

Perseverance is exactly the quality you might expect from an Atlantic rower, and if you read the log of the rowing boat Salamanca (it's online), you can almost hear the sound of Martin Bellamy gritting his teeth.

It's a quality that's still there, a decade after Bellamy founded the merchant banking and operational risk business Salamanca. He set up what is now Salamanca Group with a friend from Barclays Capital in the bedroom of a flat in 2002. Today, it employs 85 people and has a representation in 28 countries around the world.

As Salamanca Capital, it advises high net worth individuals (HNIs) on, among many other things, home and lifestyle management and schools. As Salamanca Risk Management it has a maritime security division headed by a former British admiral that specializes in, among many other things, counter-piracy.

It also has a forensic accounting division, and an investment portfolio – in hard assets such as real estate, resources and logistics – currently standing at more than \$2.7 billion.

And this is just the beginning. "What I say to the guys in the business," Bellamy says, "is that the first ten years was a warm-up. The next ten years is the really exciting bit."

Bellamy was a career soldier for a decade – a captain in what was then the Light Infantry – when he rowed the Atlantic in 1997.

The British Army's own website says the army offers "world-class" management and leadership training and Bellamy – who served in Northern Ireland and Bosnia – is a great example of what that training can achieve.

He is very focused. He surrounds himself with the best people – people, he says, who are brighter than him – and he listens to them. The role of a leader, he says, is to draw out the best in the people around you.

So, I ask him, what have you learned from your mistakes?

"Number one would be you can probably afford to make a mistake once, but don't make it twice," he says. "If you're going to make a mistake and take a hit, yes, you've got to get over it, you've got to move on, but you've got to make sure you don't do it again otherwise you're probably not going to survive."

His view of business is refreshingly simple too.

"I think we've learned some very, very important lessons in terms of investment," he says. "We have two key principles, which I think make sense. Number one – protect your capital. Number two – know your exit. If you do those two things effectively, everything in the middle is your profitability."

A fit and likeable 43-year old, Bellamy seems to be in the process of reinventing the banking industry through the Salamanca Group. Instead of pushing forwards into technology, though, he is learning his lessons from the days when merchant banks were well-respected and entrepreneurial.

That's why Salamanca Group helps HNIs find schools for their kids. It's why Salamanca is prepared not only to advise on an investment but to take a stake in an investment alongside its clients. "I've always admired what Robert Fleming had done 120 years ago," Bellamy says.

Fleming's merchant bank was sold to Chase Manhattan in 2000 for a reported \$7.7 billion. In 2005, Salamanca Capital set up a joint venture with Flemings Family & Partners to raise investment funds for and advise in investment in global property assets.

"The financial crisis, I think, was the start of a big opportunity for this business," Bellamy says.

"As we went through the crisis, my feeling was that the investment banking model was going to come under more and more pressure... What I felt we really needed to do was to diversify again, not just from being involved in investment but also being involved in advisory work... the message we were getting from our clients was, 'We don't feel as if we're valued by the

Banking on change

FOR THE PAST TEN YEARS, FORMER ARMY CAPTAIN AND ATLANTIC ROWER MARTIN BELLAMY HAS BEEN BUILDING A UNIQUE FINANCIAL INSTITUTION IN THE HEART OF MAYFAIR. ERIK BROWN MET HIM AT HIS ST GEORGE STREET HQ

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"We must find ways to get more out of the day, both mile-wise and time-wise. We want to win so badly, it hurts; it is almost a daily obsession"

From day 6 of the log book of the rowing boat Salamanca

banks'. So, we decided to set up a family and wealth business."

Getting Salamanca down on paper isn't easy. Yes, it has a family and wealth business. But it also advises international companies on mergers and acquisitions and is a private equity business and major real estate investor and developer in its own right. The briefing document sent to me before the interview covered 59 pages.

So, what's the ultimate goal, I ask, what's the ambition?

"To build a brand that is recognized and respected and sits fairly and squarely in a business area that has been slightly redefined," Bellamy says.

Every business that wants to be a substantial business has to be global, he explains. That involves risk and it is no longer feasible to conduct a global investment and advisory business that does not have the services Salamanca offers under one roof.

"We don't just want to do due diligence," Bellamy says. "We want to handle the whole corporate transaction for you."

It's unusual to come across such clarity of focus in the middle – or at the tail end, who knows? – of a recession, and I ask what he thinks the economy will do over the next few years.

Sometimes, he says, people are unwilling to step back and consider reality – they get lost in the detail. Any sustained recovery in the global markets will depend on what happens in America and China. If they are firing, the rest of the world will fire too.

"The other thing people are going to have to realize is that we have made a series of horrendous mistakes. That has led to the fact that we have way, way too much debt in the world... and the only way we are going to get out of that problem is by making the debt look smaller through an inflationary cycle. Everybody is scared of it, and everybody is trying to deny it, but it's what I think is going to happen."

Bellamy is bullish about his business over the next three or four years. But there will be "winners and losers" in the economy. www.salamanca-group.com