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Accelerate your business: Lessons from the front line

RIVERS LEASING

Accelerate your business: Lessons from the front line

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The Secret

by **Ratan Daryani**
Executive Chairman & Founder,
Rivers Leasing

Ratan Daryani is a financial entrepreneur with many years experience working with both public and private organisations.

He has extensive knowledge of turning around the fortunes of struggling businesses, and building brands from scratch.

A great deal of his career has been spent in the international cosmetics industry, and here he shares his wisdom with other entrepreneurs looking to build exciting and innovative businesses.

The secret

The cosmetics and beauty industry is all about secret potions. Whether it's the element of fairytale or myth, there is something irresistible about the concept of a secret ingredient or secret potion.

This formulation is at the heart of the success of a product.



Ratan Daryani

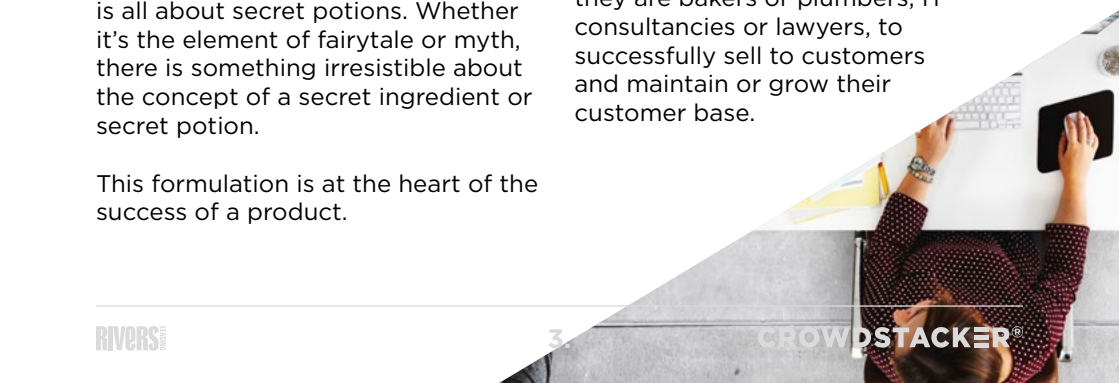
Packaging is essential. Experience of the product is indispensable, and scent can seal or destroy the deal.

However, the secret formulation can be the killer ingredient which creates cult followings, sell-out smash hits and timeless products which sell as well today as they did when they were launched decades ago.

Think Chanel No. 5, Elizabeth Arden Eight Hour Cream or Crème de la Mer. All these products have titanium strength brands, loyal and almost unwavering customer bases, and the ability to transcend generations to constantly win new customers.

In all my years working in business, and with businesses, one of the most interesting lessons I've learnt is that success comes from having your own secret formula.

This enables companies, whether they are bakers or plumbers, IT consultancies or lawyers, to successfully sell to customers and maintain or grow their customer base.





Don't know your recipe?

If you run your own business it's possible that even you don't know your own secret formulation. We speak to successful business owners everyday who can't necessarily correctly identify all the key elements that make their business successful.

This is by no means unusual, but it can be dangerous. As a business owner you need to know and fully understand what makes your business work. Only in this way can you be sure you won't accidentally change or get rid of the key ingredients and only in this way can you be sure you can focus investment and development to do more of what makes you the best.

Maybe it's your staff and offering excellent service. Or it could be your actual product which stands out as something different from other competitors in the market. Price is of course a key element - are you able to undercut or offer the best value for money?

It could be any of these, or all of them. In any combination. In any ratio.

When we began building Rivers Leasing we knew we needed to identify exactly what we were going to offer that would be different to everyone else, and this is an exercise I would encourage any business owner to go through, whatever stage they are at in the enterprise lifecycle, and particularly if it's just at the start.

Using Rivers Leasing's own industry as an example, it is possible to illustrate exactly this point. Business finance has been around for millennia in some form or another. There's nothing new about providing funds to entrepreneurs in return for some form of interest. So the question is how can you run a leasing business in a way that is compelling for potential customers?

The answer is innovation.

Our secret ingredient is actually about our ability to evolve and develop different methods of providing finance to businesses.

This is what keeps our customers engaged and interested, and at the same time keeps our competitors guessing and trying to keep up.

Is all change the best idea?

In 1995 Coca Cola decided to take the radical step of changing the secret formula that had been used to create its flagship drink since the late 19th century. The new tasting product was aptly called 'New Coke', but it absolutely bombed, so much so that the company had to rapidly reintroduce the original product in an attempt to stem the further loss of market share.

As far as changing secret formulas goes, this was a disaster.

However, this doesn't mean a business's secret recipe shouldn't change. Perhaps the best guide is 'if it isn't broken, don't fix it.' Don't change something that is working. Develop new ideas, create new opportunities, but run these alongside what is already working well.

Greater than the sum of its parts

Perhaps the most secret part of the recipe is the magic ingredient that turns everything into something greater than the sum of its parts.

Indeed, the lessons you learn throughout your working life can all potentially add up to something even more valuable. Every situation offers a potential learning point.

Our greatest failures, our greatest successes, and even the hum drum everyday occurrences all add to our knowledge base.

On their own these lessons are important, but together they can be extremely valuable. The experience and expertise of your team, the communication between different parts of your business and the leadership provided by management turn this into something exceptional, all enabling this value to be realised.

Think, for example, of a house. Essentially it is built from some planks of wood, some bricks, some nails, some tiles, some floorboards, and so on. It is built using the resources of tradesmen such as plumbers, bricklayers and plasterers.

However, the value of the house does not equate with the value of these items or the cost of the tradesmen's time. Together the ingredients create something with far more value - the potential to be not just a roof over someone's head, but to be someone's home.

In all the businesses I have been involved in we have tried hard to bring together the different parts of the business to create this extra value.



At Rivers Leasing we have teams of people who deal with everything from financial management to HR, legal work to cleaning the offices. Everyone's contribution creates something that works seamlessly (most of the time!) and fairly for all stakeholders, and we hope we are a joy to work with.

The value of this for our clients and suppliers is immense, and in turn this means we often enjoy repeat business, we benefit from referrals and we can grow the business.

If you run your own business think about how the constituent parts all come together to operate and consider how you can make use of the magic ingredients you have.

Do you have strong lines of communication between the different areas of the business? Do you make it easy for the learnings of one team, or one person, to be shared with others, and are you supporting team management and providing the leadership needed to ensure everyone is pulling in the same direction?

In short, work out what your secret formula is. Figure out how to do more of it, think about what other opportunities this opens up, and work hard to keep your business operating smoothly and efficiently so your recipe has the best chance of success.

“ Consider how you can make use of the magic ingredients you have ”

Measurement. Pragmatism. Activity.



Tim Shand

**by Tim Shand,
Business Development Director,
Rivers Leasing**

Tim Shand has been helping British businesses for the entirety of his 35-year career. Primarily working in asset financing and leasing, he has built up a wealth of experience around management and growth strategies, for small and large businesses.

Here Tim shares some of the pieces of advice he was given during his career, and which he feels have made a positive impact on his own success.

The Tortoise & the Hare

Measurement. Pragmatism. Activity.

These are the three key words I would say to anyone looking for advice about how to run a successful business.

In my 35-year career I've seen the excess of the '80s, the uncertainty of the early '90s, the dotcom boom and the bust of the Global Financial Crisis. But nowhere on that rollercoaster ride have I come across any evidence to suggest it is better in the long run to fling yourself into the fray with complete, unthinking abandon.

The businesses, and business people, with true staying power have shown themselves time and again to be those who can keep their heads, recognise and make use of opportunities, but never lose sight of the law of averages.

Like the tortoise in the fable, I believe true success comes from pacing yourself with measured responses, an ability to execute strategies that are practical and realistic, and to keep plugging away at what you're doing knowing that you're doing it as best you can.



If you can keep your head

At the risk of simply repeating Rudyard Kipling, it really is essential to try your best never to lose your cool when running a business.

We are all too aware of the dangers to our health and wellbeing caused by stress, and the pressures in modern society to perform to our best or risk losing it, so the idea of 'keeping your head' could seem a little anachronistic, but this isn't about not admitting when you feel the strain. It isn't about bottling up emotions, and it isn't about trying to never actually feel angry. Instead it's about allowing yourself to experience all the emotions that inevitably come when you're working hard at something, but not to let them take you over so you stop thinking straight.

Years ago a rather fierce (but secretly kindly) manager I worked for, explained to me that he tried to live by the mantra 'you can only get really angry at work once'.

He said he'd long figured out that if you got irate once then people would probably listen, take note, and might even act accordingly to rectify the situation.

However, if you allow yourself to get irate twice, then the power of the emotion is immediately lessened. If you are lucky they might still make a show of responding to what you say, but they are likely to be less motivated to actually help.

If you allow yourself to get irate a third time or more, very quickly the effect on those around you completely dissipates. You, and the frustrations you are trying to communicate, will be dismissed as the rantings of someone who just can't deal with everyday pressures.

Running a business can be stressful. Running a business can be frustrating. Running a business can be frightening. All of these are perfect ingredients for losing your cool and letting your negative emotions get the better of you.

Whenever I've felt this way I have heard my old manager's mantra in my head and it has always given me pause to think before acting. I don't want to use up my 'anger allowance', so I stop, take a breath, and then try to deal with an annoying situation in a way that won't exacerbate it.

It's worked so far for me, and of course, I plan to have a huge tantrum on the day I retire!

Eyes on the prize

My second piece of advice would be to always focus on the activity you set out to achieve. Whatever your trade, focus on being the best practitioner of it that you can be.

Time and again I have seen businesses come a cropper when they have started to value the wrong things. Targets can be a prime example of this.

When I was working in leasing 30 plus years ago we were each given targets for the value of the deals we completed on a monthly basis. The result of this was that we went chasing the bigger value deals because in effect this meant doing less work to achieve or exceed our target.

On the face of it this sounds like an obvious and brilliant strategy, but of course it ignores a key fact: if you are chasing fewer, higher value deals, when you lose business, you lose more.

My target as a junior salesman was to achieve something in the region of £200,000 sales each month.

Initially I thought that if I could get two £100,000 deals over the line then I could put my feet up for the rest of the month, safe in the knowledge I had achieved my goal and my manager would be happy with me.

So it was, until the first month when I found one of the larger value deals I had been chasing just didn't come through, so I didn't just fall short of the target, I missed it by a huge percentage.

What I quickly realised was that I should focus on creating 10 £20,000 deals, so that when one or two of them fell through, as they statistically always will do, the shortfall against my target was much smaller.

Of course, when I started doing this, each month I was beginning to build up to 10 good relationships with existing or potential new clients, rather than just two.

Over the course of the year that meant I worked with 120 businesses instead of just 24. So the next year my task would potentially be a bit easier because I already had a much bigger pool of solid business prospects in which to fish.

By prioritising doing more of what I was doing, in this case creating leasing deals, and not prioritising the value of the deals I was working on, I became more and more successful in a steady, and ultimately far more fruitful way.

From what I can see working with many different types and sizes of businesses for the last 35 years, this applies across the board.

After all, most businesses are started by people who have a vision or an idea, or who have a particular, commercially valuable skill. So it makes sense to always focus on that.

Focus on doing whatever your business does, as best you can and the financial success will follow.

**“ Measurement.
Pragmatism.
Activity. ”**

Balancing Business



Rishi Shah

by Rishi Shah Business Operations Manager, Rivers Leasing

Rishi Shah is the business operations manager for Rivers Leasing. One of his main responsibilities is the front line underwriting of lease and loan proposals. Here he looks at the importance of balance when running a business, both in terms of keeping the business financially stable, but also in terms of relationships with stakeholders.

Get your business in balance

Running a business can often feel a bit like walking a tightrope. Getting to the 'other side' is the ultimate prize, whether that 'other side' is building an enterprise which can ultimately be sold for a large profit, or creating a business that is sustainable and provides you and your employees with a steady, reliable income.

You don't want to look down too often because it can be scary up there on your own, and the consequences of failure can, at

times, appear catastrophic. And, walking this tightrope also means you are constantly challenged to keep your balance. Whether it is balancing cash coming in versus cash going out, or working through the need to invest in new technology to remain competitive whilst also trying to minimise expenditure. There is always something pushing and something pulling when you run a business.

Over the course of my career I've worked with many businesses and one key lesson that has struck me is this issue of balance. To do just enough, but not too much. To take enough risks, but not too many. To invest sufficient funds, but not overspend.

It isn't always easy to get it right, but it's a skill worth cultivating if you want to establish and build your business.



Building balanced relationships

Business relationships are at the heart of most, if not all businesses.

Customers, suppliers, partners, competitors, as business owners there is a requirement on you and all external facing staff to build collaborative and productive relationships with real people. The advent of social media and digital technologies has been both a god-send and a blocker to creating these.

The statistics from a recent piece of global research tell a fascinating story. A huge majority of workers, 86%, report they consider email to be their favourite way to communicate, which seems a good thing given the average worker receives 121 emails per day.

That's about 15 emails every hour. If you think most of these will communicate some sort of request or required action, that means every worker is receiving a new piece of information or something to add to their to-do list every four minutes.

Usage of social media for business is just as astounding. LinkedIn has over 450million users worldwide. And 88% of businesses use Twitter for marketing purposes.

If you have any millennials working in your business chances are they are using social media for social and business purposes on an hourly basis, using multiple platforms from Snapchat to Twitter, and doing so using their mobile devices rather than their desktop. Indeed, business networking and relationship management is far different today than it was twenty, or even ten years ago.

Yet despite this, one of the key lessons I have learnt in my career is that face-to-face contact and building real relationships with real people has a value that still can't be matched by technology.

One of the key changes we have made at Rivers Leasing in the past five years has been to put more emphasis on getting out there and actually meeting the people we do business with on a day-to-day basis. Whether it's brokers, clients or partners, actually making the effort to travel to their place of work and sit down to discuss issues and work through current discussion points pays huge dividends.

Since we instituted this we have seen the financial benefits. For example, one broker we have worked with for many years but previously dealt with mainly over the phone, we now meet with on average twice a year. Since we started this the value of business we've seen from them has increased by nearly 100%.

Whilst technology has undoubtedly created seismic shifts in how we work, and these shifts have been hugely beneficial, there is still something to be said for balancing this with good old fashioned networking. Afterall, you spend most of your waking time during the working week dealing with people, it makes complete sense to get to know them. And in doing so you will reap the benefits.

Don't be a wallflower

We've all been there. Conferences, awards dinners, industry exhibitions. These can be terrifying if you don't know many people but are there to make friends and influence people.

Your heart beats faster, your mouth goes dry, what you really want to do is make a swift exit and pretend it all never happened. But deep down you know you're going to have to take the plunge and work the room.

With experience you come to realise everyone in that room is feeling the same to a lesser or greater extent. And so it follows that your audience is naturally disposed towards sympathy, or at least empathy, with you if you are struggling to make contact.

Once you understand that, the task of approaching a group of people at a work event becomes a whole lot easier. This isn't the playground and you aren't seven years old. The people you want to go up and talk to are not going to taunt you and call you names for daring to approach them. More likely they will be relieved to have someone to talk to if they are standing on their own. And if they are in a group then everyone will be relieved that someone else has joined who can potentially freshen up and reinvigorate the conversation.

Perhaps the best piece of advice I was ever given about being in these situations is to have a plan. In this way you can control what outcomes you are looking for, and you can set yourself targets to decrease the chances of you opting out early on and making your escape too early.


Targets could be as simple as locating three key people you want to introduce yourself to. And ensuring that you speak to them, however briefly, so that you can then connect with them after the event - either using the far less demanding medium of email, or suggesting a proper meeting.

If you repeat this exercise at each event you attend very quickly you will find that you actually know more and more people in the room, so networking gets easier and easier.

And this is a situation where social media is incredibly useful. LinkedIn is

particularly useful and makes it easier to remind someone the day after you met, or to swap basic contact details. And you can also use it to easily discover other contacts you might have in common.

So don't rely on email and faceless communication. Get the balance right and get out of the office, shop, factory, or wherever you work, to take the time to meet people in person.



“ Targets could be as simple as locating three key people you want to introduce yourself to. ”

Balanced business planning

Undoubtedly you'll have heard some of these: 'Death by numbers', 'the devil's in the details', 'don't count your chickens'.

We've all seen it on Dragons' Den: the moment a budding entrepreneur finishes their well thought through, visually engaging and exciting pitch, only to stare wide-eyed and speechless when one of the Dragons in the Den asks the simple question 'how much money did you make last year?'

It's a simple question. How much profit did your business actually generate last year when all costs, taxes, debt repayments, and so on are deducted?

Yet so many of the hopeful contestants on Dragons' Den can't actually provide an answer. In some cases it seems as though they just haven't bothered to calculate it.

In others, there appears there could even be some sort of creative jiggery-pokery going on with the supposed figures, which makes it hard to provide a straight answer. But the detail provided by the numbers is crucial.

If you don't have a full appreciation of your business's financial position this is not a balanced approach to business management. And if you don't take a balanced approach to business management you can't take a balanced approach to business planning.

Hundreds of business finance applications come across my desk every month. And in most cases, by the time the application reaches me or one of my team, all the relevant and necessary information is provided.

But that's certainly not true of many, if not most, initial applications for business finance. The steadiest and most successful business owners have a truly holistic appreciation of the overall health of the company they are running, and a clear view of where the business is going.

They can readily answer questions such as 'what profit did you make last year and how does this compare with the previous five years?' or 'what debt liabilities do you have and how are these going to change, if at all, over the next one to three years?' And importantly, they can easily substantiate and evidence forecasts and ambitions using relevant data.

Possessing this type of appreciation and understanding of your business and the market in which it operates enables clear, logical business management and planning.

This provides balance so you won't fall off the tightrope.

Finding Funding

by **Kartek Patel**
CEO, **Crowdstacker**

Growth and development may be the mantra of many business owners, but of course there is one main ingredient that any business needs to achieve this – capital.

Despite, and maybe even because of fall-out from the Global Financial Crisis, businesses now have a wider variety of financing options than perhaps ever before. But which one is right for your business and how do you access it?

Where is the money?

Bank loans, the bread and butter of most smaller business financing, are fairly cheap because of interest rates, although they can be inflexible, uncertain and slow. Most bank managers, accountants and brokers can advise about where to go for the best terms and the most likely positive response.

Open Banking means this process could get a lot simpler and more transparent with easier routes to seeing all the different options available and comparisons of loan products on offer.



Kartek Patel

Leasing, such as those offered by Rivers Leasing, can be a cost effective means of financing specific business upgrades. And a key benefit is that these upgrades can be maintained and regularly reviewed as leasing agreements come to an end and new options can be offered.

If you're looking to take a bigger step and need larger investment, Angel investors and VCs are always keen to look at investing in growing businesses. If your business is doing something really exciting or ground breaking this could be a good option. But you'll need to do a lot of groundwork to find connections and preparing 'killer' materials to accompany your pitch.

Think Dragons' Den and you'll get some idea of the interrogation you'll be in for. Make sure you've got all the information you need to hand, and make sure your pitch is very strong.

Alternative financing such as crowdfunding, whether it is debt or equity based is growing in popularity because it offers flexibility, speed, and good terms. These means of alternative finance can be useful for businesses looking to borrow just a few thousand pounds up to a few million.

With the advent of Open Banking, all financing options should become even easier and even more competitive.

Taking the alternative route

Many businesses are beginning to realise the potential of alternative finance, which could mean anything from equity crowdfunding to issuing mini-bonds. As a form of finance it has grown from virtually nothing ten years ago to £4.6bn in 2016¹ representing an annual growth of 43%. As a proportion of all SME lending in the UK this is about 6% of the total, and 15% of all money lent to small

businesses. So the growing dependence of British businesses on these ways of accessing finance can clearly be seen.

Different types of alternative financing include invoice financing, community shares and even donation-based crowdfunding. The largest constituent of the market is P2P business lending which makes up over a third (36%) of money lent to businesses through alternative means.²

It is so popular that even institutions invest in SMEs using alternative finance provider platforms. Whilst most money continues to come from the traditional 'crowd' (retail investors) the proportion of cash coming from banks, pension funds, hedge funds and so on, is strong.



¹ <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/entrenching-innovation/#.WmXF-610eb8>
² <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/publications/entrenching-innovation/#.WmXF-610eb8>



Why 'alternative' could be better

Business owners who have used alternative finance report advantages such as flexibility and less bureaucracy.³

Flexibility can be delivered because businesses are able to discuss terms that are based on their own business's specific needs, rather than being dictated to by bank protocols. By way of a very simple example, if a business can ask to make repayments on a specific day of the month, rather than one dictated by an inflexible system, this can often ease cash flow issues.

Less bureaucracy results from efficiencies created by technology. For example, some alternative finance providers are able to use algorithms to automate finance application and sign off procedures. Whilst others, such as our own Crowdstacker platform, use technology to directly connect lenders and borrowers so the process can be quicker and more transparent.

Similarly, investors are attracted to the potential of alternative investing because it offers them better terms than they might be able to get from other types of investment.

³ From Crowdstacker internal qualitative research

⁴ <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/entrenching-innovation/#.WmXF-610eb8>

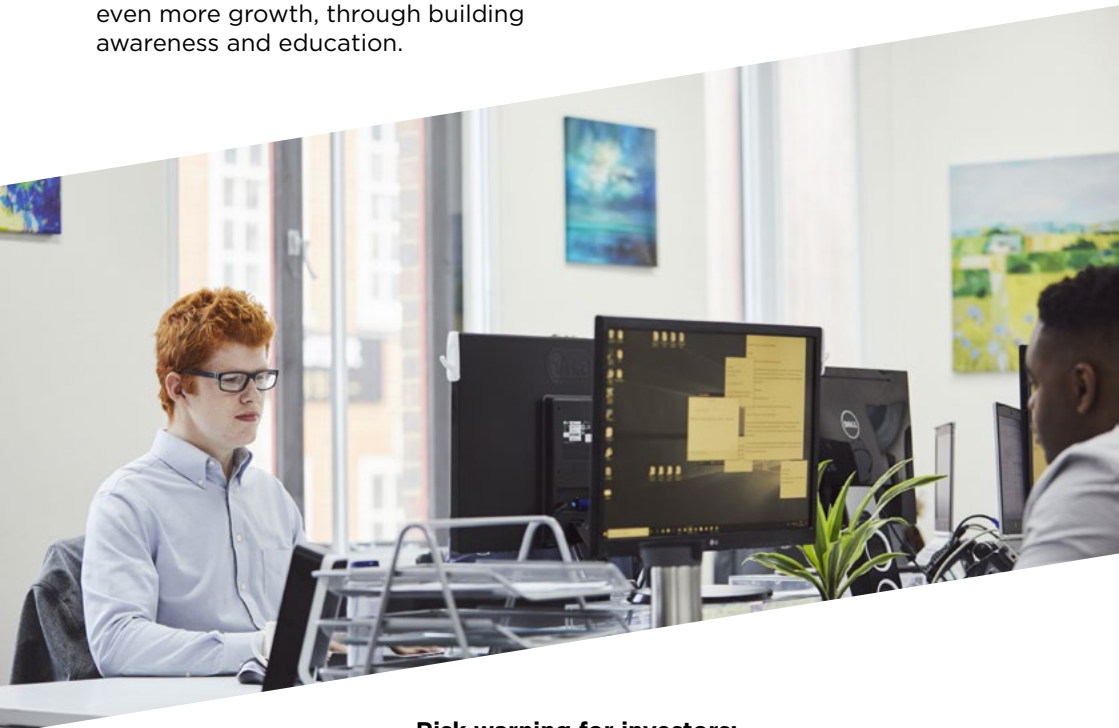
Our own research clearly shows investors want competitive and fixed returns and tax efficiency, plus they are attracted to the idea of knowing exactly where and how their money is being used. This is borne out in the recently published 4th Annual UK Alternative Finance Industry Report.⁴ The number one key factor influencing investors' decisions was also identified as the attraction of good interest rates.

The same report estimates the number of investors using alternative products is now just over 2.5million British adults. That's a very healthy increase, but importantly it also demonstrates the opportunity for even more growth, through building awareness and education.

Financing a great future

There is an appetite out there from retail investors to lend to British businesses whilst businesses are becoming better educated about the potential benefits alternative finance offers.

Bringing these together could be a match made in heaven to open up opportunities for great British businesses to grow and develop, whilst investors have the opportunity to support the UK economy as part of their investment portfolios.



Risk warning for investors:

Your capital is at risk when you lend to businesses. Lending through Crowdstacker is not covered by the Financial Services Compensation Scheme.

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Best Alternative
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