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Fame & Fortune: John Caudwell

The founder of Phones4U was inspired by his grandmother's stories of self-made generations of Caudwells



Sarah Ewing

John Caudwell started life in a cramped terraced house in Shelton, Stoke-on-Trent, but now owns a Jacobean mansion in Staffordshire.

The elder of two boys, he left school at 16 to become an apprentice at the local Michelin factory. He did a variety of menial jobs before setting up a corner shop and mail order business. When these failed, he turned to the emerging mobile phone market and registered Midland Mobile Phones. By the time he founded Phones4U in 2000 his Caudwell Group was worth £1 billion. He had also started the charity Caudwell Children.

He sold Singlepoint, his air-time reseller, to Vodafone for £405m. Then in September 2006, he sold the remainder of the group for £1.46 billion.

Caudwell, 57, was ranked 25th in *The Sunday Times Rich List 2009* at £1.4 billion, a fall of £200m on the previous year.

A father of five, he lives with his second wife Claire Johnson and their son, Jacobi, 5.

Are you a saver or a spender?

I prefer to describe myself as an investor. I don't like wasting money and I certainly don't like to throw it about. I spend a fair amount of time, probably too much really, making sure things in the office are as efficient as possible.

One of my favourite expressions is, "Are we getting VFM [value for money]?"

What was your first job?

From the age of seven, I had a very precocious ambition and my grandmother's stories about previous self-made generations of Caudwells instilled an unshakeable conviction to become rich and then use that personal wealth and success for the good of others.

When I left school, I knew I had to have a solid career behind me and the Michelin Tyre Company was well respected in my home town of Stoke. It would give me security while I tried to work out how to fulfil my destiny.

Have you ever been really hard up?

When I was 21 and working as an engineering apprentice at Michelin. My weekly wage was £3.50 at a time when the national average was £12.

Are you better off than your parents and what lessons about money did you learn from them?

I probably learnt only negative lessons from them about money, but some would argue that you take away more from negative experiences than you do when things go well.

What has been your best investment?

In 1987, while working as a used-car salesman in Stoke, I started hearing about mobile phones and in an instant I knew this would be my breakthrough. I called Motorola in the US and bought 26 handsets for £1,350 and then tried to sell them on for £2,500. It took me almost two years to sell that consignment and turn a profit.

Do you invest in shares?

I do, but I don't have any preferences regarding areas in which to invest.

I'm a great believer in timing. I pretty much got out of the investment market before the bubble burst in 2007 and I did so rapidly. By the middle of 2005, it was clear that the UK economy was overheating at a rapid rate. There was an abundance of signals, but the most crystal clear one was the ratio of house prices to earnings, which was just going through the roof.

Since then, I haven't put much in because I don't believe in the stability of the stock market. Once it hit 5,500, I saw far more chance of it falling than rising and even now I still think it's likely to sink further.

If you're playing the stock market cautiously, you're always going to miss out on some of the upsides, but the trick is to miss out on more of the downside than you do the upside.

How much do you think you earned last year?

Well, I haven't really got a job now since I sold the entire group in September 2006. I have five fledgling businesses, including a wealth management one, that are probably going to be quite successful, but I don't take a salary from any of them.

What's better — property or pension?

That's a very contentious question. First, I have to say that I believe most financial advisers are totally incompetent. Therefore, if you go into a pension fund, you are probably going to end up very badly.

If you invest in a property fund or development, you will probably not do very well either because there will be a proportion of developers and property fund managers that fall into the same category as advisers. So, I don't prefer either.

I prefer taking opportunities as they present themselves. For instance, just after the crash, the final three months of 2008 and the first three of 2009 were fantastic property-buying opportunities, so I bought a huge amount of commercial property.

I bought into commercial offices and warehouses all over the UK, but I didn't go into retail property because that's a very vulnerable area.

Then the opportunity disappeared because everyone else started thinking the same way, which pushed up the prices.

What is your money weakness?

I don't really have one. Even though I have a helicopter, a luxury yacht, cars and three fantastic properties, I don't ever really do anything without a financial motive.

When I buy a boat I expect to make a profit when I charter it out — and then again when I sell it. When I buy a car, I'll usually go for one that's on a waiting list, which automatically carries a premium when it's delivered.

I really don't have expensive tastes, even when it comes to wine. I'm very happy with those that are relatively cheap — in fact I prefer them.

I'd just as soon cycle as jump into my Bentley and drive.

On the surface, people may think what I have is extravagant, but each one truly is self-financing.

I love my beautiful £10m Jacobean half-timbered mansion, Broughton Hall. Houses are almost always a good investment in the fullness of time.

My helicopter might seem an indulgence but I consider it a vital business expense because it gets me round in a way I probably couldn't do otherwise via normal transport methods, plus I fly it myself.

What aspect of the tax system would you change?

It'd probably be easier to say what I wouldn't change! But in essence, I would have managed the whole economy in a totally different way than it has been over the past 10 years.

There really isn't much they've done right. One very basic principle that can be applied to anything in life is that you have to balance your budget.

What is your financial priority?

At the moment I'm selling pounds, using my currency trading account by buying dollars on a forward contract. I believe the UK economy is in fundamentally disastrous trouble, so it's a better prospect to be backing US dollars.

My priorities change all the time, so if the share market collapsed 20% tomorrow, then I might well start buying up shares.

I have a very negative view of the sustainability of the euro, but it's been badly hit against the pound today, so that creates a euro buying opportunity.

On a more long-term basis, my priority is to maintain and enhance my personal worth because the more wealth I've got, the more effectively I can do charitable work [The annual Caudwell Children Butterfly Ball is in May] and leave money to my pet causes when I pop my clogs.

I'm not that bothered about making more money because I have a lot, but it's the challenge of getting it right that drives me.

Do you manage your own financial affairs?

No, and I don't call them advisers either. I have five banks to manage my wealth and I meet with those five for five hours every three months for a review, essentially spending one week every quarter on going over things. In between, I'll spend hours on the phone to them.

Why five? Well, right at the beginning when I started making a lot of money in the 1990s, I decided I was never going to stay with just one bank — I didn't want that risk.

I was cautious about exposing my wealth, so I thought that by spreading my money between five I could see different ways of managing it and compare their performances. I knew by interviewing a large panel of potentials that I was never going to find one in whose competency I was satisfied.

What's the most important lesson you've learnt about money?

I've always believed that money doesn't buy happiness but it certainly can make you a hell of a lot more miserable. I don't need the amount I've got — I could be happy with a lot less.

For more information on Caudwell's Children Butterfly Ball on Thursday, May 20, 2010, featuring Elton John, visit caudwellchildren.com.

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