



INTRODUCTION TO ENTERPRISE MENTORING

Case study 1: Wayne

BEFORE IT BEGINS

I met Wayne in 2007. He was a graduate technology student, disillusioned with his efforts to find work as a designer in a large technology company. As part of his end of term project he had designed a plastic alarm clock, programmed to dance and sing when the alarm went off. His friends liked it, so he started to think about whether he could make a business from selling it to others.

Working for himself wasn't his first choice. He told me "I have seen the hours my parents have put into running their newsagent business and know what is involved in running a business 24/7".

Wayne's parents had recently sold their business and bought a house with the proceeds. They were encouraging Wayne to take his ideas further and said they would help.

He had just committed to moving in with his long term girlfriend and had taken a part time job to cover his part of the rent.

Wayne showed me the product, as yet unrefined and basic. It looked much as he had produced it for his university project. This was a product not yet ready for market and not tested or thought about beyond the design and making stage. It was original, however, and had most of the design flaws ironed out given it was a university project. I offered Wayne some initial feedback on this.

He came to me to discuss how he might move his business idea forward.

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STARTING THE BUSINESS

I met up again with Wayne three months later and he was no nearer to finding a full time job. He had not given up on his idea for making a business from his clock and had started to do some research on the internet looking at possible manufacturing opportunities in China. He had come across a useful website, AliBaba.com, which had lists of companies who might be able to manufacture his product. He had also made more prototypes and had been speaking to local design boutiques about the interest in selling his product for him. Most of the contacts he had been making had been on line as he didn't feel like he was ready to speak to people face to face. He had a friend who ran a business developing websites who seemed willing to help him.

His parents were delighted and had offered to help in whichever way they could. His girlfriend had expressed some concern about the time Wayne was spending on the computer and the fact that she was working full time to subsidise their day to day living costs.

Wayne was doing all of the work from their small one bed roomed flat and the prototypes were scattered in the lounge. There was a pile of materials, paperwork and sketches on the lounge floor next to the TV. There was a draft glossy picture and description of his clock on the table. His computer was in the corner of the bedroom with a pile of paperwork. The advanced prototypes he very eagerly showed me were strikingly good.

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RUNNING THE BUSINESS

Wayne's company, **Clocktock**, has now been operating for three years. After finding a manufacturer on Alibaba.com he visited Hong Kong to oversee production of his clock and sold 1000 clocks almost immediately on line. They now sell on line and in high end designer gadget shops. It now comes in standard and travel size and is available in a range of colours and textures.

Highly successful, Wayne achieved a turnover of £300,000 in the previous financial year with a net profit of 15%. Wayne is predicting a turnover of £800,000 in the current financial year with the projected profit and loss showing a 30% net profit margin. After borrowing the start up finance on an interest free loan from his parents he has now repaid the full amount and is into profit. He leaves most of the financial decisions to his mum and his accountant as he doesn't really understand the financial aspects of the business.

He has no employees apart from his parents who help with the marketing and general day to day running of the business. All operations are outsourced and therefore there are only direct costs with no overheads. Wayne has been developing a range of other gadgets and is now looking to open a small retail outlet selling both his own and other designers' gadgets. He is looking to reinvest his profits in developing his business further.

He also has an idea for a travel service which will organise fun holidays and short breaks for single professionals. He has recently split up with his girlfriend and feels this will be a way to meet like minded people. He feels his knowledge and experience gained from running his current business will allow him to create an online bespoke travel service for like minded single professionals.

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