Building Better Businesses: *A Monocle Guide*

— 2018 —

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— A MONOCLE SPECIAL EDITION —

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The business world is changing. As a new generation of entrepreneurs hit their stride, the priorities for them and their businesses are becoming clearer. Suddenly, setting up a Silicon Valley social-media venture isn't the dream (and it never should have been, as far as we're concerned). Instead, building a company that has purpose at its heart is the goal. These founders want their companies to have a social or environmental impact as well as making money. They want to play a role in their communities, strike a balance between work and private life, and invest for the long term rather than a quick exit.

At the same time, people are increasingly turning to entrepreneurship in later life, as they find they still harbour a dream of setting up their own business and now have the confidence (and contacts book) to take the plunge. This will become increasingly common, as we all start living longer and wanting more from later life. Plus, it transpires that older founders are more likely to succeed in business than their younger counterparts, at least in part because they bring all their years of experience and wisdom to bear on the company.

The following pages are a guide to building a better business, whether you're an aspiring entrepreneur who dreams of launching a company – and, through that, having a positive impact on the world – or whether you're already a business owner and are looking for some inspiration and insight to improve your venture. Or perhaps you're looking to launch a charming hotel in the Swiss alps, or a fashion label with an ethical mission at its heart. Whatever your story, we hope you'll find all the helpful tips, nifty ideas, instruction and insight you need in this guide. Then it's over to you. — (M)

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I

FOUNDERS' STORIES

Starter's orders Global

Whether it's turning ocean plastics into fashion statements or sharpening old pencils, these start-ups have seized opportunities and are building a better future for themselves and their customers.

1
% Arabica
Kyoto

"Business is like surfing," says Kenneth Shoji, founder of Japanese café % Arabica. "You need the push of a wave to stand up but you have to ride at the front of that wave." Since opening his flagship branch in Kyoto in 2014, Shoji's business has swept across borders and now has 25 shops in eight countries, with more on the way.

Born into a family that ran a printing business in Tokyo, Shoji spent his childhood travelling overseas, tagging along on his father's business trips. After graduating from university in California, he joined the family business, taking it over at 35. But when the industry went through a tough time he decided to start something new – and chose coffee.

"If it was going to work abroad, I knew I had to create a 'Made in Japan' brand," says Shoji. He invested in a coffee farm in Hawaii and headhunted a skilful barista, then partnered with Masaki Kato of Tokyo architecture studio Puddle to develop a simple Japanese aesthetic. "Great design is timeless," adds Shoji. "We designed everything so that it would stay modern 20 years into the future."

Such an extraordinary business expansion could affect product quality but Shoji runs a tight ship. "Wherever we open in the world, I have quality control over the location and design," he says. He also keeps an eye on the horizon. "In Japan, sushi hasn't changed for more than 200 years. That's what Arabica is about: serving a great, simple product." — JT

Why it works

1 **Get the look:** Getting international expansion right is difficult and many brands flounder when trying. Shoji's focus on design was a vital first step.
2 **Know your audience:** Shoji studied in the US and has combined Japanese design and quality with a broad understanding of the global consumer.

2
EverybodyWorld
Los Angeles

When American Apparel closed its LA production facility, the company's creative director Iris Alonzo and graphics and kidswear director Carolina Crespo saw an opportunity. Having worked for a multinational brand – and with 26 years of manufacturing experience between them – they knew there were a host of independent LA factories in need of work.

"We also spotted an opportunity to add an eco-friendly angle by taking on the waste issue that's so prevalent in our industry," says Alonzo. The result was label EverybodyWorld, launched in 2016. Instead of designing the clothes themselves, the co-founders invite friends and collaborators to create the pieces and have released items designed by an architect and even a chef.

That was the easy part. The real challenge was developing a product that was eco-friendly, ethical and competitively priced, as well as desirable. To guarantee this (and to give the non-designer designers a hand), Alonzo and Crespo went back to basics, starting out with the "Trash Tee", a crew-cut T-shirt made from recycled US-grown cotton. Since then the range has grown to include caps, sweatshirts, trousers and towels. — MHO

Why it works

1 **Tell a story:** Alonzo and Crespo understand that consumers are looking for storytelling.
2 **Keep it simple:** Starting with basics was a smart play and reduced the chances of designs going wrong.
3 **Take it seriously:** "Ethical" and "sustainable" are ubiquitous buzzwords but they are baked in to the EverybodyWorld ethos.

PHOTOGRAPHERS: *Mark Kushimi, Nathanael Turner, Paulius Staniunas*

3
Good Food Trio Company
Kuala Lumpur

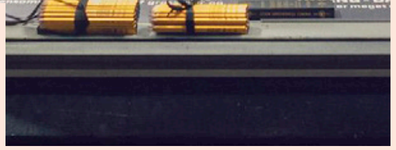
In the boom years of the 1990s, Kuala Lumpur was on the cusp of change and Yuen Yin Sze To and Lissa Yeoh were enjoying everything the city had to offer. But the Malaysian capital didn't have much of a dining scene. So, in 1996, the food-loving friends decided to do something about it and opened La Risata, serving Italian food in the city's east.

It was a hit and, despite the economic crisis that brought Malaysia's economy to its knees in 1998, as well as the now-intense competition, La Risata is still going strong today. Sze To puts their success down to their commitment to quality. "We are quite fussy," she says, seated in Bijan, the high-end Malay restaurant they opened in 2003. That was also the year that Yeoh's younger sister Way Cheng joined the team. Way Cheng nods in agreement: "If the food's not good enough for us then it's not good enough for our customers."

The women, who do business as the Good Food Trio Company, take a cautious approach to expansion. But they've always understood Malaysia's dining scene. La Risata started a trend for Italian restaurants and Bijan reimagined traditional Malay food, while The Daily Grind, which opened in 2008, has kicked off a boom in gourmet-burger joints. As Sze To puts it, "We have stuck to what we believe in." — KM

Why it works

1 **Timing is everything:** Being in the right place at the right time is everything in F&B. Good Food Trio were able to get ahead and cement their place at the forefront of a culinary trend – and they show no signs of stopping.
2 **Quality commitments:** Restaurants often open with a bang but close soon after with a whimper. The fact that the Good Food Trio's restaurants have stuck around illustrates the founders' focus on quality and consistency.



4
Viking
Copenhagen

For Jens Thomsen, the man behind the revival of iconic Danish stationery brand Viking, it all began with a museum. Growing up on a tiny island, the Dane had to find ways of amusing himself. So, aged eight, he decided to display old items and objects in a disused building on his father's farm and sell tickets to the exhibition. "I've been running my own business since then," he says.

The experience gave him an early taste of the entrepreneurial world – and he liked it. A gift of a computer inspired him to start importing computer parts and by 14 he had left school and set up a company – in his father's name, because of his tender age – reselling these parts across Denmark.

When the chance to acquire Viking came in 2010, Thomsen jumped at it. At the time the century-old company – whose yellow 029 pencil was a Danish school staple – was in hibernation. But Danes still "really loved the brand" and Thomsen saw its potential.

These days Viking is his full-time job. Along with graphic designer Ole Thomsen, he designs all of the company's paper products, leather cases and, of course, its famous pencils. "They all have a unique selling point," he says. "We go to huge lengths to find our own strengths. Building a business is really about finding your mission: what is your reason for existence?" — VR

Why it works

1 **Play to your strengths:** Thomsen understands the unparalleled power of a cherished brand.
2 **Tap in:** The surprising renaissance of printed products and stationery looks set to continue unabated.
3 **Smarten up:** The Viking shop on Store Kongensgade is a great example of smart retail.

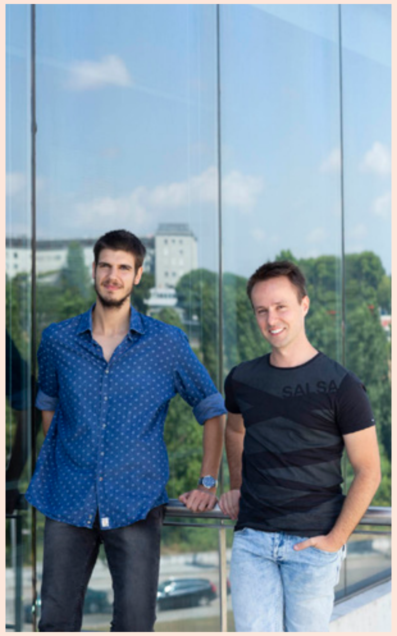
5

Barkyn
Porto

It seems more than one person has cottoned on to the lucrative potential of the pet-care market (see Butternut Box, page 110). In Portugal the most exciting start-up in this space is Barkyn, co-founded by André Jordão and Ricardo Macedo (*both pictured, Macedo on left*) in 2016. Jordão realised that looking after a pet can mean multiple trips to different shops. "The market value of pet-care products is more than $90bn [€77bn] worldwide," he says. "Yet there wasn't a service that combined all these things in one place."

The company is essentially a subscription service for dog owners. Subscribers receive a box each month that contains products for their pooch, including different types of food, a selection of treats and toys, as well as health perks such as a free annual health check. "It's a very emotional market," says Jordão. "Your dog is like a member of your family so we wanted to build a service that was tailored to the individual needs of each dog."

Although it was initially launched in Portugal, neighbouring Spain has now taken over as Barkyn's biggest market. There is more change on the way too. "We've just been picked up by Google as one of the start-ups to take part in their accelerator programme in Madrid," says Jordão. "That will help us grow and expand as a global brand." — CCR



Why it works

1. **Seize the moment:** Jordão and Macedo identified an opportunity and did their homework, researching the pet-care market before doggedly embarking on their journey.
2. **Know your audience:** The importance of understanding your consumer can't be overstated. Launching a venture today and ignoring a trend as universal as consumers' desire for convenience would be foolhardy.

6

Zuriga
Zürich

"A good espresso doesn't need to come from a capsule," says Moritz Güttinger, founder and CEO of Zuriga. The young entrepreneur has created what he believes is the world's best coffee machine, leaving out everything that is not essential to turning out the perfect shot of espresso. There are no blinking lights or touch-screen displays, just consistent pressure of nine bar and a reliable temperature of 93C at the push of a button.

Güttinger wants to promote a return to freshly ground coffee, not only because he thinks it tastes fresher but because it results in less waste than using capsules. His machines have made their way into the offices of architecture firms and advertising agencies.

The secret to the product's success is the quality of its parts, which are made in Switzerland and northern Italy. The expert assembly, meanwhile, takes place in a Zürich workshop, where a small team has made more than 1,000 coffee machines since the company's launch in 2015. — CS

Why it works

1. **Fight the food fight:** Güttinger is taking on the might of Nespresso but he's on the right side of the sustainability argument, which matters.
2. **Premium product:** Having its machines manufactured and assembled in Europe gives Zuriga authenticity.

PHOTOGRAPHERS: *Weston Wells, Marvin Zilm, Luis Diaz Diaz*

7

Ritual
Los Angeles

Katerina Schneider was four months pregnant when she decided to start her health-meets-technology company Ritual. After searching for a prenatal vitamin without artificial ingredients and coming up short, she created her own, launching the brand in 2016.

Ritual aims to bring transparency to the vitamin industry, an $80bn (€69bn) annual business in the US. Schneider stripped away unnecessary ingredients and instead focused on an honest product wrapped in clean, minimalist packaging.

Schneider left a comfortable job running a venture fund in Los Angeles to start the brand, which wasn't always an easy sell to potential investors. One male investor told her she could either start a family or a company but she couldn't do both. That kind of adversity only fuelled her. Her advice for entrepreneurs? "You'll get a lot of opinions from others but you have to go with what feels right." — MGL

Why it works

1. **Capture the zeitgeist:** Health and wellness are booming sectors.
2. **Model investment:** The subscription model is now pervasive and with good reason: customers can be fickle so locking them in makes sense.
3. **Good impression:** Ritual's packaging communicates its openness and the transparency of the brand.

8

Bureo
Chile/California

"Our passion has always been the ocean because we grew up alongside it," says Ben Kneppers, co-founder of Bureo, a venture that recycles fishing nets and turns them into skateboard decks, surfboard fins, sunglasses and other products. Kneppers (*pictured, second on right*) and fellow co-founders David Stover and Kevin Ahearn hail from the East Coast and have degrees in engineering, but it was time spent in Australia in 2011 that sparked their passion for surfing. "We'd talk about ideas and the one we were hooked on was the problem of ocean plastic," says Kneppers.

Kneppers, whose work as a sustainability consultant had taken him to Santiago in 2012, entered a support system for early-stage entrepreneurs. Then, in 2014 the trio launched their first product, recycled fishing-net skateboard decks, through Kickstarter.

Today – working with brands including Humanscale, Costa and Patagonia – Bureo has a network of fishing-net collection hubs across Chile, where the team has collaborated with fishing communities. The company is working on expanding to Argentina and Peru in the coming year. "We've seen places that are no longer livable for fish and marine ecosystems," says Kneppers. "So to feel like we're doing something to stop that is as meaningful as it gets." — JP

Why it works

1. **Catch the wave:** Plastic in the ocean is an issue that people are increasingly concerned about.
2. **Be genuine:** The founders of Bureo are harnessing this awareness but doing so without cynicism or disingenuousness. After all, they are surfers and travellers themselves.
3. **Make friends:** The brand works with local communities as well as bigger brands, creating a powerful network of stakeholders.

Finding investors. How to secure funding for your business idea.

Finding initial and ongoing capital investment is a challenge, especially for inexperienced business founders. We asked three experts for tips on raising funding and what investors might be looking for.

ROUNDTABLE DISCUSSION

On raising money
Investment expertise

Meet our panel of experts: Firstly, we have Antoine Baschiera, the co-founder and CEO of Early Metrics, an agency that rates start-ups on behalf of investors. Secondly, there's Jade Francine, the co-founder of WeMaintain, a business focused on the elevator maintenance industry that has just raised its first series A. Thirdly, we have Aurélien Drain, the head of business development at HSBC Private Banking. Discover the advice they shared while in conversation with us in Paris, home to one of Europe's most exciting business ecosystems.

QUESTION: Jade, WeMaintain is obviously a young company but you've managed to raise money. Where did you go for that?

JADE: For the initial round of financing, we approached family offices that had experience in our industry rather than venture-capital firms. As they were familiar with our business, it only took us one month to close the deal. I'd recommend it: you work with people who have been in the business; they understand that it is business-to-business and that it may take time; and they don't have pressures from other people because it's their own money. My advice to entrepreneurs is that they need to do their research and know what areas interest family offices and where they've made previous investments.

ANTOINE: Exactly. And an interesting point is that, 10 years ago, investing in start-ups was only for investors in Silicon Valley, but today many more investors are becoming interested in this area. Jade mentioned family offices, large wealthy families: in the past they were only interested in bonds and real estate but increasingly, because of their personal interests they want meaningful investments, so they are looking at the world of start-ups.

AURÉLIEN: This is something we see from a client perspective too; we're in touch with many ultra-high-net-worth investors and we can see that they're very keen to invest in start-ups. Family offices and individual investors don't necessarily just look at return on investment: they also think in terms of social impact and they want to make sure that the companies they're investing in are fully aligned with their personal values and philosophies. Many ultra-high-net-worth entrepreneurs are keen to leave a mark on society and give back to their community of entrepreneurs.

QUESTION: So it's almost a two-way street, isn't it? Start-ups benefit from extra funding, but at the same time investors benefit from more knowledge of the companies disrupting their sectors. Would you agree with that assessment?

AURÉLIEN: For both entrepreneurs and investors, funding is not simply about money changing hands: it is also about getting new connections, good synergies and new business opportunities. We have a lot of clients who are market leaders in particular industries and they are always keen to meet young entrepreneurs, to hear about new ideas and see refreshing business models in order to also develop their own businesses.

Aurélien Drain

Jade Francine

ANTOINE: I also think that when a family is investing close to its historical activity, it's not simply about the return on investment: it's also a strategic investment to see what their industry might look like five or 10 years down the line.

Families often have a longer-term view as well, because they care about what they're leaving to their children. Is the family office only invested in more traditional companies that could be challenged soon by a disruptive start-up or has it also invested in some start-ups looking to be the disruptors? I definitely believe that family offices and ultra-high-net-worth individuals are going to play a more important part in funding the start-up ecosystem.

One thing to bear in mind is that often such investors go "too big". We've seen mistakes, where family offices or ultra-high-net-worth investors who are investing for the first or second time in start-ups sign large cheques. Investing in a start-up is inevitably a bit of an emotional decision but there also needs to be a rationale. When you go too emotional, too big, the risk is equally high.

JADE: It's also true from the other side – as a start-up entrepreneur, you have to be picky. You shouldn't just choose investors who offer you money; you need to choose people who have the same values and ambition as you. At WeMaintain we have a strong international ambition and we want people to share this. At the end of the day, it's all about people and you'll have a close relationship with them, so you need to choose very carefully.

The full conversation is available as a special episode of *The Entrepreneurs*, Monocle 24's dedicated business show. Go to *monocle.com/radio* to download it.

Crowdfunding

Younger investors are increasingly willing to look at a broader range of channels when it comes to securing funding. Crowdfunding platforms, for instance, are almost twice as popular as a means of sourcing investment among those under 35 years old than for those aged over 55, according to HSBC Private Banking's Essence of Enterprise report 2018. This is particularly true in markets such as France and the UK, where more than a third of investors are using such platforms. For entrepreneurs it's worth considering crowdfunding, especially in the seed-investment stage – the first round of raising capital – as it can demonstrate that an idea created significant interest and attracted early adopters.

Antoine Baschiera

Starting points
Opinion

The experts explain why all those incubators could be bad for business and why there may not be another 'Warby Parker' moment.

Illustrator *Motiejus Vaura*

Has entrepreneurship gone soft?
By Philip Delves Broughton

We've entered a golden age for start-ups that's full of flat whites and co-working spaces. But will any of these businesses go the distance?

Great entrepreneurs are rarely comfortable characters. They have thick skin and don't despair in the face of rejection. They can be single-minded to the exclusion of normal human emotions and appetites. They don't carry much baggage and tend to work ferociously hard for longer than most people could ever tolerate. If that's who you are, you will tend towards difficult challenges and the hard winnowing process of highly competitive industries, where the rewards for success are greatest.

So what happens when the environment for entrepreneurs goes soft? When the capital to seed businesses is being hosed around and certain resources are made abundant? Start-up incubators and accelerators are everywhere these days; WeWork offices are taking over entire city blocks. It's a golden age for co-working spaces, for bleached-wood tables, coffee machines and networking happy hours.

But is it doing any good? Over the past decade in the US, the hype around entrepreneurship as an economic activity has ballooned and the number of start-up accelerators has shot up. Yet the number of start-ups growing even to medium scale is now lower than it was in the 1980s and 1990s. Some argue that all supports for entrepreneurship are not equal. Well-funded programmes that offer genuine education are vastly different from property owners offering free co-working space as a way to market their buildings.

But it's also possible that it's irrelevant. Hewlett Packard, Apple and Google were all started in garages in Silicon Valley and I can't imagine that Daniel Ek, the co-founder of Spotify, would have benefited from a start-up incubator. He began building websites when he was 13; by 18 he had 25 employees. He did not need to spend time in some petting zoo for aspiring entrepreneurs. By the time most people are starting at university he was ready to be released into the commercial wild.

"Hewlett Packard, Apple and Google were all started in garages and I can't imagine that Daniel Ek, the co-founder of Spotify, would have benefited from a start-up incubator"

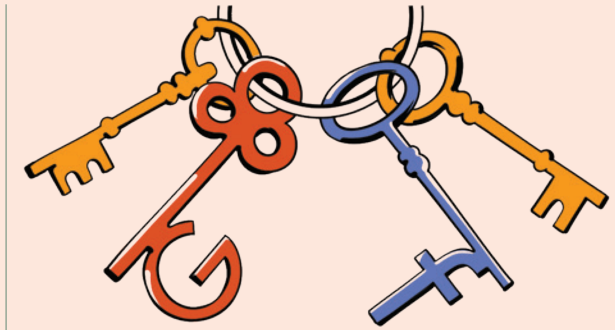
Earlier this year, venture capitalist Michael Moritz wrote a piece in the *Financial Times* comparing the entrepreneurial energy in China to California. The Chinese, he wrote, work harder, see their families less and barely take holidays. They don't blither about work-life balance. They fly economy and share hotel rooms.

No wonder, then, that even the West's technology giants are panicking about the rising threats from China. It isn't just its products, services and scale: it's the country's work ethic. If that seems unpalatable to the aspiring entrepreneur riding to work on his racing bike before spending the day ideating between Moleskine and MacBook, well, it should be. — (M)

About the writer:
Broughton is the author of two international bestsellers, *Life's a Pitch* and *What They Teach You at Harvard Business School*. In 2016 he wrote *How to Think Like an Entrepreneur* for The School of Life.

The challenges for the 'next Warby Parker'
By Kartik Hosanagar

Think your brand can conquer the direct-to-consumer market with an online shop and some Facebook friends? Think again.



In spring 2010, a couple of my MBA students, Neil Blumenthal and Jeffrey Raider, were working on a business plan to start Warby Parker, an online eyewear retail business. They and their co-founders could not understand why glasses cost more than iPhones and set out to develop an online shop. They wanted to design their own frames, cut out the middlemen and transfer the cost savings to the customer.

When they first shared the idea with me I thought it would be hard to convince people to buy glasses online. An integral part of the process is trying them on and getting feedback from the optician or friends. I wished the students well but worried that they would struggle to gain mainstream traction.

Several months went by. One day, a friend uploaded a photo to Facebook seeking input from her friends on which of three Warby Parker frames looked good on her. A few weeks later, another friend uploaded similar photos, again asking for help choosing from three frames. Before long, I had bought my own Warby Parker glasses. The company has sold millions of pairs of glasses to date and today hundreds of direct-to-consumer (DTC) brands are borrowing from Warby Parker's playbook and trying to disrupt all categories of consumer retail, from shoes and razors to high-end furniture.

"Warby Parker leveraged online platforms to create a community of brand advocates who took it upon themselves to spread the word"

But what does Warby Parker's success say about the prospects for the next generation of DTC companies? When Warby Parker launched its brand, the eyewear market was dominated by Italy's Luxottica whose scale allowed it to charge a premium; lower-priced offerings were not well branded and therefore not a competitive threat. Warby Parker's team recognised an opportunity in selling eyewear that cost less but was within the umbrella of a brand that was seen as trendy and young. This was also before social media was as widespread as it is today and Warby Parker leveraged these online platforms to create a community of brand advocates who took it upon themselves to spread the word.

But what worked a few years ago is no longer possible. As thousands of DTC brands replicate Warby Parker's strategy today, they are finding it difficult to reproduce its success. It's no longer as easy to organically build online communities of brand advocates. Instead it means spending large amounts on Google and Facebook's ad auctions to acquire customers. Customer-acquisition cost (CAC) can be anywhere from several hundred dollars to the low thousands. The absence of middlemen retailers is offset by the high CAC. As Daniel Gulati, a partner at Comcast Ventures, told *Inc Magazine* recently: "Customer-acquisition cost is the new rent."

While one can build small profitable DTC brands, the opportunities to build large-scale ones online are limited. Entrepreneurs should ask themselves whether it is sensible to try to do the latter given the many challenges. If so they might need to embrace an omni-channel model in which they combine the efficiency of an online channel with a physical distribution channel. A physical presence might mean running shops but it can also mean intermediate steps such as setting up pop-up shops or showrooms at third-party stores. — (M)

About the writer:
Hosanagar is the John C Hower professor of technology and digital business at The Wharton School of the University of Pennsylvania. He is a co-founder of Yodle.

3

MENTORS

Helping hands *Global*

The life of an entrepreneur can be a lonely one. Every challenge is new and daunting yet, in front of your staff and investors, you need to exude confidence. Sometimes all you need is to talk to someone impartial, someone who has been there and done it all before. Many young business founders benefit from having a mentor, an older adviser who can help guide them through the toughest times. Yet it's also a two-way street, as more experienced entrepreneurs can learn a lot from their mentees too, and discover where their sector is heading next – as these examples reveal.

Left to right: Glynn, Cottu and Nolan

BUTTERNUT BOX

David Nolan, Kevin Glynn & Cyril Cottu
London

In a world where consumers expect everything to be available on demand, meal kits have become an invaluable dinner solution for health-conscious yet time-poor urbanites. Since 2016, Butternut Box has been offering a similar service for dogs (or perhaps more accurately, their owners) and has had investors' tails wagging from the get-go.

Foremost among its early backers was Cyril Cottu. With a long and successful career in finance behind him Cottu was familiar with the business having mentored one of the two founders, Kevin Glynn, when they both worked at Goldman Sachs. Cottu not only seeded the company but has also become an important mentor to Glynn and his co-founder, David Nolan.

In the early days Cottu proved an invaluable sounding board. "Every time we sat down with him it was a very positive light on what we were trying to do," says Glynn. "He reinvigorated us every time we met." Though they both came from strong business backgrounds, Glynn and Nolan found themselves bogged down in minutiae. "We were literally in Smithfield meat market at 4am, picking up meat and cooking it up in northwest London," says Glynn, laughing. Meetings with Cottu became an opportunity to examine the bigger picture.

As Butternut Box has gone from strength to strength, Cottu has taken a more passive role. "We see each other quite regularly," says the mentor, "but it's not like they need me to run the business." Ultimately the success of the trio's relationship lies in a shared attitude. Cottu has been consistently impressed by Glynn and Nolan's clarity, vision and execution; in return he has brought a sense of scale to the operation. "Cyril forced us to dream a bit bigger," says Glynn. "We were very ambitious but having somebody else drive that as well was a huge force in the business." — AVM

Why it works
1. **Joint effort:** Glynn and Nolan benefit from having a mentor with more seasons in business behind him.
2. **Strong roots:** Cottu and Glynn's friendship goes back years, which means their business relationship today is a more open and honest one.

PHOTOGRAPHERS: *Jason Larkin, Jussi Puikkonen, Stephanie Teng*

A clear vision can take you a long way

ACE & TATE

Mark de Lange & Michiel Witteveen
Amsterdam

Mark de Lange, the 37-year-old founder and CEO of Dutch eyewear brand Ace & Tate, is not used to depending on other people for help. "I like doing my own thing, perhaps to a fault," he says. Yet when he came up with the idea for a line of affordable yet elegant prescription glasses back in 2011, he realised he needed someone to bounce ideas off, someone "who'd been around the block".

That someone was Michiel Witteveen, a 64-year-old Dutch retail veteran who has known De Lange since he was three years old. What started out as the odd chat quickly turned into something bigger, with Witteveen coming in as one of Ace & Tate's first investors and eventually becoming a non-executive board member. Still, their relationship remains an informal one. "I always trusted Michiel's judgement," says De Lange. "He's one of my closest personal advisers."

Witteveen's advice has helped the entrepreneur to make big decisions. "It's easy to be overwhelmed," says De Lange. "He taught me that if you have all the facts, trust your gut and run with it." Yet Witteveen is reluctant to describe himself as a mentor. "I'm not teaching anybody," he says. "Mark is very talented and the only thing I do is remind him of that. I also learn a lot from it, so it works both ways. The new retail economy is totally different from where I came from." — VR

Why it works
1. **Give and take:** The mentor-mentee relationship goes both ways here.
2. **Room to breathe:** Having someone with a bit of critical distance is vital for keeping abreast of broader shifts.

QDY

Eva Chen & Huang Wei-rong
Taipei

"I still find it surreal to sit on the same panel as him at events," says Eva Chen, the founder of QDY magazine, referring to her long-time mentor Huang Wei-rong. Last year, at the age of 28, Chen became the youngest-ever recipient of the best chief editor award from Taiwan's Ministry of Culture for her work with the magazine, which she founded in 2014.

However, the quarterly title, which focuses on Japanese culture, can trace its origins back to 2012 and a public lecture given by Huang, for which Chen was in the audience. He was the founding editor of two publications, *Shopping Design* and *One Day*, which were both hugely popular magazines for Chinese-speaking creative professionals and are still a reference for young people seeking an idealised "slow life".

"Huang inspired a whole generation of people my age to be confident in doing media differently to the mainstream," says Chen. At 50, Huang is no longer an editor but is still a constant source of lessons for his acolyte, in both business and life. Since the launch of her publication, Chen has regularly phoned Huang and meets him over coffee to get his view on everything from planning new distribution channels to positioning QDY in the market.

For Huang, though, it's equally inspiring and educative to be Chen's mentor. "It's so good to see her committed to print media at such a young age – and doing better and being more progressive than I was." — KL

Why it works
1. **High ideals:** Sometimes mentorship is as much about inspiration as it is about actively helping with the business.
2. **Softly, softly:** Huang offers guidance and advice but mostly provides the encouragement that Chen needs to find her own path.

Good ideas outlast their creators

4

INSPIRATION

Go forth and conquer *Japan*

A boundless creative force, Shinichiro Nakahara has always inspired and encouraged young employees to launch their own ventures. We meet the serial entrepreneur in Tokyo, along with a host of his acolytes.

By *Kenji Hall*
Photography *Jonathan VDK*

Shinichiro Nakahara, founder of Tokyo-based Landscape Products, is a restless soul. A native of Kagoshima prefecture in southwest Japan, he started off with a handful of employees selling furniture in 1997 and three years later opened his shop, Playmountain, in Tokyo. Since then the serial entrepreneur has branched out in unexpected ways, adding a café, coffee kiosks, a noodle shop, a design company, an art gallery and a festival and events producer to his miniature empire. The annual For Stockists exhibition that he first organised with friends in 2006 has become one of the most exciting venues for fashion retailers and department stores to connect with independent manufacturers and designers from around the country.

Nakahara's wide-ranging interests, from food to design and culture, have driven many of his key business decisions. His belief that a company is nothing without its team came from growing up around his parents' catering business. "I was surrounded by women who were always preparing food or making deliveries," he says. "I absorbed the intricacies of working in a group very early on."

What's won him admiration as a mentor is his habit of tasking junior members of staff to head up projects and encouraging them to strike out on their own. More than two dozen of his former employees have gone on to run their own shops, restaurants, design firms and baking businesses. Yoko Fujiyoshi, who made desserts for Landscape's café and coffee kiosk and later for events, left more than a decade ago and founded O-Kitchen, a desserts catering business. "He kept telling me to try new things and he put no limits on what I should be doing," she says. Nakahara also lets his staff take on freelance projects. "I worked on a friend's retail space and that led to other jobs," says Yumi Kitahata, who co-founded interior design firm Studio Doughnuts with her former colleague Keita Suzuki in 2015.

Earlier this year Nakahara handed over daily management to his deputy. He now shuttles between Tokyo, Kagoshima and San Francisco, where he opened Playmountain East last year. "I am working on branding for a whiskey distillery and bakery in Kagoshima," he says. "Now I do things at my own pace." — (M)

Monocle view
Nakahara is a true serial entrepreneur who has turned his hand to a variety of different businesses over the years, from F&B to design, and always found a niche and thrived. The list of ventures set up by his former employees covers a similar breadth and shows just how much he has given back to this miniature community in terms of advice and skills, as well as encouragement and inspiration.

01 **Ryosuke Nakagawa, 37**
A carpenter who now builds heavy machinery for furniture-makers.
02 **Keita Suzuki, 32**
Spent seven years at Landscape and left in 2015 to start interior-design firm Studio Doughnuts in Tokyo with Yumi Kitahata (*see 05*).
03 **Hisako Maeda, 33**
A pastry chef who runs her own catering business.
04 **Naoko Takanezawa, 40**
Worked for Landscape for a year and now runs coffee-bean roastery Meow Coffee.
05 **Yumi Kitahata, 36**
Spent eight years at Landscape and is co-founder of Studio Doughnuts.
06 **Takahiro Goko, 45**
Launched Swimsuit Department, a Tokyo craft shop, in 2010. Also curates museum and retail exhibitions.
07 **Yusuke Shinkai, 37**
Worked in Landscape's Tas Yard café and opened several Be a Good Neighbor kiosks in Tokyo. He left this year to open Rutten café in Tokyo.
08 **Shinichiro Nakahara, 47**
Landscape Products founder and chairman.
09 **Takuhei Wakui, 46**
Designed shop and restaurant interiors while at Landscape. He's now a freelance interior designer.
10 **Keiko Matsunaga, 41**
Worked in Landscape's shop, Playmountain. She now works as an independent graphic designer.
11 **Yuko Onishi, 40**
Was a member of Landscape's first team of interior designers. She now runs her own firm, Creo, in Tokyo.
12 **Yoko Fujiyoshi, 39**
Worked for Nakahara more than a decade ago, making desserts for Landscape's coffee kiosk and café. She is the owner-chef at O-Kitchen, a baking caterer.
13 **Shinji Sugiyama, 43**
One of Landscape's first employees, he is the founder of jewellery firm Source Objects.
14 **Keiko Nishimura, 37**
The chef at Fam, an Italian restaurant in Tokyo.
15 **Akira Oshige, 39**
Started working for Nakahara part-time. He is now an interior designer and runs Kikuta Komuten, building homes and shops.

Motivated by impact. What's driving tomorrow's business leaders?

We hear a lot about "millennial" business founders, but what distinguishes this next generation of entrepreneurs from those who have come before? Having a sense of purpose is often a major motivation.

CASE STUDY
Guillaume Gibault
Le Slip Français

"The whole thing is about having purpose in what you do," says Guillaume Gibault, founder of French underwear start-up Le Slip Français. "You spend a lot of time working and people today are looking for that time to have meaning."

The 33-year-old started the company back in 2011. At the time he was working for a French retail chain selling organic products and became interested in the way that fashion brands sell to customers. "It had been the same for 40 years: brands produced in cheap countries to decrease the price for consumers," he says. "But new brands have to be different because consumers now want transparency and to buy from companies that share their values." From the beginning, Gibault made his product in France to create livelihoods for local craftspeople and to reduce the air miles required to get his products to market – even though it's much more expensive to produce clothing in France than elsewhere in the world. Patagonia, the values-driven US outdoor-clothing and sports-gear brand, was a model for him in this. "The fashion industry has historically been one of the biggest problems," he says. "We make everything in France to support jobs and reduce the negative impact on the environment."

"Consumers now want transparency and to buy from companies that share their values"

Early in his journey, a friend bet Gibault that he wouldn't be able to sell underwear online; the figures tell a different story. This year Le Slip Français is on course to sell 600,000 pieces (with 70 per cent of sales online) and achieve €20m in turnover. Yet Gibault always returns to purpose: "Money on its own isn't enough. You need a mission."

New rules of play

A new generation of entrepreneurs is rewriting the investment rulebook. According to HSBC's Essence of Enterprise 2018 report, almost six in 10 business owners under the age of 35 have invested in non-listed businesses, compared to only three in 10 over the age of 55. Younger investors are more likely than previous generations to perceive this activity as a way to connect and collaborate with peers and enhance their knowledge and expertise. And they are almost twice as willing to use crowdfunding platforms to source investment compared to their older counterparts.

CASE STUDY
Sasibai Kimis
Earth Heir

"Artisans can't just make things for museums," says Sasibai Kimis, owner of Earth Heir, from her Kuala Lumpur studio. "They need to have global, or at least contemporary, appeal."

The former investment banker set up Earth Heir in 2013 with a clear mission: to work with traditional craftspeople across the region (mostly women) to create homeware products, accessories and more. It's a social enterprise that aims to make a profit and thereby ensure that workers are properly paid.

The first three years were tough but recognition from the British Council in 2015 was a turning point, providing Kimis with the means to open her studio. Earth Heir now works with 110 craftspeople in five of Malaysia's 13 states. Kimis does the designs, while the artisans refine the product, taking home 15 to 90 per cent of the sales price. For Kimis, the business is not only about the beauty of traditional crafts but about giving people the chance to live better lives: "Economic growth needs to be more inclusive of people and the environment. We can't continue building one at the expense of the other."

"Economic growth needs to be more inclusive of people and the environment"

Q&A
Stuart Parkinson
Global chief investment officer, HSBC Private Banking

We sat down with Stuart Parkinson to discuss how the new generation is approaching entrepreneurship.

Some of the most intriguing revelations in HSBC Private Banking's Essence of Enterprise report this year were about next-generation entrepreneurs. How do they differ from their forebears?
The new generation thinks more globally and adopts a collaborative mindset focused on environmental and social concerns – they see these values as their own. They're leading the trend of social-impact enterprises, with 24 per cent of entrepreneurs under 35 motivated by social impact compared to just 11 per cent of those over 55. The younger generation is also investing in private businesses at a much higher rate: 57 per cent of under 35s are undertaking angel investment compared to 29 per cent of those over 55.

When they invest in non-listed companies, what are young entrepreneurs looking for?
Younger entrepreneurs look at it as a two-way street – a give-and-take dynamic. Investors are contributing not only financial resources but also experience and expertise. A serial entrepreneur called Scott Lester told us that an angel investor lends their metaphorical "scar tissue" to a venture to ensure they avoid the pitfalls that can beset new businesses. The new generation of angel investors also get a great deal back because they aren't just focusing on financial returns: they are also looking at it as a mechanism to connect, collaborate and stay up to date with industry progress and disrupters, and grow their knowledge and expertise. As such angel investing is looked at very positively by both the investor and the investee. In comparison, entrepreneurs of the older generation are looking at it more as a way to diversify and grow their investment portfolio and they often adopt a more informal style through their own network.

"A lot of new entrepreneurs come into business with a mission to benefit society or the environment, as well as turning a profit"

How true is it that the younger generation puts social and environmental concerns ahead of making money?
Social media has brought greater scrutiny and awareness of the social and environmental impact of business practices. Our research highlights that personal values fundamentally shape not only the vision entrepreneurs set for their ventures, but also day-to-day management and business operations. A lot of them have come into business with a mission to benefit society or the environment, as well as turning a profit. It's not an "either/or" situation; they want the business to have a positive social impact.

5

MANUFACTURING

All fired up North Carolina

The ceramics firm ready to ship out and scale up

Building a pottery brand with lofty ambitions from scratch sounds like a tricky task. But the partners at East Fork, alongside their small team, are doing just that – and hoping to help revitalise the once-powerful US tableware industry while they're at it.

By *Ed Stocker*
Photography *Max Burkhalter*

1

Alex Matisse had just dropped out of university in North Carolina and was pondering his next move. He knew that he was drawn to pottery and so decided to take a bit of a punt by doing an apprenticeship. Matisse admits his vision was "romantic". It was 2009 and he'd already bought a former farm at the end of a dirt track that's half an hour's drive north of Asheville. After completing his training it was here, surrounded by the lush woodland for which Madison County is famous, that he set about building a wood-fired kiln.

Today that plot of land is home to East Fork Pottery, named after the hamlet where the property is located, but there has been change along the way. For one thing, Alex (who is French painter Henri's great-grandson) is no longer a one-man band. He met his wife Connie, an Angeleno who'd moved to the area via New York, at a holiday market and she's since joined the business. In 2013, potter John Vigeland joined the fold too, joking that he'd been lured by Matisse's earnest blog posts about felling trees during winter to clear space for the kiln.

2

The trio realised early on that they shared a vision. "We got to talking about future plans and it became clear that the three of us wanted to do something bigger," says Vigeland. There's still a family feel to East Fork, with staff gathering for tea every afternoon in the kitchen of the wooden 1920s farmhouse that, until recently, the Matisses called home. But the company now has some 30 employees, many of whom work putting the finishing touches to the brand's plates, bowls and vases in barns a few hundred metres across from the house.

Connie jokes that they've also made "real-company" hires recently, including people to take charge of customer service and photography. One of the keys to East Fork's success so far has been its ability to think of itself as a brand, meaning the partners have considered profile and imagery. They realised early on that they needed to hire an agency to work on their branding as part of the company's ambition to scale up.

3

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(1) East Fork wares in the Asheville shop (2) Finishing touches (3) Work barns (4) Partner and potter John Vigeland (5) Jigger machine (6) Working on bowls (7) Glazed goods (8) Alex and Connie Matisse (9) Fired mugs and plates

8

9

7

All of that helps when you're selling largely direct-to-consumer – mostly in the US for now – through a website relaunched this summer. So too does understanding your audience, from diehard North Carolina pottery fans to urbanites who like the story, aesthetic and, says Connie, "the idea of something that is made in America and made with integrity". But that doesn't mean shunning bricks and mortar. "Being able to hold the dinner plates, bowls and mugs, see them physically and see them carefully laid out with other objects in a

5

considerately designed location makes such an impact," she adds. A new shop in Atlanta will be joining the Asheville outpost later this year.

East Fork's founders clearly believe that producing quality wares in North Carolina and growing rapidly are not mutually exclusive. For now there's an element of learning on the job, with the couple balancing the pottery business with raising two young children. Connie deals with the customer-facing side of the business, while Vigeland does everything from hand-throwing mugs to book-keeping. At the same time, East Fork has been moving to mechanising much of its tableware production – still operated by people – in order to increase numbers.

A few years ago the firm began using a Dutch-made gas kiln that fires "at the touch of a button" instead of wood, revolutionising both the way East Fork works and its production capacity, while breaking out of what Alex calls the "dogma" of pottery-making. Increased production meant the company lowered its prices in August. But the biggest change is yet to come: consolidating all production in one space in downtown Asheville later in the year. It will mean waving goodbye to the rural setting but the trio aren't getting nostalgic. "It's so much more exciting, what we are doing now," says Alex. "It's so much more challenging." — (M)

What we learned
If you can build a successful brand from a base in rural North Carolina then it's doable anywhere – provided you follow the basic tenets of the East Fork playbook.

6

ENTREPRENEURS

The rise of the senior start-up
Global

The word ‘entrepreneur’ is often associated with a T-shirted tech whizz slouched on a beanbag. But the reality is that today the average entrepreneur is aged around 40 and there are more baby boomers starting businesses than millennials. As we all live longer, healthier and more active lives, increasingly people are deciding to set up businesses in later life. There is plenty of evidence, too, that these founders are more successful than their younger counterparts.

1

Zhang Tingshu
Yunnan, China

An hour after sunrise, Zhang Tingshu leaves home and drives to his farm. There he stays until 17.30, inspecting the facility, checking the stock and looking after the 700 pu’er (black tea) trees that grow there. It’s Zhang’s energy that allows him to run a successful tea company – at the age of 70.

The retired soldier launched his brand, Yiyou, in 2006 when he was just two years shy of 60. The product originated from Yunnan province but back then “the market was full of overpriced, fake pu’er tea”, says Zhang. Investing much of his pension, he set out to create a high-quality tea brand with authenticity and provenance at its heart. To start with he moved to the remote countryside of Mangshui in the untouched mountain range of Yunnan and acquired hundreds of tea trees. He then built a production workshop and convinced his son to quit his job and join the family start-up. Today Yiyou has a team of 21 employees of varying ages.

“Our business is built on word of mouth,” says Zhang, whose annual production of 20 tonnes of tea is sent to 11 cities across the country. That said, the team has also worked tirelessly to grab attention: Zhang junior started an in-house design team to work on packaging and branding, while Zhang senior has travelled to dozens of trade fairs to meet wholesalers and retailers. — KL

Why it works

1 **Mix it up:** Zhang understood that having some young blood in the business would be no bad thing.

2 **Be bold:** Sinking most of your pension into an untried venture is risky but taking the plunge can give you the jolt you need to get creative.

Energy and experience: the perfect blend

In business, timing is everything

2

Anda Andrei
New York

Many people would have been content to ease into their later career without giving themselves any headaches. They might have been OK with being a successful designer within a world-renowned company. Not so Anda Andrei. Based in New York (having arrived as a refugee from Romania in the 1980s), she had been working under star hotelier Ian Schrager for nearly three decades. But it wasn’t enough for someone who still had ambitions to run her own business. So in 2013, at the age of 59, she left Schrager’s empire and launched Anda Andrei Design.

As it turned out, going it alone proved easier than she’d thought: given her track record, clients queued up. Since launch she’s worked on the vision for 11 Howard hotel in New York, as well as the ambitious redevelopment of a 14-hectare shoreline chunk of Asbury Park, a town in New Jersey.

Andrei realises that there are pros and cons to having a business in your sixties. For one, you have to curtail some ambitions about how big you want to grow. Mostly, though, it’s about having no regrets. “I have one life to live and I want to try as many things as I can,” she says. — EJS

Why it works

1 **High esteem:** An experienced Andrei has little self-doubt.

2 **People power:** She had a long contacts list to draw from.

3 **Deep breath:** Good news – the decision to start afresh is a founder’s toughest decision. Nothing is as scary.

PHOTOGRAPHERS: *Martin Adolfsson, Marvin Zilm, Zheng Fang*

3

Thomas Schacht and Ruth Kramer
Vals, Switzerland

Whenever Thomas Schacht and his wife Ruth Kramer travelled, they always ended up dreaming. “Often we’d drink red wine in the evening and start thinking about setting up a little shop or hotel somewhere,” says Schacht.

Having spent 20 years building up his own advertising agency in Jutland, by 2007 the Danish-born Schacht had fallen out of love with the business. So, just before celebrating his half-century, he and Kramer decided to go for a clean break. “I sold my agency and then we sold everything else – our house in Copenhagen, our summer house, even our sea kayaks – and we moved to Switzerland.”

It was a huge change. “I was used to the phone ringing and emails coming in,” says Schacht. “Suddenly it was silent. I didn’t know what to do with myself.” But the pair’s entrepreneurial zeal soon kicked in again and they acquired a house in the Swiss town of

Vals, renovated it and launched a guesthouse: Brücke 49. Kramer, a designer by trade, opened her own womenswear boutique in the town.

Although small, Brücke 49 has become a reference for rural hospitality, from the design of the interior (heavily Scandinavian in feel) to the pastries at breakfast. Looking back, Schacht knows it was the right decision. “I was tired of the work at my agency,” he says. “Now I’m happy.” — CS

Why it works

1 **Close ties:** Chief among the couple’s skills is their amiability, which they now put to good use in the hotel.

2 **Work and play:** Brücke 49 gives Schacht and Kramer a little more time to pursue their own hobbies.

Fresh start – and fresh pastries

A fond farewell. Considerations when exiting your business.

Creating a business takes years of passion and hard work. So when it comes to leaving it behind, there can be a lot of mixed emotions and questions. We talked to one entrepreneur about his "exit" experience.

CASE STUDY

Richard Wharton

Co-founder of Bullitt Group

"When we formed Bullitt we had three guiding principles: work with people we liked, have a lot of fun and make some money. There was no blueprint for an exit," says Richard Wharton who, in 2009 – along with Colin Batt and Dave Floyd – founded Bullitt Group, a company that partners global brands to creative innovative technology, such as rugged smartphones that stand up to the world's toughest conditions.

In September last year, Wharton and his co-founders sold a majority stake to one of the UK's leading mid-market private equity houses. Yet the whole process began nearly two years before that. "The founders were the identity of the business. In order to exit we needed to install a management team of the right calibre to succeed us," says Wharton. In December 2015 the founders hired the CEO they believed could build a heavyweight team capable of taking the business forward independently as they gradually stood back.

"Psychologically, this was tough," says Wharton. "We were making a decision to remove ourselves as the driving force of the business and consciously consign ourselves to the company museum!" From a business perspective as well, it was a challenging time. "Aside from the cultural shift that new management brings, preparing any business for sale is a huge drain on the people that are key to the day-to-day operation." Looking back, Wharton has no regrets. "It was the right time. We built a unique business that created real value and had a great time doing it. I was even told the other day that the last product we oversaw, the CAT S60, was successfully used during the search-and-rescue mission for the boys trapped in the caves in Thailand – that made me smile all weekend."

Today Wharton's looking for an office from which to run a few investments he's made in early-stage tech start-ups. He's also considering a new venture in the travel sector – watch this space.

"It was the right time. We built a unique business that created real value and had a great time doing it"

The journey of an entrepreneur

Entrepreneurs are usually defined by the start of their story: the ingenious idea they had, the brand they built or the new market niche they carved out. The final chapter is often overlooked. Through conversations with thousands of entrepreneurs around the world, HSBC Private Banking has discovered a few intriguing patterns. For instance, while two in five company founders has a clear intention to sell or exit the business in the future, 61 per cent plan to do so in a timeframe greater than 10 years. Yet, as Russell Prior points out (*see Q&A, opposite*), entrepreneurs should constantly consider what their business looks like to a potential buyer, as this will ensure they are well prepared for unexpected situations that might arise and impact their business.

Q&A

Russell Prior

Head of family governance and family enterprise succession, HSBC Private Banking

Russell Prior has worked with many entrepreneurs exiting their companies. Here he talks through his approach.

What are the key things entrepreneurs need to think about in order to prepare for a business exit?
You must be clear about what your objectives are. Someone might offer to buy your business but require you to stay on; if this isn't your objective, maybe you'd accept a lower price to secure a clean exit. The next step is to think through the story you are selling: what are you selling and how tidy is it? It's also important to think through what the management team would be post-sale and creating one to succeed you. And when it comes to the buyers, it's about understanding who they are, what part of the business they're interested in and the value of the business overall.

How important is timing?
There are two factors to consider here: time, which is about how long you need to get your business ready for sale, and timing, which is about when a good time to sell might be. Getting yourself well prepared in advance will help you to respond if someone comes in and makes an unexpected bid for your business or if something else happens – such as illness – that might drive a business sale. On the topic of advisers, you're normally selling to someone bigger than you and they will have a team of advisers, so who will be on your side, and who will be batting for you when there are two teams of negotiators in the room?

It seems very structured. How much does that structure change depending on the business and entrepreneur?
It can change a lot. If you pick the management issue, for instance, this is less of an issue if you are in a bigger business where you've already built the management team around you. Your business operations will go straight onto a management team. Equally, if you have a really straightforward business – a franchise business, for example – and you're the owner of a well-known food company, the story is really simple because you are selling very standard products. But if you're running a mini conglomerate with lots of different things going on, then getting your story straight is much more complicated. You have to flex each of these things.

As an entrepreneur, how important is it to think about what happens after the exit?
This is the emotional side of the journey and it's absolutely crucial – but so often overlooked. The nature of a business-sale process tends to make it focused on this single event but the truth of it is it is part of a journey. We talk through the different emotional issues that arise around this event and help make them more manageable. There's bound to be a sense of loss if you've created a business successfully with people around you and created financial livelihoods for people aside from yourself – there'll be a day when, suddenly, it's not there. It can come as a bit of a shock. There's also the emotion around the deal. You're trying to generate the maximum value and you've got someone on the other side trying to chip away at that value. It's your baby, your livelihood, and now it's a commodity. Plus, if the deal doesn't happen, what do you do? After having prepared to go, you might find yourself having to get back in and drive this thing again. The third area of emotion is around the proceeds. Many business owners don't think hard enough about what to do, and about what these proceeds mean to them. There's also the issue of the future. Quite a lot of business owners put off selling their business because they don't know what they're going to do with themselves. What are they going to do when it's no longer there? So we suggest three areas for them to plan around: having a vision for your wealth, having a vision for yourself and having a vision for your family.

"We talk through the emotional issues that arise around a business exit and help make them more manageable"


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