

Success with a burst bubble

By Robert Temple

A former advertising executive who took money from his daughter's savings account to start a business has just shared the BBC Enterprise Award for the best new small business in Britain.

John Nettleton became fed up after 20 years in advertising, so he decided to strike out on his own — but with little money and no car.

"We stopped going to restaurants and cut every corner", he said. "In fact, we ate bread instead of meat. And I set myself up as a business consultant from a room of my house." He formed a company for this purpose, called Market Answers.

However, Mr Nettleton realized that he should find an under-exploited technology and put it to work for himself. So within six months he teamed up with an industrial research chemist named Jack Avery. They had met in about 1970 when Mr Avery was helping to instal and Mr Nettleton was trying to promote a "scratch and sniff" application of National Cash Register's copying process by which microscopic globules of ink in tiny capsules could be sprayed on to paper, and released when pressure burst the capsules.

The new application, "Micro-Scent", used the same process to trap bubbles of fragrant oil on paper. Scratching or rubbing released the scent. Products such as aftershaves and sweets



John Nettleton and his daughter, Lucy, who financed his new enterprise.

could thus be advertised with sample scents overlaid on the printing. But it was extremely expensive and, although still used, it became something of a passing fad.

Mr Nettleton needed a small pilot laboratory, but could not afford one. But his daughter, Lucy, then aged four, had some money in a building society account given her by her grandmother.

Mr Nettleton borrowed £1,800 of that, and bought a tumbledown shed in Richmond. Within three months, Marks and Spencer approached him and asked if he could improve one of their products. They were selling scented drawer-lining paper, but the spray lost its smell so fast that the product was unsatisfactory. Could he make the scent last?

Using his micro-encapsulation technology, Mr Nettleton had small batches of scented drawer liners in the shops within six weeks. His turnover in that year mounted to £30,000 with a nominal £1,000 loss. A friendly young bank manager became as enthusiastic as Mr Nettleton, and insisted on advancing him £70,000 for proper manufacturing equipment on only £10,000 collateral on his house.

Thus in his second year, Mr Nettleton got good premises and a manufacturing laboratory on an industrial estate at Esher. In order to get a healthy cash flow, he offered 10 per cent discount for prompt payment, and had some large payments in 14 days and others in 21.

"Fortune smiled on me", he said. But he had also reckoned his price at 110 per cent, so the

discount effectively brought it down to normal. His turnover for 1982/3 was £204,000, with a profit of £45,000. Growth continued apace, and his 1983/4 turnover was £369,000. And he has already taken orders for the coming year for £680,000, plus £250,000 in firm orders placed now for the spring of 1985. His conservative profit forecast for this year is £130,000. Lucy, now seven, has had her money back.

Mr Nettleton is shipping container-loads of scented drawer liners to the US, and every day receives inquiries from Europe and the Middle East.

His achievements were recognized with the award of £10,000 shared with the fabric designer and manufacturer, Georgina von Etsdorf, of Salisbury, Wiltshire.