

# Advancing Enterprise 2005

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## **Speech by Richard Reed, Co-founder, innocent Ltd at Advancing Enterprise 2005.**

### **Enterprise culture.**

Thank you very much, what an intro. My name is Richard, I'm very fortunate to be able to say I'm running a successful company with my two best friends. It's called innocent drinks. We make a range of fresh fruit smoothies, and I wouldn't be much of an entrepreneur if I didn't take this opportunity to plug it, so if you haven't seen them before, this is they. I think I'll just swap my mineral water for a smoothie, if I may, thank you very much.

And can I just use the opportunity to just do a tiny bit of market research? Could people put their hands up if they've ever drunk a smoothie of any sort, and could people keep their hands up if they've ever had an innocent smoothie? OK, so that's actually only about 20% of the room, which because I'm an entrepreneur, I'll take an optimistic view and say that that means there's lots of growth potential still in the market. But I've been asked to come and do a couple of things by Simon today. One is just to very quickly tell the Innocent story to the majority of people that won't have heard it, but to spend more time just sharing what I think are things that, as a nation, as a group of people, as businesses, as politicians, we can all do to try and increase the amount of entrepreneurship that happens in the United Kingdom. So start with the Innocent story, it's a company that myself and two friends set up six years ago. For as long as we've known each other, we'd always talked about how much we'd love to set up a business, and we just got to that stage where we said to ourselves, 'Look, we should either stop talking about this or get on with it, otherwise we're going to drive ourselves completely nuts.' And we were on a snowboarding weekend at the time and we said, 'Look, this is the best time when we're young, we don't have mortgages, no-one's married, no-one's got kids, there's a buoyant economy, this would be a good time to try and set up a business,' and we tried to think of something that was a business that we could excited by, and we started with the principle that anything that makes life a little bit easier and a lit bit better would surely be something that would have long-term sustenance in the market-place.

So we started from that thought about, you know, let's make life a little bit easier, a little bit better, and our first business idea we came up with on that weekend was the thing that we called the amazing electric bath, which was probably the worst business idea in the history of bad business ideas. It was a bath that would fill itself to a pre-designated level and temperature all at the touch of a button, and we got quite excited, because I'm the marketing guy so I came up with a great name, The Amazing Electric Bath, and Adam's the sales guy and he was talking about he could sell it into hotel chains, and Jon was especially excited 'cos he was an engineer, so he started getting into sort of sketching out the technical drawings, and we took a quick look at these and realised that all of the involved water and electricity in close proximity to each other. Rather than making life easier and better for people, we were just going to make it shorter and it seemed to have limited consumer appeal.

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So we went back to basics and we said, well, actually I listened to a bit of advice that my boss had given me at the time. He said, 'If you're going to set up a business, make sure you know your target audience,' and the only target audience we could say we absolutely knew was ourselves and our friends and our families, and what was something that we wanted, what was something that we needed, and this was the observation, that if you're living and working in urban areas, it's actually quite difficult to do things that are good for you. You know you're supposed to lead a healthy lifestyle but the working style almost acts against it, you're working late, you can't go down the gym and the only place that's open for food is the local kebab shop, so Innocent was all conceived from the idea of making it easy for people to do themselves some good, to make little bottles of fresh, healthy, natural fruit juice, and also as people, because it's important to us, to create a business that we can be proud of beyond financial success, so to us it's about the way that the ingredients our procured in terms of the ethics of the sourcing, the sustainability of the business, and also that there's some wealth redistribution, so a significant proportion of the profits the company makes goes back into the countries to fund NGO's that help communities in the countries where the fruit comes from.

So we have our little model and we really like it. It's going really well. We're incredibly fortunate because the consumer demographics and the consumer trends that we've tried to tap into have been absolutely relevant for a drinks product which is all about making it easy to do yourself some good, and this year hopefully we're on track to turn over £30 million, so from six years ago when we were just sat in my bedroom, I know in the context of the businesses we've heard from today, it's a tiny figure, but for us it's pretty exciting. But as I've said, Simon asked me to talk more about what can you do to encourage entrepreneurship in the UK, and I think the first thing to do is actually accept that a lot of the times it happens by coincidence. It certainly did for me. I only became an entrepreneur by chance. I was working in a dog biscuit factory when I was 15 in a summer holidays. I was being paid £2 an hour to get down on my hands and knees and pick up the dog biscuits underneath the conveyor belt that was taking the dog biscuits to the dog biscuit bags and I was doing this thinking, 'This is slightly nuts, there must be a better way of doing it,' so I remember going up to the foreman and saying, 'Do you have a brush I could use?' and he just looked at me dead in the eye and he said, 'Son, you are the brush.' Basically I walked out of that factory, I went back to my little village where I lived in, and I set up Two Men Went to Mow, which was a little gardening business, and employed my mates and that was how we got through that summer.

But of course it doesn't happen by chance for everyone, and my personal belief, and it's something that happens to me at every single dinner party is evidence, every single person has a business idea. There's definitely no-one in this room that doesn't have one. I don't think there's anyone outside of this room that doesn't have one either. I get pitched them constantly. My favourite business idea that I've had from someone recently, was from a guy who said he had developed a product that was directly targeted for dog owners who are lazy and didn't want to have to walk their dogs so they could do their doggy business, and it was a product called The Dog Nappy. I'm going to leave you to work out how that worked. So everyone has a business idea. It's just the sense of fear that stops people putting it into action.

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So what do you do to tell people to help get them past that fear, and for me there are three principal messages. One is, don't be afraid to start small. It definitely worked for us. Our very first smoothies were sold from a market stall at a music festival. We'd literally bought £500 worth of fruit, turned it into our favourite smoothie recipes, and sold them from a stall at this festival, put up a big sign above the stall that said 'Should we give up our jobs to make these smoothies?', put out a bin that said Yes, a bin that said No, and asked people to buy the smoothies, put the empty bottles in the respective bin. End of the weekend, the Yes bin was full. We went and resigned, hey presto, we were in business. So you can absolutely start small, so that's the first message we've got to get out to people.

The second message I think that's incredibly important is that ideas can come from everywhere. They don't have to come from existing businesses. They come from just observations of the way human beings act, the things that we do in our everyday life. Our biggest launch for instance this year is Kids' Smoothies. It's about taking fresh, healthy fruit juice to kids, making sure that they're absolutely brilliantly good quality and good for the kids to drink. The idea for that didn't come out of research, it came from a story an ex-girlfriend of mine told me, who was picking up her daughter from school in a tough part of town, and my ex girlfriend was stood at the school gates, and out of the school door came a little overweight fat kid called Johnny who was eating an apple, and it turns out my ex-girlfriend was stood next to Johnny's Mum, but Johnny's Mum shouted out across the playground, 'Oi, Johnny, stop eating that apple, you won't have any room for your chips.' And I just heard that and thought, 'Oh, my God, that's the state we've got to, that kids have been so over-marketed to, everyone's got so much disinformation, people have got confused over what's good and what's bad. We've got to make something unequivocally good for kids and get them into their lunch boxes.' So ideas can come from everywhere, so don't discredit your own ideas especially if you personally want the product or the service you are thinking of launching.

The third message is that you've just got to celebrate the idea that failure is OK. I think it's something that the Americans do brilliantly, isn't it. There's no sense of shame in failing from a business. For me, if you fail, that's just the result of having tried and put yourself out there. It's got to be absolutely celebrated. There's another way of looking at it. There's a friend of mine, and I'm lucky to call a friend, who's also an entrepreneur, I greatly admire her, she's called Caroline Plumb that runs a fantastic company called Fresh Minds, and she says that as an entrepreneur you have to sign up to Dr. Pepper School of Thought, you may be scared about doing something, but you've just got to say to yourself, 'What's the worst that could happen?' and I think that's absolutely the essence of entrepreneurship, you've got to have this optimistic view, you see that opportunity, you go for it thinking, 'Well, yeah, it could screw up but if it does, so what, I'll recover and in the meantime I'm going to have a lot of fun learning.' I know I am, So that's my thoughts about how you get more people to think entrepreneurially. Thank you very much.

Ends.