they look for a credible team rather than a good idea, and every customer says they buy from people not companies.

Proof is the hardest to provide, why anyone should buy from you and not your competitors. Even if you have the best team and products in the world, customers can still be sceptical, and the best proof is examples of your happy customers, in the form of relevant case studies.

The final P is purpose, and the most important purpose of any business is to make money. Potential investors will be looking for a return on their investment, and prospective customers will want to know that you run a sensible and profitable business, to ensure reliable and consistent delivery of your products and services.

This should provide the basics for delivering a good elevator pitch. For more detail, Chris O'Leary has written an excellent book, Elevator Pitch Essentials, which can be found here: <http://www.elevatorpitchessentials.com>

**More *Financial Times* columns by Mike Southon can be found at [www.ft.com/mikesouthon](http://www.ft.com/mikesouthon) and on [www.mikesouthon.com](http://www.mikesouthon.com)**

## About Mike Southon

**Mike is one of the world's top business speakers, a Fellow of The Professional Speakers Association.**

He is a very experienced conference facilitator and moderator, having interviewed over 100 top business people, now featured every Saturday in his *Financial Times* column, "My Business".

Mike is co-author of several best-selling business books, including *The Beermat Entrepreneur* and *Sales on a Beermat*. He is a Visiting Fellow in Innovation and Entrepreneurship at London South Bank University and has made frequent appearances on television and radio.

Mike built and sold his own company in the 80s and worked on seventeen different start-ups in the 90s (two later went public, three went broke!). Mike Southon is now the UK's leading entrepreneur mentor, and delivers over 100 presentations every year, all over the world.

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