



EARLY STAGE BUSINESSES

How to define entrepreneur



This week Advantage Business Angels managing director **Neil Mackay** takes on the dictionary

What is an entrepreneur?

We get asked this question quite often and I have never seen a really good answer.

If I think about the people we meet and try and identify some of the common traits in the ones I think of as entrepreneurs, I suppose the first thing is they tend to be very focused to the point of obsession.

It is as though their idea takes them over and they are totally in its power.

This idea-focus also seems to drive them to be individuals, rather than group people. They often have advisors and teams who think they work alongside the entrepreneurs but actually it is usually for them, and most entrepreneurs always know best. They may listen but they need to make decisions.

Some of the most interesting insights have come from those I have worked very closely with. Surprisingly they often have an insecurity about something which drives them on to do things and take risks others would not. Almost as if they

are trying to prove something to themselves. Another very revealing issue is the question of luck or instinct.

I know many very successful people who I would consider to be real entrepreneurs and they will admit that luck played a big part in their successes and their failures. Moreover they learned more from their failures than their successes. Not many people are prepared to admit that luck was a factor – our culture is all about being a smart manager. Who has read a CV that has ever admitted that a mistake or good fortune had been the key issue? I think the real entrepreneur gets a big thrill from having taken a risk, backed their judgement and made something work, especially if others have tried to knock it. This thrill is, I am sure, the core of the entrepreneur.

We tend to call those looking for money entrepreneurs and those looking to invest Investors. In fact many of our investors are entrepreneurs, people who

have been bitten by the buzz of it and who can't keep away. I have met many of the new investors who have registered with us and heard the same over and over again – a tale of the building of a successful business, which has been sold and the person has gone off to the sun to play golf or sail a boat.

Six months later they are bored and are looking for the next buzz.

Don't misunderstand they are very commercial people who invest to make money but they also love the process of wealth creation.

On a sadder note, there are probably three times as many entrepreneurs who are still trying to get that idea to work. Despite putting in 100 hour weeks, jeopardising their family relationships and risking all their worldly goods, most will never make it.

As I have said in this column before there is a big difference between a real risk taker and a successful risk taker. Which are you? Are you an entrepreneur?



Chief executive of the Black Country Consortium **Sarah Middleton** and chairman **Stewart Towe** reflect on the Black

Country's future which is on display at Molineux. Proposals making up a radical blueprint of how the area might look in 2033

have been revealed as part of the Black Country Consortium's public consultation exercise. The organisation, responsible for

regeneration projects in **Dudley, Sandwell, Walsall and Wolverhampton**, wants to encourage local feedback on its plans.

Swedish bank beats its forecast

By **Steve Pain**
Deputy Business Editor

Sweden's Handelsbanken – which has an office in Birmingham – has posted slightly higher-than-expected fourth quarter operating profit.

The bank also told shareholders it would cancel shares held in treasury and buy back a further five billion Swedish crowns (£378.7 million) of shares it could use to make acquisitions.

The Birmingham branch performance was described as “highly encouraging”.

Following a decision to focus on the West Midlands mid-market, across a wide range of sectors including engineering, services and property, the corporate loan book grew by 38 per cent.

Deposit growth in Birmingham exceeded 100 per cent partly as a result of a Moody's rating upgrade to Aa1, making Handelsbanken one of the safest banks operating in the UK market in which to deposit cash, a feature not lost on corporate treasury departments in the West Midlands.

Also performing well with growth in excess of 35 per cent was the bank's Individual Banking operation which offers a relationship-management service for professionals and high net worth personal customers.

During the year, the bank appointed Patrick Hanlon to head up its Birmingham operation.

He said: “Our growth proves that there is demand for a bank where the customer still comes first and where people still make the decisions. I am delighted that we have also started 2005 in the same vein.”

Handelsbanken is headquartered in Stockholm and has been active in the UK for more than 25 years. It has 15 UK branches including Nottingham and Stoke on Trent which opened in 2004. Further growth is planned with five new branch openings in the UK during 2005.

The Nordic region's third-largest financial group by market value reported a fourth quarter operating profit of 3.26 billion crowns (£246.9 million) against analysts forecasts of 3.16 billion crowns (£239.9 million) and the previous year's figure of

2.8 billion crowns (£212.2 million).

During the quarter, trading income was generally higher and economic growth in the region also kept loan losses low, while cost cuts made over the last couple of years boosted profitability. Handelsbanken's commission income was 1.62 billion crowns (£122.7 million), just above expectations.

Trading income also surprised analyst at \$11 million crowns (£61.4 million) versus a consensus of 610 million crowns (£46.2 million).

Handelsbanken's Swedish rivals, Swedbank and SEB, both beat consensus forecasts in the fourth quarter thanks to higher fee income from market-related activity.

With interest rates at record lows, however, income from lending has been squeezed. Mortgage volumes have been strong, but with competition fierce, margins are under pressure.

Handelsbanken has been operating in Birmingham for 11 years and moved to larger premises in Waterloo Street some two years ago.

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B&B's buy-to-let profits on the up

Mortgage specialist Bradford & Bingley was upbeat about the buy-to-let market as its annual profits hit the top end of expectations, but the bank's shares fell as investors continued to fret over weakening demand for home loans.

Although B&B said the growth in its most important sector was moderating – it is the biggest UK lender to people renting out property – the market continued to grow “considerably” faster than the wider mortgage market.

The comments came as the company, based in Bingley, West Yorkshire, yesterday revealed pre-tax profits before exceptional losses rose by six per cent to £280.2 million in the year to December 31, above the £274.1 million pencilled in by analysts.

Recent data from the Council of Mortgage Lenders showed the number of people buying properties to rent out fell by 18 per cent in the second half of last year, compared with the first half.

B&B said that buy-to-let had become an important UK sector, now accounting for six per cent of outstanding mortgage balances. The company has a 22 per cent share of this market.

Growth in the wider housing market was slowing from the “unusually” high rates seen in the last few years, it continued. However, B&B said it was not surprised by the drop from what it called “unsustainable levels.”

The firm said a continued strong performance by its key lending and high street businesses drove its growth during a transitional year in which it disposed of non-core operations.

It sold five businesses, including its loss-making Charcol mortgage-broking business. This contributed to bottom line profits falling to £105.3 million from £264 million. B&B said this restructuring was now complete.

Looking ahead, it said it expected good growth and attractive margins to continue in its chosen lending markets.

The total dividend was raised by four per cent to 17.1p.

However, shares fell four per cent after the announcement, down 13.75p to 327p.

Bradford & Bingley's fortunes are tied to the UK's slowing housing market because it specialises in higher-margin mortgages for the self-employed and people renting out property. It has about one quarter of buy-to-let lending, and some investors are concerned the market could dry up or cause bad debts to surge. Commenting on Bradford & Bingley's performance, James Hamilton, from analysts WestLB, said he had cut his rating for the firm to “sell” from “neutral.”



Andy Chance-Hill is one of the lucky ones – a successful entrepreneur

Thriving Exmet benefits from Angels' services

By **Martin Faint**
Enterprise Editor

Andy Chance-Hill is one of the many entrepreneurs whose early stage business has thrived after successfully raising money through Advantage Business Angels' services.

His firm, Exmet, which was set up in April 2003, has successfully secured itself a niche making internet-based software for opticians practices.

It is aimed at both the independents and chains and its web-based software covers everything from monitoring stock levels to handling customer details.

The approach means that rather than individual stores having to develop their own secure database systems, they can just buy into the Mexpex II service, and use it straight off a webpage.

It was set up by Mr Chance-Hill, a Dudley entrepreneur and IT professional, and now employs seven people.

After contacting Advantage Business Angels it managed to raise the investment to cover six figure development costs.

Among other investors, including the University of Birmingham, it went on to

Tips for getting finance:

- Network – The more people you know the more likely it is that one of them will reach into their pockets

- Investigate local resources such as the Advantage Creative Fund, which invests up to £250,000 in promising businesses

persevere,” Mr Chance-Hill said. He found Advantage Business Angels through a West Midlands investment portal and that opened up further possibilities.

“Networking is the most important thing,” he recalls. “Without Advantage Business Angels I probably wouldn't have found the investors.”

Exmet also has a senior figure in the ophthalmic industry on its team. And ever the entrepreneur, he is still in the market for further investment.

“What we are creating is a bit special,” he says. “Even with the experts we've got it still takes a long time to create.”

However that is likely to prove something of a blessing as it means any potential competitors would also face a tough and time-consuming slog to break into the market.

Yet despite the challenge he is determined not to let the costs spiral too high for independents.

“We are trying to make this economically viable for small independent opticians. That is the difficult part, to make sure the economies of scale work out, but I think we are succeeding.”

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South African in M&S bid?

Rumours of a takeover bid for Marks & Spencer have taken a new turn as investors faced a statement by Philip Green ruling out a third attempt to take over the troubled retailer and the appearance of a mysterious South African financier who claims to be planning a hostile offer.

Mr Green's statement to the Stock Exchange comes amid continued speculation, in the market, about his intentions, following his £9.1 billion approach in the summer. The bid failed due to boardroom claims that Mr Green's 400p a share offer undervalued M&S.

Under takeover rules, Mr Green's options are left open as he still reserves the right to make an offer for M&S, if a third party moves to bid.

Coincidentally, this may now be the case as South African financier Mark Paulmeier claims that he is planning a 410 pence a share offer.

M&S had no comment on the speculation. Its shares closed at 374p up 6½p.

New city presence for Allied Irish

Allied Irish Banks is set to enhance its presence in the West Midlands in June when it opens a new corporate regional office in Temple Row, Birmingham, with a staff of 60.

This will offer a full corporate, commercial and international trade service as well as asset finance, treasury facilities and private banking for wealthy individuals.

“We already have a high profile in Wolverhampton and Coventry and we have been in Birmingham for 30 years,” said John Wall, head of AIB's operation in the West and East Midlands.

“We want to take the banking game to all our competitors in a serious way.”

Last year AIB Bank UK, operating in Britain and Northern Ireland, contributed £103 million, a 16 per cent improvement, to a group total of £983 million. Loans were up by 29 per cent at its UK arm and deposits by 15 per cent.

Earnings in the Irish Republic, where loans were 30 per cent up on the year and deposits by 16 per cent, were up 11 per cent to 695 million euros – after a charge of 50 million euros following an investigation into foreign exchange overcharging.

Across the group the tangible return on equity reached 29.6 per cent.

Michael Buckley, AIB's group chief executive, commented: “We had a great blend of earnings, strong profit growth across all geographies and a wide range of market share gains.”

“Total shareholder return in 2004 was well ahead of our peers. The momentum in our business is excellent.”

AIB's Polish banks more than doubled profits to 80 million euros, boosted by a series of cost cutting measures.

The shares see-sawed during the day before settling 17p higher in London at 1127p.

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