

Homeserve boss hopes fortune favours the brave in race for world domination

Checktrade's owner has set his sights on making it big in America, reports **Patrick Hosking**

Richard Harpin is not short of ambition. The Yorkshire entrepreneur wants to create what no British company has yet managed: a technology-enabled platform business with global reach and, he hopes, a gigantic valuation to match.

Platform-based companies such as Rightmove, Auto Trader, Just Eat and Asos are all very well, he says, "but no British business has really made it to be as big or as global as some of those Americans like Booking.com, Airbnb and Expedia and I think there's a chance we might just do it."

"We" is Homeserve, best known for selling emergency home cover. Open a water bill anywhere in Britain and the chances are that a Homeserve leaflet will drop out. Last week it was named on the reserve list of companies close to entering the FTSE 100. Mr Harpin founded the business 26 years ago.

The focus of his ambition is Checktrade, which helps households to connect with plumbers, electricians and painter-decorators. Tradespeople pay about £90 a month to feature on the site; householders are reassured that those listed are vetted and can see verified reviews by other customers. "It's TripAdvisor for trades," according to Mr Harpin, who is a great believer in improving on other people's ideas.

The sector is alive with start-ups: there's Rated People, owned by Frog Capital and Downing Ventures, the private equity players, and Channel 4; there's My Builder, owned by the US-listed Angi Homeservices; and there's also Trustatrade, Centrica's Local Heroes and Ikea's Task Rabbit fighting for market share.

Their business models differ a little, but it looks as though scale will be crucial and that the winner will take all. That, certainly, is what Mr Harpin believes. "I think there will end up being only a couple of players and we want to be one of them. We want to take that successful model and do it in many countries." He already has parallel services in Spain and France. Checktrade claims that it is comfortably the UK No1, measured by the 1.5 million jobs worth £3.5 billion that it generates.

Mr Harpin, 54, first took a serious look at Checktrade in 2016. He was astonished when he discovered how highly it ranked in searches by people looking for local tradespeople. He bought a 40 per cent stake from Kevin Byrne, the founder, for £24 million and a year later bought the remaining 60 per cent for £50 million. "This was a business making less than £1 million profit, so we paid a 74-times multiple." How did that feel? "Courageous."

Mr Harpin has tried to build scale and reach with television and radio advertising. Some analysts scent big profits ... one day. Liberum, Homeserve's broker, has already put a value on Checktrade of between £676 million and £968 million using the same metrics that value the



LUKE MACGREGOR FOR THE TIMES

Richard Harpin, chief executive of Homeserve, is a great believer in taking other people's ideas and improving on them, not least with his expanding Checktrade

Q&A

Who is your mentor?
Jeff Boyd, the chairman of Booking Holdings, owner of Booking.com, Priceline.com and Kayak.com

Does money motivate you?
Not as much as seeing Homeserve deliver its purpose – making home repairs and improvements easy

Who do you most admire?
Jim Collins, for his flywheel theory [the idea that business

success is built on relentlessly building momentum, not through one transformational coup]

What is your favourite television show?
Dragons' Den, particularly now with Sara Davies. I invested in her business, Crafter's Companion

How do you relax?
Skiing with family, squash, swimming

What does leadership mean to you?
Inspiring breakthrough in my leaders – showing them that they can do more than they thought possible

CV

Born: September 1964, Huddersfield, West Yorkshire

Education: Royal Grammar School, Newcastle, University of York (economics)

Career: 1986-90: brand manager, Procter & Gamble; **1990-91:** consultant, Deloitte; **1992-94:** partner, The Marketing Department; **1994-present:** founder and chief executive, Homeserve

utility in Louisville, Kentucky, which triggered an unprecedented 20 per cent take-up. Anything over 1 per cent is normally considered a result.

North America has 57,000 utilities, so there is plenty to play for. Homeserve has said that it can see the territory producing \$160 million of profit one day, but has stopped short of saying when. Analysts are hoping for more details at that investor day.

Speculation about Checktrade and its American division has already pushed Homeserve's share price 15 per cent higher since May 21, boosting its market value to £4.2 billion and putting it within touching distance of the Footsie. Mr Harpin's 12.5 per cent stake is worth about £525 million.

It's all a long way from Mr Harpin's first business, aged 15, selling fishing tackle by mail order. After jobs at Procter & Gamble and Deloitte, he founded Fastfix, an emergency plumbing joint venture with South Staffs Water in 1993. The name was changed to Homeserve and the business was floated in 2004.

There have been setbacks along the way. Homeserve was fined £31 million by the Financial Services Authority in 2014 over high-pressure tactics by call-centre staff and delays for customers claiming on their policies. It was also fined £750,000 by Ofcom after automatically dialling householders, some of them

vulnerable elderly people, who were greeted by silence when it didn't have enough human beings to continue the call.

That, Mr Harpin says, "was a momentary lack of focus on the customer and one of the reasons we don't do cold-calling any more". He says there are has much better governance and controls in place.

Checktrade has to manage serious conflicts of interest, taking money from tradespeople while trying to provide potential customers with helpful, objective and not always flattering information. Mr Harpin is confident that these conflicts can be managed, claiming that 500 incompetent tradespeople are kicked off the site each month after poor reviews.

When I express amazement at this commendable willingness to forgo revenues, he modifies the number to "definitely between 100 and 500 a month". Later his public relations adviser calls to clarify that the number is 150, but only if you include prospective new joiners who are rejected before getting on to the site because they fail one of fourteen initial checks. The number actually kicked off the site each month is, in fact, "50-ish".

Mr Harpin, a salesman to the soles of his feet, does seem to have a slight tendency to overegg things. Checktrade isn't going to become a worldbeater through modest understatement.

