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James Caan Interview – On Start Up Loans, The Business Class, and investing £500,000 in one lucky entrepreneur

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James Caan is a man who has his fingers in many entrepreneurial pies right now. It's a testament to his services to small businesses and entrepreneurs that his television exposure on Dragons' Den is one of the last things today's entrepreneurs associate him with.

And now is a very exciting time. He's got a new TV show, a blockbuster entrepreneur competition, is an ambassador for Small Business Saturday, and David Cameron recently invested a large chunk of money into Start Up Loans, for which he is responsible.

So, we were delighted to have a chance to catch up with him about these things, as well as his thoughts on the small business environment and his tips for budding entrepreneurs:

Hi James, pleasure to finally meet you in person after our multitude of Tweekchats. We saw some brilliant figures from Start Up Loans last month, backed up by the Prime Minister pumping £34 million into the scheme. How big of a boost was that to both yourself and your team?

Thank you, it was a real pleasure to be involved in those Tweekchats, there were some great questions. I was delighted with the Start Up Loans figures because it confirmed the sheer appetite there is in this country for entrepreneurship. To have backed over 8000 entrepreneurs in a year is a brilliant achievement and it shows how much business talent is available to us, which I think is a real asset for the economy.

The key is to give them as much encouragement and help as possible, and that's what we've been doing at Start Up Loans. It's great to see that the Government has recognised this as well, and I think the extra funding they've put in is a boost not just for us, but for all the budding entrepreneurs across the country.

And why is it so important to back young British entrepreneurs, both with financial aid and mentorship?

In recent economic times, raising finance has been an issue for people who want to start their own business, especially young entrepreneurs who may not have much of a track record or collateral. But these are the people who can drive economic growth and create jobs, so it's really important that there are different options available to help get them off the ground.

The mentorship I think is every bit as crucial as any funding. I always say that when you start a business, anything that can go wrong will go wrong. There are all sorts of issues that you have to deal with – for example HR regulations, calculating margins, negotiating payment terms – and it can be quite overwhelming, particularly if you are at the start of your business journey. So having an experienced and impartial mentor, which we provide to every single loan recipient, is absolutely invaluable.

How do you see the small business landscape at present?

I think it's definitely improving – there are more finance opportunities available and I think there has been a shift in mentality as well. People are now more inclined to get out there and start up a business, which I'm personally delighted to see.

From a consumer point of view, I think people are starting to see the merits of small businesses in terms of the services they provide and their economic importance. Initiatives like Small Business Saturday are really gathering momentum now, so I see very encouraging signs for the SME community.

We've turned the corner from where we were a few years ago and although we can't afford to rest on our laurels, I'm very happy with the way things are picking up.

You're filming season two of The Business Class, which starts on October 7th on CNBC. The first series was very well-received. What can we expect from the second offering?

We've got six more really exciting and innovative British businesses. They've all got so much potential for growth, and the entrepreneurs behind them are clearly very passionate about what they do.

I've filmed a few episodes so far and I have to say that at the end of each session, I've actually gone home feeling energised rather than tired, which you normally expect after filming! It's such a thrill to be able to see the journey these businesses have been on and the ambition they have to keep growing and move on to the next level.

I'm also going to be answering people's SME questions in each show. All you have to do is tweet me the question with the hashtag #CNBCBizClass – we had a great selection for the first few episodes and it's clear that business is an area people are really keen on at the moment, which can only be a good thing.

We see that Crowdcube feature as one of the businesses you help on the show – they're friends of Ingenious Britain. They've just broken a world record for the highest ever single crowdfunding equity investment (£1.9m for Channel 4's Kevin McCloud's Hab Housing), so your advice must have paid off! Just how important are platforms that facilitate peer-to-peer lending right now?

I think they're really important because they encourage a culture of innovation and enterprise that can only boost the economy. Budding entrepreneurs now know that there are alternative sources of finance than, for example, the traditional banks. This essentially removes one of the most common obstacles they have, so certainly from a start-up point of view, it's a real positive.

This is actually how the founder of Crowdcube came across the idea – he was having trouble getting investment for his previous startups and saw a gap in the raising finance market.

What, in your opinion, is the greatest piece of advice you could offer a growing business right now?

Make sure the people within the business are motivated and passionate. The success of a business is dependent on having good quality people and ensuring they all share the same vision. Remember the more you grow, the more important your recruitment process becomes. Anybody coming into the business should get to grips with its brand, its product or service and the goals for the future.

You're also running a new competition worth up to £500,000, to one lucky entrepreneur. Could you give us more details?

I'm basically offering £500,000, as well as my experience, to somebody who wants to start their own recruitment business.

I've always said that I look at a person's characteristics as much as their ability and experience. Although the person I back must be a proven performer and have a good understanding of the market – leadership skills and desire are just as important. I want somebody who has a genuine ambition to set up from scratch and then grow a business of scale.

There are more details on [my website](#), but anybody who's interested should email Amy Golding – agolding@hbpe.com – with a 500 word business proposition as well as a full bio of themselves and any team members. Obviously I'm going to be very thorough with this, so once the deadline passes (October 18th), we'll ask all the successful candidates to come and pitch at a presentation week, a bit like Dragons' Den!

Why did you choose specifically recruitment entrepreneurs, as opposed to any other sector?

Firstly it's an industry I know very well, as I've been involved in it for over 30 years at all levels. The first business I ever started was a recruitment agency in a tiny, windowless office and eventually it turned into a huge global operation. Even now, after all these years, I still have an incredible thirst for it and am always on the lookout for other talented recruitment people who want to start and grow their own business. At the moment there's 20 recruitment companies within the Hamilton Bradshaw portfolio and 6 of them have been started up from scratch.

Also, as I've mentioned, I am a firm believer that it is people who make businesses a success. The great thing about recruitment is that it really is all about people, so when you invest in an entrepreneur in this sector, you are often investing in their personality.

With the economy seemingly recovering, the possibilities of starting up a small business are huge. From your experience, how can entrepreneurs ensure that they make the most of such possibilities?

If you have a business idea, scrutinise it from every angle. You must do your homework on everything from whether there is sufficient need for it in the market right down to the price.

Also make sure that your cashflow projections are watertight. The main reasons businesses fail is a lack of liquidity, so ensure you have properly planned your finances. It may be a cliché but cash really is king.

Finally – believe in your idea. Ultimately you will be putting all your energy and efforts into the business and you have a much better chance of success if it is something you enjoy and have a passion for.

And finally: Who would you prefer to be – Batman or Spiderman?

I'd prefer to stay an entrepreneur but if I had to pick I'd go with Batman – how can you turn down the opportunity to ride the Batmobile!

The Business Class with James Caan is on Mondays at 10pm on CNBC; Sky ch. 505, Virgin ch.613 and Freesat ch.210. We'll certainly be watching!