

Russell Smith: Avidex, Prolysis & Business Boffins

Russell Smith's father was his role model. "We lived in a Derbyshire village where most people were miners. Unusually, my father was a joiner who drove an E-type Jaguar and sent me to boarding school. He started a seven-year joinery apprenticeship when he was only thirteen years old, later moving into management. Afterwards, he formed his own building firm, employing about 30 people. His entrepreneurial attitude set my scene."

"I was a student in London and supplemented my grant by repairing the cars of other students. My PhD involved much computing, so I generated income in my spare time by forming a business which provided computer services to large companies. I ran the business and employed other people. That was my starting point – running my own business in my early twenties."

After two successful years, Russell was seriously ill for about a year, so the business closed. When healthy enough to work two days a week, Russell started again, from the bottom in a pharmaceutical company, gradually getting back to normal. Later he ran its statistical group, moved on to clinical work and finally became director of pharmaceutical development, responsible for the company's operations in Japan, Europe and North America. "It was very valuable experience in understanding management across the world."

Avidex & Prolysis

About 1996, Russell struck out on his own: "One has to distinguish between creativity – the ability to invent things and entrepreneurship. An entrepreneur does not necessarily invent the products he markets. So there is no reason why academics who generate intellectual property should be good managers or entrepreneurs, although they are creative and inventive. I became the managing director of Oxford spin-out Avidex, which used the university's technology for innovative work with T-cell receptors – half of the body's immune system." Avidex started modestly with only Russell and Bent Jacobsen – the researcher who invented the technology. For about 20 months, Russell raised finance and built the company.

"It was important for the success of Avidex that Bent Jacobsen and I got on extremely well," Russell says. "There was mutual respect. I understood enough science, and he enough business, to ensure that, despite different disciplines, we could discuss issues fully and accept each other's decisions."

From early 2001 until mid-2002, Russell Smith moved to microbiology company Prolysis, as part-time CEO, to reshape and refinance the company. Here the Chairman, Jeff Errington, "remained a professor in Oxford University but, again, we got on well. He understood the business and management issues, while I understood much of the microbiology. But I knew more about development and marketing, likening it to a baton passed in a relay – from research, to development, to the clinical phase and to market."

Prolysis made a huge strategic decision: rather than sell drug-handling services to large pharmaceutical companies, the company acquired its own library of 100,000 chemical compounds, looking for small molecules with potential drug-like qualities. Since this implied an enormous chemistry effort, Prolysis embarked on a joint programme with Evotec, "matching their world-class chemistry with our world-class biology".

During Russell's period, Prolysis raised almost £6 million mainly from business angels and venture capitalists and, following normal practice, the latter insisted on having a full-time CEO. So Steve Ruston took over from Russell. Russell had already brought in an able scientist, Lloyd Czaplewski - "With Lloyd working full time reshaping the scientific team towards a more industrial focus, I was free to focus on raising finance on more corporate issues. One of the things an entrepreneur has to do is to spot a need to bring people in to fill gaps."

The Entrepreneurial Role

Russell did not want to be a full-time CEO but was happy to spend two or three days a week in the role, remaining free to pursue other activities as well. "I like building things from scratch and, generally, my key skills are understanding the science and technology, recognising opportunities and explaining them to investors."

"I never saw myself working for others, but having my own business which would contract me out to companies. I was never employed by Avidex or Prolysis, and always saw working there as temporary. Like a management consultant, I would design a new course of action but, in contrast to the consultant, I would stick with a company for long enough to carry that action through."

"A university spin-off is not wholly commercial. It seeks the best possible financial returns for the university, but remains sympathetic to the needs and aspirations of inventors. Careful and diplomatic handling is therefore needed to help the parties achieve what they want. That is part of its fun. Some of my skills may be inherent, but other things - experience of life and of business, my academic activities, overcoming illness and thinking about life's challenges - all shape your interactions with people and your ability to take things forward."

"A strong ethical view makes business life easier for me. A reputation for integrity and honesty means that investors like you; all they really want is that you do what you say you will do. Making money otherwise is cheating: the real fun is winning within the rules."

"Business is interesting because you have responsibility, but that does not make you a paternal figure. If people are not performing, they will be fired. So you must recognise the need to take your role seriously, because you are trusted by the shareholders, who have invested their money, and by the staff, who trust you with the authority to run the company. They do the work. I just have to decide what work we do and how. As the entrepreneur, I sit in the middle and deal with overlapping spheres of influence, try to get an overview and keep the venture moving forward."

"Entrepreneurship must contain an element of showmanship. You have to inspire confidence by clearly taking responsibility, so that hiding behind other people is wholly inappropriate. And, if staff work for you, it is important that, wherever possible, that they get the rewards for what has happened, not you."

Business Boffins

Since he left Prolysis, Russell has focused on his own company, Business Boffins, which aims to provide practical information to owners of micro-businesses, with 10 employees or fewer.

"Business schools turn out very able, broad-based MBA graduates, but about 95% of them go into 7,500 large companies, which make up only 5% of UK businesses. The remaining 95% of UK businesses largely miss out on the generalist, top-level product of the business school. So I wondered, 'How can we unlock what business schools provide and offer it to that much broader church?'"

"So we looked at new-business failure. When do people need help? What about start-ups. There is a mass of start-up information in banks, on the Internet etc. Yet, within three years, half of today's new businesses will fail. What is missing must be help and support to make businesses sustainable. So we produced a programme aimed towards making a small business sustainable over its first three years."

"I do think you can help every entrepreneur to learn about the role, but it is not a textbook thing. The words textbook and entrepreneurship really should not appear in the same sentence. Entrepreneurship is dynamic."

The Programme

"So we send modules to participants via the Internet, making quite sure a module does not seem like a textbook. The programme has matching support from the Oxford Brookes business school, from scores of professional advisers, and thus provides structured help for participants." (A "taster" module can be found on www.businessboffins.com).

"To hold readers' attention, modules are not written even in the language of the Financial Times, but of the Mail on Sunday. They also assume no prior knowledge of business, yet are meaningful and helpful. To ensure the highest possible quality, all legal, financial, etc., modules are written by experts in those fields and all then go to Oxford Brookes for academics to review and sign off."

"I thought to myself," Russell says, 'if you spend 3 years working for a degree, a PhD or something, you get a certificate. What could we do to recognise that the owners and managers of the small businesses we support have completed a year of a University approved programme?'"

"When asked, the University sensibly said, 'Where are the essays we can mark?' Now the last thing small business owners can provide is essays, but they can provide a business plan, and a cash flow forecast, using templates we have provided. So if they so choose, they can send in the material that they have worked on to be assessed, and we can provide them with a Certificate in Small Business Management. It is interesting too, that banks are saying; 'if the university is holding my customer's hand, that will encourage them to behave more responsibly and thoughtfully. So they must be better lending risks.'"

Professor Smith attributes the popularity of the programme to the unique nature of the material and to the accessible and humorous way in which much of it is presented. "This is a first in many ways: a collaboration between a university, our own independent organization and a range of professional advisers, to offer an educational programme on the foundations of business success. We've got a programme for people looking for the keys to building a successful small business, at the same time they are actually doing it. That is very different to the programmes and help available elsewhere."

The Business Boffins innovative, module-based programme has been so successful to date that it is being rolled out nationwide and has been licensed to several other universities, with the eventual goal of establishing the programme in each of the country's Research & Development Allowance regimes. "It's a tried and tested, very affordable programme at around £10 per week and, as such, it is attracting a fair amount of government funding." A franchising system will also allow educational establishments in other countries, including Italy, Latvia, Estonia, Hungary and Romania, to introduce the programme. "It's the most efficient way of getting the key information out there," explains Russell. Other potential partners currently in discussions with Business Boffins include banks, trade unions, media companies and social enterprise organizations.

With the programme fully accredited and receiving a 98 per cent approval rating from participants surveyed, Professor Smith is now focusing more on the not-for-profit potential of Business Boffins' meticulously accumulated material. He is closely involved in Communities in Business (CiB – <http://www.communitiesinbusiness.org.uk/index/htm>) an organization which runs and supports initiatives providing enterprise support for people who have to work from home, with a particular focus on disabled entrepreneurs, on carers and on ex-service personnel. The latter category is also more directly targeted in the Hamilton Project (<http://www.hamiltonproject.org.uk/index/html>) a business support programme for those leaving the armed services which is a partnership between CiB, Business Boffins, the Royal Marines, Oxford Brookes University and Oxfordshire County Council.

For Russell, the principles of good entrepreneurship apply, no matter what the size of the business involved. "It is undoubtedly a very challenging thing to set up and grow your own business. The idea of working for yourself is very liberating, but it can easily become a 24-hour a day job that can grind you down if you are not careful. If we can tip the balance, then we may not just increase the number of businesses in the UK which are successful, but we may also have some impact on the work/life balance that the people working within them are able to achieve."

ENDS