From Start-up to Exit

Chris Havemann speaks to GS Insight about his journey as the founder of Research Now, shares his advice for CEOs and discusses his transition to Non-Executive and Chairman roles.

Tell us about Research Now and how it started

I first met my co-founder, Andrew Cooper, socially through a business school connection. We were both at the same place in our careers in early 2000, just before the dot-com crash, and we wanted to do something entrepreneurial around marketing and technology, but we didn't have a real business plan. Nevertheless, we took a big leap of faith and quit our jobs. Research Now started life as The Mobile Channel, which focused on what was, at that time, embryonic permission based mobile phone advertising. The basic idea was to allow brands with consent to text young consumers marketing messages based on their profile, and reward them with airtime credit for opting-in to the messages.

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We managed to persuade about 30 brands, including Coke, Pepsi and Cadbury to do a proof of concept trial. We also succeeded in convincing Hutchinson 3G to give us £50K and, on the back of the success, we managed to raise a small angel round of £300K to really get the ball rolling.

How did you get traction with such big brands?

Fundamentally, we had something that we knew was intrinsically interesting to brands, so we got a copy of ALF, which gives you the contact details of marketing directors and brands. From there we just hit the phones and cold called them. We landed Coke first, which set us on the way to attracting other big brands. It took a huge effort from the entire team. We would have a 2-hour period every day where we'd say, "Right everyone, drop everything and start cold calling".

Talk us through the funding history and the commercial growth of the business?

In 2003, despite our success with the trials, the company was running out of money so we decided to pivot. Two of our angels gave us £125K as a last throw of the dice, and with the £900K we already had, we decided to move away from permission-based advertising and turn one of our assets – our audience – into a research panel. It just happened to be the right place and the right time, and the resulting company, Research Now, started growing really fast, with revenue jumping from £200K in 2003 to £47m by 2009.

We also did an IPO on AIM within 18 months of launching, which provided a good exit that enabled some of our early investors to cash out. Our original angel made something like 25 times his money. After the float, we started expanding internationally. In 2006 alone we opened up in Germany, France, Australia and the US.

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Then, in 2007, we faced a major crisis – our financial controller was tragically murdered in the office one weekend. It was an extremely distressing time for our tight-knit team. Eventually, a former employee was convicted and is now serving a lengthy prison sentence. Partly because of this tragedy and its aftermath, and partly through a loss of financial control, we undershot our market expectations and had to issue a profits warning, and our shares plummeted something like 35% overnight. The public markets are brutal like that.

We did what we needed to in order to stabilise the business over the next two years and by 2009, Research Now was a clear leader in all markets outside America. The US leader – a company called e-Rewards - acquired us that same year and I agreed to become CEO of the combined group. I ran the HQ out of Dallas for the next two years and grew the combined business from $170m to about $230m of revenue, before stepping down in 2011 to allow a US-based CEO to take over.

You saw pretty much everything during the 11 year lifecycle with Research Now. What advice would you give to other CEOs?

You have to have the confidence to surround yourself with the best people you can find and afford, and then you need to be constantly thinking about the evolution of that team and what might make it better in order to drive aggressive, controlled growth.

Along the way you're bound to make mistakes, but the important thing is to get as many of your decisions right as possible, and move on from those you get wrong. Be mindful, too, of the way your role as CEO needs to change. As the business grows and evolves, you have to become less hands-on and more focussed on building the strategy and values. The ultimate aim is to establish a great leadership team, which shares you and your board's vision of the company – it's vital everyone is on the same page.

Was there an obvious point in time where you switched from day-to-day operations to being fully immersed in

Chris Havemann, Chairman of Reality Mine

the strategy and vision?

Actually, I think it's more about communication than strategy and vision. You may be confident in thinking you have a well-articulated strategy, but as your organisation grows you realise lots of your junior people don't fully get it in the way that you or perhaps your executive team or your senior team do. That's where you need to step in and have those subtle, water-cooler conversations to help them understand the vision better, as well as increasing the scope of formal internal communications with, for example, regular town hall meetings. It's not all about looking inward either; sometimes we might have to change the way we interact with clients, or how we think about this aspect of our technology.

My co-founder, Andrew and I were very like-minded in trying to attract great people and being willing to switch them out if we didn't think they were right. From the outset, we were also effective delegators. When you have people you can trust absolutely to get on with the day-to-day running of the business, it allows you the freedom to focus on growing it. Fundamentally, it always comes back to the people you put in place.

Tell us about your transition from CEO to non-exec and chair roles.

There's the cliché about CEO's, especially founder entrepreneur CEO's, struggling to let go, but in my case that's been mitigated by a couple of things.

Firstly, Research Now was 1,200 people globally when I left, and the only way you can manage that successfully is with a degree of structure and influence – getting the team right and allowing them to get on with it. So,

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you're closer in that sense to an NED role than if you're at the heart of the smaller company still telling people what to do. During my last few years as CEO I was more involved with building consensus across my senior team, and creating alignment.

Secondly, I had fantastic Non-Executive Directors at Research Now, and this was followed by a stint as a CEO in another company with a board and great NED's. Working side by side with such talented people for more than a decade enabled me to pick up a wealth of insight and information. For instance, recognising when to switch from being a mentor and supporting people, to actively stepping in and being highly directive when something's not going well.

Founder entrepreneurs obviously like a challenge, otherwise you wouldn't choose to do it, and so this for me is a new challenge with a new learning curve. I'm sure I'm making all sorts of mistakes but that's no different to when I was a youngish CEO. It all came good in the end though.

Ultimately businesses are about people.

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In my role now as Chairman of Reality Mine, I'm very conscious that we have incredibly capable members on the board. You have to work off that pool of talent to achieve better outcomes, not try and do it all in isolation. This is a skill I developed as CEO of Research Now and it is proving to be just as vital in my current work as a Chairman.