THE UNAUTHORIZED GUIDE TO DOING BUSINESS THE DUNCAN BANNATYNE WAY

10 SECRETS OF THE RAGS TO RICHES DRAGON

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CONTENTS

ACKNOWLEDGMENTS

It's been a joy reading about Duncan Bannatyne's business operations. As one of the UK's best-known serial entrepreneurs, his story is fascinating and his approach to business is practical and inspiring.

I would like to thank my wonderful, tenacious, dedicated and insightful researcher Hannah Matthews, who has helped me so much with writing this book about the way Bannatyne does business. Without her I would have died of exhaustion. She has watched every episode of *Dragons' Den* and read every word ever written by Bannatyne and about him. Thank you!

I'd also like to thank Holly Bennion, Jenny Ng and the rest of the team at Capstone for giving me the opportunity to write this book and for their support and guidance. And my grateful thanks to my business partner Tony Fitzpatrick for taking care of all the other aspects of my working life while I've been otherwise occupied.

At the back of the book there's a list of all the articles and websites we've used in research, including Bannatyne's own books – his autobiography *Anyone Can Do It: My Story* and his other bestseller *Wake Up and Change Your World*, which is full of advice on how to run your business from the man himself. Both these books are excellent further reading, with more detail on his life story.

THE LIFE AND TIMES OF DUNCAN BANNATYNE

Duncan Bannatyne OBE, 167th in the *Sunday Times Rich List*, is one of the UK's most successful 'serial' entrepreneurs, with a portfolio of leisure businesses and a high-profile media career. There's the tough businessman who started in ice cream and built a portfolio of 61 health clubs, the hotels, the bars, the spas and the residential property development. There's the sharp, opinionated Duncan Bannatyne, who regularly gives would-be entrepreneurs a drubbing in the BBC series *Dragons' Den*. And there's the philanthropic nice guy who was awarded an OBE in the 2004 Queen's Birthday Honours for his services to charity.

WHO IS DUNCAN BANNATYNE?

He is the serial entrepreneur who claims to have simply done what anyone else could have done. He makes much of his lack of qualifications and business background. He prides himself on having built a business empire without having had an original idea. He claims to hate details and that he's not a good manager. He admits to being good with figures, is proud of the gut instinct he uses when recruiting staff and the quick thinking that allows him to spot a constant stream of business opportunities. He puts his success down to delegation and common sense. His winning streak is down to determination, taking opportunities as they arise and an ability to approach a problem in a new way.

Yet he's a man of contradictions. His books are full of classic, accepted business wisdom, while he claims to have taken little of that kind of advice. He wonders whether he was a 'born' entrepreneur, while reassuring his readers that anyone can do it. He sees himself as a maverick but, in the view of *Dragons' Den* presenter Evan Davis, can make fairly conservative investment decisions. He

has an innate dislike of authority yet seems to delight in consorting with the political and business 'establishment'.

He eschewed the usual business network opportunities like the golf course and the Freemasons, yet he was very keen to build a public profile that would help him grab the attention of the policy-makers. He has disdain for 'usual practice' and delights in breaking the mould, but has been accused of being controlling. He claims to be good with people and yet doesn't want to manage them. He makes no apology for wanting to go on making more money and for being prudent with what he has made, yet he intends to give the vast majority of it away before he dies. He claims to have felt the presence of God on one of his charity missions, but isn't ready to turn to religion because – as he jokingly told a reporter on the *Darlington and Stockton Times* a week before he married a second time – 'I still suffer from greed, abhorrence [and] coveting of my neighbour's wife'.

He's also a man of inconsistencies. His views on a subject, and his own actions, can change as and when required – for the good of his business and perhaps sometimes his pride. Even when he's wrong, he's right. Even when he's made a mistake, he turns it to his advantage. This is a man unlikely to say 'sorry'. But then again, we don't expect him to … he's staked his brand and reputation on being right.

However, he can on occasion be almost too consistent to be entirely believable. When he's interviewed, the answers are often the same. His home life, school days, stint in the Navy, brush with prison life, the rags to riches story, are all recounted 'pat', practised and packaged for public consumption. It's all part of the brand.

While the man has become rich, his profile has given him kudos and his fame has endeared him to even more famous friends. It's hard to find a celebrity who doesn't attract admiration and loathing in almost equal measure. Bannatyne has attracted the wrath of some of his siblings, the *Daily Mirror* and Facebook's 'I hate Duncan Bannatyne' group, but in the main he seems to have achieved the status of a slightly grumpy uncle. He's rather politically incorrect: you know the kind of thing he'll say, but you'll roll your eyes heavenward and let him off with it.

Duncan Bannatyne enjoys business and may well also enjoy the money that comes from business success. But he is an enigma: despite it being what he does best, he says it's not about the money. He says what drives him is being able to give people what they need and give them the best. So how did Duncan Bannatyne get from what he describes as a 'two up, two down' in Clydebank near Glasgow via the Navy to multi, multi-millionaire? Why did someone who has so many of the natural attributes of an entrepreneur take so long to get going?

IN THE BEGINNING ...

Duncan Bannatyne was born in February 1949. His father, Bill, had served with the Argyll and Sutherland Highlanders and had been a prisoner of war, while mum Jean packed shells with cordite at a munitions factory in Glasgow. They married in 1946 and Duncan was the second of a family that eventually grew to seven children. He claims to have inherited his determination from his dad, but always wanted life to be more exciting than it was.

The way Bannatyne remembers it, as a child, his parents couldn't always afford ice cream when the van came round the local streets.

He was determined that one day he'd be the one to buy ice creams for all his family. But the crunch came when he asked his dad for a bike, only to be told the family was too poor. So he made up his mind to buy his own.

A couple of boys at school had paper rounds, so Bannatyne asked for a job at the local newsagent but got turned away. But he wouldn't give in and cold-called everyone in his vicinity, asking if they'd like a paper delivered. Armed with a list of 100 would-be customers, he went back to the newsagent and got the job. Even if he didn't recognize it himself – 'When I was a kid no one had ever heard of the word "entrepreneur" in Clydebank.'[1] – the entrepreneur in him had been unleashed.

Eventually his enterprise paid off and he bought a second-hand bike on HP. A few months later he had enough money to buy the whole family ice cream from the van!

FAMILY FRACAS

Bannatyne's family dispute his version of their childhood. When his account of family poverty came to light in his autobiography *Anyone Can Do It: My Story*, it caused a family rift that hasn't been resolved. In January 2009 his brother Sandy told the *Daily Mirror* that he hasn't spoken to Duncan since, that 'I can honestly say I can't stand the man' and that the book contains inaccuracies and upset the family. His brothers say they always had enough clothes, shoes and food in their three-bedroom family home; Bannatyne counters this by saying that he didn't say they weren't well fed and clothed, and maintains that his parents worked hard for their family.

Some family members might have been upset at his remarks about their lack of drive and ambition (which Bannatyne has said in interviews wasn't a criticism, but just meant to point out that he was different), but it seems to be their perception of him as not being generous with the family that's at the bottom of the row. Sandy famously signed up to the 'I hate Duncan Bannatyne' Facebook group and the *Daily Mirror* enjoys reigniting the fury at every opportunity.

Whatever the details of his early family life, Bannatyne left school at 15 with no qualifications and a reputation for being a bit of a troublemaker. Already restless, he seems to have been easily bored with an entrepreneurial mind that was looking for something else to get involved in – the kind of mind he shares with so many other successful business people.

All he knew was that he didn't want to end up working in the sewing machine factory in Clydebank like his father and that he wanted travel and adventure – so he joined the Royal Navy. Because he wasn't yet 16 he needed his parents' permission, but his mother refused. He applied emotional blackmail, threatening to run away to London and live as a tramp and a junkie, so eventually she gave in. Six weeks' work experience with the local cabinetmaker did nothing to change his mind.

ALL AT SEA

Duncan Bannatyne arrived at the boys' naval training base near Ipswich at the age of 15. It had a reputation for harsh training methods that turned out professional sailors. He signed up to spend the next 12 years in the engine room as a stoker.

His first commission was on HMS *Eagle* in British waters, but by 17 he was well travelled. However, he already knew the Navy wasn't for him and was wondering how much trouble he'd have to get himself into to get chucked out. Rules and regulations weren't to Bannatyne's liking and nor were commissioned officers with their university educations – according to his autobiography and various other interviews he's given, he didn't see eye to eye with his commanding officer.

Eventually, matters came to a head in Lossiemouth when Bannatyne lifted the officer into the air and hoisted him over the rail. Bannatyne says in some interviews that he was dared to do it. The officer found himself dangling 20 feet above the dark, icy waters of the North Sea. Luckily he was restored to the deck unharmed, but Bannatyne had done enough to get himself a court martial. He was sentenced to nine months in Colchester Barracks and a dishonourable discharge. His mother found out on the local evening news.

DRIFTING

After his discharge the 19-year-old, unemployed Bannatyne went back to Clydebank and his parents, and signed up to a training course to become an agricultural vehicle welder and fitter. Not exactly the stuff of an entrepreneur's dreams, but between that and bar work he managed to afford driving lessons, bought a car and over the next few years drifted around the UK fixing tractors, pouring drinks, driving taxis and mending cars. Almost without realizing it, he started his first business. He'd buy a car at auction, repair it and use it as a taxi. When he could afford another car, he got a friend to drive it … and then another.

However, the untimely passing of his sister temporarily led Bannatyne down a dark road. By his own account, he became belligerent after her death and lost his licence for drink driving. It took another period of travelling the UK taking work as a welder and fitter, a few arrests and a three-day stay in Glasgow's overcrowded and dangerous Barlinnie Prison to convince him the time had come to do something more positive. He regularly makes the point in interviews that he was teetering on the edge of a criminal lifestyle and it could have gone either way.

Bannatyne finally washed up in the Channel Islands, where he found bar work, women, surfing and life-long friendships, had fun, and learned about running a business.

THE END OF THE BEGINNING

One of the easiest ways to make money in Jersey was to sell ice cream, so he rented a van, paid extra for an exclusive pitch and bought some stock. If it was a festival day, Bannatyne could earn enough to take the rest of the month off. What he probably discounted then was what he was learning about running a business. Ice cream was to play quite a big part in eventually launching Bannatyne on the road to riches.

Before he realized it he was approaching 30, living with his girlfriend Gail (who later became his first wife) and felt in danger of becoming the 'oldest swinger in town'.[2] One Sunday morning he read an article about Alan Sugar and how he'd set up Amstrad on a shoestring ten years earlier and became a millionaire. Bannatyne was impressed and inspired by Sugar's achievements from humble beginnings.

So Gail and Duncan left Jersey in 1978 for Stockton-on-Tees, to see Gail's sister. They stayed and worked nightshifts at Spark's Bakery. Bannatyne bought cars at auction to do up and sell on. They saved every penny. They worked through the bread strike of 1978, crossing the picket line despite threats and shouts of 'scabs', and after about a year put down a deposit on a three-bedroom semi-detached house. They were moving up in the world; two weeks later, Bannatyne saw his business opportunity and took it.

ON THE ROAD TO RICHES

A Vauxhall ice cream van cost Bannatyne £450 at auction. It was too low for him to stand up in with his shoes on. He looked up 'Ice cream supplier' in the *Yellow Pages*, found the best deal and bought enough stock for a weekend. Once he'd worked out what sold well he stocked the van with cigarettes, milk, sweets and soft drinks as well as the ice cream. 'Duncan's Super Ices' was up and running.

Bannatyne showed entrepreneurial flair – the kind of thing that can't be taught. He seems to have known instinctively that Duncan's Super Ices needed to stand out from the crowd. Others were moving into selling soft ice cream that was quick to serve but Bannatyne wanted to stick with the more traditional hard stuff, so he bought a special ice cream scoop from the USA. It allowed him to serve his hard ice cream as quickly as others served soft ice cream.

His entrepreneurial flair made life difficult for the competition and if they struggled and wanted out of the business, he then bought their vans and hired friends on commission as drivers. Bannatyne

understood the value of being the only ice cream seller allowed on a particular pitch. So when a local authority concession that guaranteed he'd be the only ice cream vendor in one of the local parks was advertised for sale, he bought it, even though it cost him £2000. It was a brilliant business move that other sellers didn't seem to see the value of.

The business expanded from one van to a small fleet with an annual turnover of around £300,000, but Duncan Bannatyne still wanted more.

AND MORE ... AND MORE

The money from the ice cream business was enough to buy and do up terraced houses to let out. In the early 1980s the government paid £46 a week directly to landlords who rented homes to unemployed people. Duncan converted his houses to bedsits and happily took £46 a week for each.

Occasionally he was asked to rent a place out to an elderly person, which set him thinking about the need for residential care. Then the government played into his hands again and promised £140 a week for every elderly person who needed looking after. He and a business partner bought a six-storey hotel in Scarborough with planning permission. He turned it into a residential home for the elderly. It was a brief foray into business partnership. The next phase of the Bannatyne empire, however, was launched alone.