

MIND OF A MILLIONAIRE

RENE CARAYOL IS A BUSINESSMAN FOR WHOM THE WORD IMPOSSIBLE MEANS NOTHING. VIC MOTUNE REPORTS

In a corporate environment where business leaders are often drawn from the ranks of Oxbridge graduates or knighted gentlemen, Rene Carayol cuts an unusual figure.

The son of Gambian parents who were keen to get their children an education in Britain, the 48 year old has come a long long way from his humble origins.

But it's probably the fact that he is no respecter of traditions that has made him one of the most recognised, successful and wealthiest men in British business.

His hunger for new innovative ways of doing business and an almost insatiable desire to not just win but annihilate the opposition has seen him pull off some of the most extraordinary corporate successes over the last fifteen years.

But perhaps the success he is most noted for was his involvement in a daring management buy out of IPC Magazines, the company he joined in April 1995 after successful stints with Marks and Spencer and Pizza Hut.

Said at the time to be almost impossible, business analysts soon realised that Carayol is a man for whom the word impossible means nothing.

Despite the many doubters, Carayol and his team pulled off the management buy out and went on to sell the company to media giants Time Warner for £1 billion in 2001.

In his new role as a much sought after public speaker on business issues, Carayol is again at the top of his field.

It's a role that has seen him interview the likes of former Soviet Union President Mikhail Gorbachev, entrepreneur Richard Branson, and former US President Bill Clinton.

But the story of how he achieved a management buy out at IPC has never ceased to amaze, inspire and fascinate the top chief executives and consultants who pay thousands to hear him speak.

When he joined IPC, he was new to the publishing industry and hungry to make a mark.

He was recruited to the company by then Chief Executive Mike Matthews who recognised that the company needed someone like Carayol who'd won a reputation as someone who wouldn't run away from a bruising boardroom battle to achieve results.

And the challenge of turning around the publishing giant was one Carayol embraced with relish.

IPC was revered in the magazine business as the publisher of titles such as Woman's Own, Woman's Weekly, Vogue and Marie Claire.

But Matthews recognised that there was a need for a change.

Newer hungrier competitors like EMAP were entering the market and making an impact.

And although the internet was in it's infancy, there were already predictions that it was going to radically change the world of publishing.

But after only a few days at the company's London headquarters, Carayol knew he was in for an ugly fight.

"The first thing I noticed when I joined IPC was that I had nine interviews with every member of the board. And I kept thinking 'Here's an organisation that can't make a decision'" he recalls "How many more times did I need to be interviewed? I'd come from Pepsi, one of the most decisive places you could find, totally risk embracing and the biggest risks they took were with people. Suddenly I'm in an organisation that doesn't take any risks at all,



CARAYOL: Total determination

cautious beyond belief, process driven, inward looking, hierarchical. Then I started to look at the figures before joining and there were some tell tale indicators. Sales had been slack for five years so there was no inherent organic growth. But the profits were going up every year. It meant that we weren't growing the business, we were managing the business. And I thought to myself 'We are managing decline and we can't see it'. We just didn't have the appropriate ambition or appetite. I would say, perhaps a little ungenerously, that if I looked at my board colleagues and the culture of IPC, they didn't want to lose. I wanted to win. And to use a football analogy, I didn't just want to win 1-0. I wanted win 3-0 or 4-0."

Carayol immediately set about making changes to achieve his vision of what the company could be.

And that change began with his own team.

Part of his portfolio was to run the IT department.

But if he was confused about the inward looking risk averse way of working adopted by the company as a whole, he was even more confused by the somewhat archaic traditions adopted by the IT team.

"When I walked in, it was like a museum. I'd never seen anything so archaic and old and I said to myself 'I need to change all of this'. I remember my first day. I got in at 8 am for a 9 am start. But my team started arriving for work at 9.30. So I called one of

the guys and asked him 'what's going on here? We have to be here on time to serve our customers. Everyone in this building is our customer.'

He looked at me nonplussed. 'Customers? What do you mean? Are they shopping?'"

His efforts to achieve change saw him land in front of an industrial tribunal two weeks later after sacking a number of staff.

"As I walked into the tribunal, the chair of the tribunal said to me 'This is a disgrace.....how dare you treat people like that'. I replied 'Wake up to the commercial world. I'm not the public sector, I don't owe anyone a living'. In the end I just stood up and said 'Look, I'm going to save everyone some time here. I'm guilty of constructive dismissal, send me the bill.'"

Following the tribunal, the London Evening Standard published a photo of Carayol on its front page with the headline 'The Bastard Boss'.

"The day after it came out, my team stuck it on their wall and wrote next to the headline '...but we love you!' he recalls "I walked into the boardroom the following day and my colleagues gave me a standing ovation. That was the day I realised we were going to change. It was a really symbolic moment."

IPC went from strength to strength and it won plaudits as the company that launched magazines such as Loaded and pioneered online versions of titles such as the NME.

But Carayol was hungry for more. It was his idea to split IPC from it's parent company Reed Elsevier.

"I remember sitting in the boardroom and saying 'Aren't we off strategy here? We've got nothing in common with the rest of Reed Elsevier, so why are we part of it? Why don't we do a management buy out? We could run this business'. When I said this, they actually thought I was on drugs. One comment was along the lines of 'what the hell is this man smoking when he comes into the boardroom?'"

However, then Chief Executive Mike Matthews was persuaded by Carayol's vision.

Reed Elsevier agreed to sell the business to the IPC management team, following a presentation in November 1997.

But the cost was monumental. If the IPC team could raise £860 million in just under seventeen days, then the company was theirs.

The figure represented the most expensive management buy out in the history of British business.

"Ten years ago, this was unreal. I was truly excited. But we only had 17 days to raise £860 million. We spent Christmas 1997 in the office. We worked right through and it made us bond as a board. We did 50 odd presentations and we all took drops in salaries. We didn't understand the cost of not achieving the targets we'd signed up for. Some of us had our homes on the line, some of us had our livelihoods on the line, some of us had our careers on the line. It was the toughest thing we've ever done."

But despite the obstacles, they succeeded.

Little did the team know however that the growth of the internet in the late nineties was set to radically change the face of the publishing industry. It was the beginning of an advertising recession.

"In the first year, we failed to hit our targets. When you're out on your own in the middle of advertising recession, it's tough. My colleagues started dropping one by one, those who couldn't make it, those for whom it was too tough, until the Chief Executive Mike Matthews went."

Despite this setback, the team continued to work hard under the stewardship of new Chief Executive Sly Bailey and slowly, the fortunes of IPC began to look up.

IPC was sold to Time Warner in 2001 for £1.1 billion.

Carayol says he laughs when people tell him he must have felt wonderful at what should have been the fulfilment of a dream.

"The truth is I felt tired! Absolutely bloody knackered!" he recalls with a grin "There were occasions when members of my team would come and see me and ask me 'Rene, are we going to get paid this month'. And I would laugh and say 'Of course we are! Then I'd close the door and ask myself despairingly 'How the hell do we meet the salary bill this week?' We were having to make some very tough decisions. But we made it."

It was his success at IPC that launched the next phase of his career.

Physically exhausted from the long battle to make IPC a success, Carayol decided to take some time out which his contract allowed him to do.

But for someone so used to being in the thick of the boardroom battle, it was inevitable that he would soon get bored.

When former boss David Arklass contacted him about doing some public speaking, a whole new career began.

Carayol used the public speaking engagement to share his passion for business and his ideas on leadership, change management and the importance of business to develop a vision.

His passionate and dynamic style proved an instant hit with audiences all over the world and since starting his speaking career, he has never looked back.

As well as being an in demand public speaker, he has forged a career as a television and radio presenter, fronting shows such BBC 2's Mind of a Millionaire and How to Pay off Your Mortgage in Two Years.

But Carayol doesn't shy away from talking about what it is that drives him to hard to succeed.

"My parents came to Britain from Gambia in the early sixties" he recalls "I remember them looking up at a badly spelt sign in a window, which said 'Room To Let: No blacks, no Jews, on Irish, No Dogs'. Mum cried and Dad steamed with anger but they wouldn't say a word. And I remember standing there looking at Mum and Dad and thinking 'That ain't ever going to happen to me'. And I suppose this memory stayed with me through my career. When I think of what they sacrificed I've always wanted to repay them."

There are many who would agree that his success has repaid that sacrifice many times over

