

In-trinsic

/in'trinsk/ :adj belonging naturally, essential

Theo Paphitis' 12 Rules for Success

With the release of his book, Enter The Dragon, Theo Paphitis reveals his top tips in business

Rule 1 – Reduce the Risk

I have only three reasons for going to work: one, to make money; two, to have fun; three, not to forget to make money. I'm a great believer that the risk should reflect the the reward. If it's a high-risk strategy, then I want a high reward. My philosophy is based on a risk-reward ratio. But it's got to stack up. If it doesn't, don't do it. You might as well go to a casino. You might strike it lucky, but in the end, you'll lose the lot. That's guaranteed.

Rule 2 – Don't Fool Yourself

The easiest person to fool is you. I spend lots of time in the bathroom; it's my thinking time. If a project has gone wrong I look at myself in the mirror and say, 'I did my best but it didn't work out.' If I took silly risks, didn't work hard enough or let my heart rule my head, then I give myself a good kicking. If you have a business idea, honesty is very important. I'm fed up with hearing wannabe entrepreneurs say, 'Everybody I have asked thinks my idea is fantastic.' Well, if I think your idea is crap, you can never say that again. Obviously you have no friends. At least one of them would have told you it was crap.

Rule 3 – Learn to Let Go

The hallmark of a top-class entrepreneur is to be able to let go and sell a successful business. People hold on until sometimes the business has no value at all. Sell it! You must be able to create something and then sell it at exactly the right time. That's really hard. I still find it hard. You've put so much of your life, your body and soul, into something and then you have to let go, as I did with La Senza and Contessa.

Rule 4 – Know that Cash is King

Cash flow is king. Profit is sanity. Turnover is vanity. A lack of profit is like a cancer: if it carries on for a long time, it will eventually kill you. But a lack of cash is like a heart attack: if you can't pay the rent you shut down just like you would if your heart packed up. If you can't pay the wages, it's all over. Don't be without cash. You can live without profit, but not without cash. It's very basic and simple advice.

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Rule 5 – Embrace Change

As I mentioned I have recently sold two of my retail chains, La Senza and Contessa. Read into that what you want. The retail environment is changing very rapidly at the moment, partly because of the internet. There has never been a better time to make a success of business. Money is cheap, as is technology and knowledge. Consumers have got an insatiable appetite, and if you can satisfy that, you can make money. That's why this is the best time ever for anyone who wants to make a success of their life.

Rule 6 – Use your Common Sense

Business is 90% common sense. But common sense is not common. If it were, everyone would have it and everyone would be able to do what I do. And I wouldn't want that!

Rule 7 – Make Decisions

One of the things I preach to all my staff is never be frightened to make a decision. Of course you'll get some wrong, but if you get more right than wrong, then you're doing okay.

Rule 8 – Weight Up the Opposition

Never under estimate the strength of the opposition. No matter how good your company is doing, never underestimate the lengths to which other people will go to stop you being successful.

Rule 9 – Start Small

You can start a business on your own or just with a partner or an assistant. It's only when you take on your first member of staff that you're more than likely to encounter other problems. All of a sudden you're managing the people as well as the business. But remember, just because you had a good business idea, it doesn't mean you've suddenly acquired staff-management skills. Legislation is now so watertight – as well as being complicated and restrictive – that you have to consider everybody's feelings and requirements.

Rule 10 – Get your Staff On Board

The workforce are the most important people in the business. My job is to make their working environment as stress-free as possible. Motivating staff is not just about making them feel wanted; tangible rewards are equally as important. For instance, we have weekly bonuses and longer-term incentives – normally a week on a Caribbean island with yours truly. The downside for the staff is they have to spend a week with me – the upside for me is that I get to know them even better.

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Rule 11 – Capitalise on Other People's Ideas

I'll let you in to a little secret: I've never had an original idea in my life. But I have pinched a few and made them work for me. Well, not exactly pinched – I've modified and adapted them a little. But when I do find an idea – always someone else's – that I think will work, I do something about it. That's the difference between me and so many other people.

Rule 12 – Turn Your Dreams into Reality

We all have dreams – the trick is to turn them into reality. Obviously, the more success you have the greater the resources available to you. Making £100 million is easy. Making your first million is the difficult part. You have got to be passionate about your idea. If you can go to the pub and bore your friends senseless about your dream you're halfway there.

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