



RACHEL SPAUL women in business



From adversity springs opportunity

Rachel Elnaugh, entrepreneur and former 'Dragon' from the hit BBC series 'Dragons' Den', reveals why self-belief and determination are the keys to success. Rachel Spaul interviews

Rachel Elnaugh was thrust into the media spotlight when the first series of *Dragons' Den* aired on BBC2 in 2004. The subsequent collapse of her business, Red Letter Days, in 2005 led to criticism from the media and the show's producers.

A little over a year later and she appears relaxed sharing her experiences of being in business with women attending the 'Women in Franchising' area at the National Franchise Exhibition in Birmingham.

She talks fondly of the early days establishing Red Letter Days. "I learned so much building a business from nothing to £18 million," she relates. "I went through every stage and worked through every issue - it was incredible. Once you have worked for yourself, you will never work for anyone else again."

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When Rachel created the leading experiences brand at the tender age of 24 all she had was the idea of selling experiences as gifts and determination to make it work. She explains: “We weren’t just creating a business, we were creating a whole new business model and sector, although I didn’t

shoulder pads and sharp suits, were aggressive and assertive. I’m finding now that women in business are more confident about being feminine.”

As a young woman with an untested business and nothing to compare it to, Rachel struggled to secure funding from the banks. She recalls some

Boots and focused on the aspirational end of the market.

In 2004 Rachel was invited by the BBC to join a panel of elite business entrepreneurs for a new series called Dragons’ Den, where entrepreneurs would pitch their ideas to the ‘Dragons’ in order to obtain funding. Describing



Rachel Elnaugh addresses an attentive audience in the Women in Franchising area at the National Franchise Exhibition, Birmingham

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realise it at the time.

“We had to try things and test them to see what worked and what didn’t, and had to educate the leisure industry about ‘experiences’. The great myth in business is that there’s a great secret to success - most entrepreneurs have made it up as they’ve gone along. The most important thing is to know when you don’t know and to bring the expertise in.”

Growing up in London during the 1980s Rachel was inspired by women such as Anita Roddick, Founder of The Body Shop, Debbie Moore, who founded Pineapple Dance Studios and Fashion Company, and Sophie Mirman, Founder of Sock Shop and Trotters. “The 1980s was a period of capitalism and entrepreneurship and an exciting time when women first started entering business,” she recalls. “Women wore

meetings where the bank manager looked past her to the man behind, having assumed that she was only an assistant. Rachel adds: “The banks didn’t want to know and said it would never work, which was soul destroying. In the end I financed the business through friends and family.”

The tipping point for Red Letter Days was in 1997 when the company was approached by Boots to produce a range of experiences under the brand Red Letter Days. After much customer research, Rachel turned the offer down believing that the positioning was wrong for the brand. She did however help the company to produce a range of own-brand ‘experiences’, which created demand from other retailers including Debenhams, Selfridges, Harrods and House of Fraser. As the orders flooded in she pulled out of

the opportunity as a “double-edged sword”, she explains: “Everything changed when I got on Dragons’ Den. I am now invited to events and receive natural respect. However, if I hadn’t have been so high profile it is likely that the problems with Red Letter Days would never have made it into the media, which precipitated a collapse of creditor confidence. I was working on a rescue plan and needed just one more month but when it got into the media I couldn’t control it. In the end I made a decision to let go. When it failed it proved to be the biggest liberation.”

Rachel is a great believer that everything happens for a reason and out of the collapse of her company many more opportunities have emerged. “There’s always opportunity in adversity,” she reflects. “I’ve done things within the last year that I would

RACHEL ELNAUGH'S TOP TIPS FOR FRANCHISEES

- Choose a franchise that you are passionate about and where you understand the customer. It is easier to promote a business that you love and you will potentially make more money.
- Consider the lifestyle that you want such as the hours that you want to work.
- Consider choosing a franchise that is in its early days. If you can spot an opportunity in its early stages it will cost you less.
- Do your due diligence. Speak to the franchisees and not just the ones recommended by the franchisor. The franchisees will tell you every gripe and groan they have.
- Shop around for finance. There is less risk in franchising and banks hate risk, make them work to get your business. Also don't forget other types of financing such as Asset Financing.
- The number one factor for success is mental attitude. You need self-belief and determination.

RECOMMENDED READING

Out of the box marketing by David Abingdon

Think and grow rich by Napoleon Hill

Escape the rat race – CD by Rachel Elnaugh & Glen Harrold
available at www.thelifechangers.co.uk

Positively Happy by Noel Edmunds

never have done before, such as speaking at the Conservative Conference. I've met so many people and am better connected and networked than before and I know so much more about business and entrepreneurship. I'm in a transitional phase and am quite enjoying the new experiences."

She also has more time to spend with her four young sons, the eldest of which is already showing signs of following in her footsteps. "They're quite a handful, which is why my lifestyle now is so conducive - I'm around a lot more," she explains.

Rachel is surprisingly nonchalant about her role as a mother whilst running a multi-million pound business. "It is actually much easier to have control over structuring your life if you have your own business. If I was the Chief Executive of a large company for example, I would be working in a male dominated, nine-to-five corporate environment. When you run your own


business you can invent the rules."

Rachel is a prolific public speaker, mentor and consultant and genuinely enjoys passing her knowledge and advice onto future entrepreneurs. She has recently launched a motivational CD called 'Escape the Rat Race' to encourage others to pursue their entrepreneurial dreams.

Self-belief and determination have been the main forces driving Rachel through the difficult times when most people would have given up. "There were so many points when I almost gave up," she admits. "The number one factor for success is mental attitude. The problems don't go away, they just change so you need self-belief and determination from the beginning to the end."

Speaking at the franchise exhibition is not Rachel's first foray into franchising. She is involved in a franchise launching later this year and is endorsing a new franchise called

yourhomepagein.co.uk as a lifestyle business for women. The first franchisees will have the unique opportunity to develop their skills under Rachel's guidance as a mentor. "When you've experienced the blood, sweat and tears of setting up your own business, piggy backing an established brand is not a bad idea," she advises. "The money needed to fund the initial investment for a franchise is easily eaten up setting up a new business."

Despite her experiences with Red Letter Days Rachel still believes that the entrepreneurial journey is an exciting one. "There's no 'right' time to go into business," she sums up, "but I've often found that in business, as in life, if you dabble it won't work. When you leave your job to jump in with both feet, that is what's rewarded. It sends out a very positive image and focuses the mind, because at that point you have to make it work." 



THE BEST JOB IN THE WORLD:

A promotional shot for Red Letter Days

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