

# AN ENTREPRENEURIAL CASE



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A Case Study of John Caudwell

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# An Entrepreneurial Case

JOHN CAUDWELL

Caudwell was born in Birmingham and raised on Wellesley Street in Shelton, and with his brother Brian attended Shelton Church of England School. His father suffered a heart attack when Caudwell was 14, and died.

Bullied at school, he terminated his A-levels to become an apprentice at Michelin, and then swept floors on the local pottery factory floor. He then became self-employed, running a corner shop and started a mail order business selling clothing to motor bikers, both of which failed.

In 1987, while working as a used-car salesman in Stoke-on-Trent, he noticed the first of the new mobile phones. He noticed that they were vastly cheaper to buy and distribute wholesale over retail, so picked up the phone and called United States handset maker Motorola to see if he could do a deal.



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With his brother Brian, in 1987 Caudwell registered Midland Mobile Phones as a mobile phone wholesaler, taking 26 Motorola mobiles at £1,350 each. It took 8 months to sell these 26 phones to local plumbers, taxi drivers and television repairmen. The company made a loss every month for the first two years of operations.

Developing from a small dealership to a wholesale distributor, turnover expanded to £13 million in 1991, making it the UK's largest independent distributor of cellular phones. Turnover increased from £13 million in 1991 to over £1 billion in 2000. In 1996 and 1997, the Caudwell Group was named the UK's fastest growing company for 2 years in succession.

He had a longstanding professional rivalry with Charles Dunstone who built that other UK mobile dynasty, The Carphone Warehouse. Whereas Dunstone's success was forged in the retail side of cellular, the Caudwell empire was built on the success of wholesaling with 20:20 Distribution, which became one of the largest handset distributors in Europe and Singlepoint, an airtime reseller for Vodafone. 20:20's dominance in the fast growing UK mobile market paved the way for aggressive expansion into retail and accessories, with the development of Phones4u and Dextra.

By 2003, the Caudwell Group employed over 8,000 worldwide and selling 26 phones every minute.

In 2005 the House of Lords decided against the Caudwell companies and in favour of Inland Revenue in a major piece of tax litigation concerning the use by companies in the Caudwell group of employee benefit

trusts to provide financial benefits to employees, including Caudwell himself and his brother Brian. As the mobile industry slowed it curtailed Caudwell's dream of creating the largest private telecom group in the world, which had driven him for years. A bull market player by nature, Caudwell could see the end of the glorious growth days. He sold Singlepoint to Vodafone, for £405m. With no new mountains to climb, it was only a matter of time before Caudwell sold the entire group. The end came on 26 September 2006, when it was revealed that the Caudwell Group had been sold for a £1.46 billion to private equity firms.

Caudwell was married to Kate for 25 years, ending in 2001. They had three children and parted amicably. He then had a relationship with violinist Jane Burgess, ex-girlfriend of Conservative MP Rupert Allason, with whom he had a daughter Scarlett. He is presently in a relationship with former model Claire Johnson, with whom he has a son. The couple live in Broughton Hall, Staffordshire, a 50-room Jacobean mansion worth around £7.5m; and also have an apartment in Chelsea, London and a chateau in France.

A self-confessed adrenalin freak, his hobbies include motorcycles, helicopters and aeroplanes. He owns a £1m Sunseeker motorboat, a narrow boat, and a Bentley Azure. Caudwell spends most of his time now supporting Caudwell Children, a charity he started himself. He still donates heavily to the NSPCC, and undertakes regular 1,000 mile charity bike rides to raise funds for many children's charities.

The Sunday Times estimated Caudwell's wealth at £1,280 million.

Text Sources: Wikipedia 2010 ([www.wikipedia.com](http://www.wikipedia.com)), BBC ([www.bbc.co.uk/stoke/content/articles/2006/08/07/john\\_caudwell\\_biog\\_feature.shtml](http://www.bbc.co.uk/stoke/content/articles/2006/08/07/john_caudwell_biog_feature.shtml))



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