

By George! A blindfold child can beat Dragons at picking winners

A study has found a random selection from 500 start-ups performed better than the businesses backed by the experts

Peter Evans Enterprise Editor

They are held up as the sharpest business brains in Britain, a formidable panel with the power to make or break the dreams of budding entrepreneurs.

But it turns out that a blindfold six-year-old might have better luck choosing which start-ups to invest in than the judges on the BBC's *Dragons' Den*, in which entrepreneurs pitch for investment from five "Dragons" who choose whether to invest their own money.

According to research to be published today, backing a group of fast-growing companies could net better returns than those businesses selected by the likes of Peter Jones, Deborah Meaden and Duncan Bannatyne.

The study looked at the performance of investments made by the *Dragons* in 2011 and 2012 and compared them with a random sample from more than 500 start-ups that raised finance at the same time.

The value of the businesses chosen by the *Dragons* grew at an average rate of 16% a year until the end of last year. But the random group was far more successful, rising by an average of 28% a year over the same period, according to the research conducted by the investment platform Syndicate Room.

"Their return was still pretty good, but it's below the market average," said Gonçalo de Vasconcelos, chief executive of Syndicate Room. "If you had chosen a random selection from this cohort, then you would have done better than the *Dragons*."

The panel of *Dragons* in 2011 and 2012 consisted of Jones, Meaden, Bannatyne, Theo Pappitis and Hilary Devey, who invested in companies including a maker of portable lavatories and the designer of a hands-free pint-pulling product.

The study was based on data from Beauhurst, which analyses the perform-

ance of private companies, but included only those that had raised at least £25,000 and had reliable records for calculating a current valuation.

This is lower than the most common investments on *Dragons' Den* of between £50,000 and £100,000, although they have stumped up as much as £250,000.

The revelations raise questions about the wisdom of the *Dragons*, who along with Lord Sugar are seen by many as the public face of business in Britain.

The show, which has been hosted by Evan Davis since it started in 2005, is among the BBC's biggest ratings winners.

It can claim a number of notable successes, including Levi Roots, the founder of Reggae Reggae Sauce, who secured £50,000 in 2007 and has since become a millionaire.

However, the programme has become almost as well known for the ideas its experts decide to dismiss.

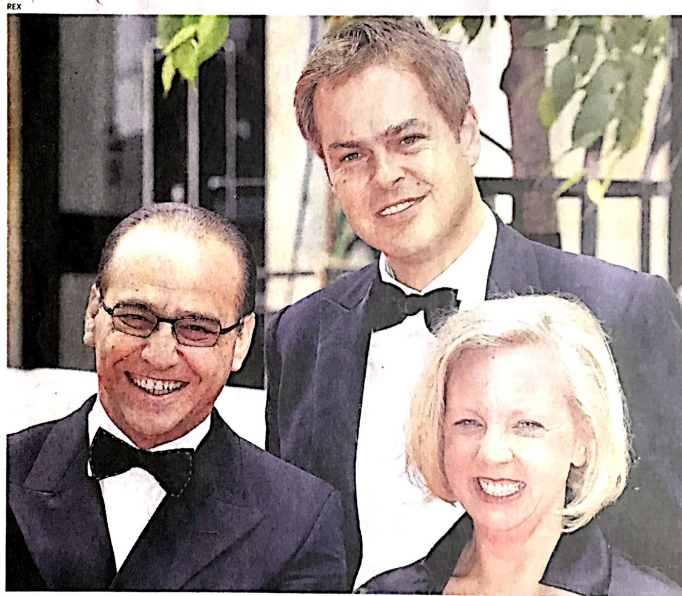
Shaun Pulfrey pitched his Tangle Teezer hairbrush design in 2007 but was swiftly rejected. Bannatyne, the owner of a chain of health clubs, said it would never make money. It made sales of £21.4m in 2017 and counts Victoria Beckham and Cara Delevingne among its fans.

Rob Law, the inventor of Trunki, rideable suitcases for children, was kicked out in 2006 after Pappitis, the retail tycoon behind Ryman and Robert Dyas, managed to pull the handle off one of his products. The company made sales of £9.3m last year and its cases are stocked by 2,500 retailers, including John Lewis and Boots.

Deals struck on screen frequently fall through when the cameras stop rolling. Amer Hasan appeared on the show in 2013 seeking investment for Minicabit, a price comparison website for booking taxis. He was offered £75,000 by Meaden and Jones in exchange for 35% of the firm. The deal later collapsed after Hasan received a better offer. "We dodged a bullet really... gave us a lot more money in return for a lot less equity."

The BBC said it was misleading to judge the investments by the *Den* over one year. "It doesn't accurately reflect the guidance and advice small businesses receive from the *Dragons*," it said.

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Dragons' Den has featured, from far left, Theo Pappitis, Peter Jones and Deborah Meaden among the judges

SHOW FAILED TO SPOT A GLITTERING FUTURE

Sophie Awdry described her appearance in front of the *Dragons* last year as "the worst day of my life".

She went to pitch her start-up, Eco Glitter Fun, which sells biodegradable glitter. It was scheduled to appear in the Christmas special of the BBC show in December, but the reception from the *Dragons* was not festive.

"A couple of them didn't get it at all and thought we

were just a couple of silly girls selling glitter," said Sophie, 37, who started the firm two years ago with her friend Noemi Lamanna, 32.

Worse was to come. After filming in May, the pitch did not make the show. "I didn't expect to be funded, but I did expect to be aired," she said.

Eco Glitter has, however, become hugely successful — it is stocked in more than 100 shops in the UK and sells online around the world.



Sophie Awdry, left, and Noemi Lamanna

Creme Egg hunt 'fuels child obesity'

Jon Ungoe-Thomas

A Wally Wombat hunt that nearly 800 children in the UK's Creme Eggs walk took part in, criticised for encouraging children to eat too many sweets, has been criticised for fueling child obesity.

The hunt, which is a tradition in which children search for chocolate eggs, was criticised for encouraging children to eat too many sweets, which is a risk factor for obesity.

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