

Barry Sealey is well-known in Scotland as one of our foremost angel investors. Yet less well remembered is his successful stint as chief executive of one of Scotland's great businesses, Christian Salvesen. Kenny Kemp hears about his remarkable life before Archangeling

Two Edinburgh business figures are recognised as the founders of business angeling in Scotland. One is Mike Rutterford, the former estate agent and property tycoon, and the other is his partner, Barry Sealey, CBE who between them have backed dozens of fledgling businesses. In 1992, the pair met in a Colinton restaurant, agreed to pool their resources, shook hands and started a movement of supporting new companies. It was all rather ad hoc.

Today Archangel Informal Investment, which they spawned, is chaired by Gavin Gammell and run by John Waddell and his full-time team of investment professionals in Rutland Square. The syndicate has over 100 investors and invests around £10m a year in its portfolio of companies, which include Bloxx, Arrayjet, Indigo Lighthouse, Reactec, Touch Bionics and others. However, it is often forgotten that Barry Sealey spent 32 years as a deal-maker and innovator rising to the top of Christian Salvesen, one of Scotland's leading international businesses, and it was his retirement from these duties, at the early age of 55, which gave him the energy, desire and a modest pot of cash to begin a new chapter as an angel investor. Yet in many ways, Sealey's life was defined by his career path with Christian Salvesen. He was born in Bristol in 1936. His family was bombed-out three times during the war and moved to the Gloucestershire village of Berkeley. His parents, Ted and Queenie, both from North London, encouraged his interest in practical learning and bought him a set of encyclopaedias, which he devoured with his developing sense of inquiry in the physical world. He attended Dursley Grammar School, where the headmaster recognised his potential

and recommended that head boy Sealey apply for a scholarship to his old college of St John's in Cambridge. Barry was the first from the school to go to Oxbridge, where he studied two years of natural sciences, then another year of engineering. But before going he spent two years in the RAF on National Service as a wireless fitter. He achieved a First Class Honours in his 'Part One' of Natural Sciences within two years and in his final year he switched to the Mechanical Science faculty, where he studied engineering, achieving honours and winning the Hockin prize. He may have continued at university undertaking research, however, when he came down from Cambridge he talked to various people about opportunities in industry. Barry's father had recently joined Christian Salvesen, moving north to Grimsby, and Barry was introduced to his father's new boss, Max Harper-Gow, himself a Cambridge graduate. Sir Maxwell Harper-Gow was the grandson of Lord Salvesen, a court of session judge, and the great-grandson of the founder, who went on to run the family shipping and whaling business, which spread to Scotland from its Norwegian roots. Christian Salvesen, which first set up an office in Leith in 1853, had interests in whaling, selling whale oil and other products in Scotland, and supplying coal and timber, before making major excursions to the Antarctic whaling

grounds. Barry joined Christian Salvesen in 1958, aged 22, with a £600-a-year salary. His initial months were spent in Grimsby, one of the major fishing ports in England and a centre for seafood processing, and he then worked in Edinburgh as the personal assistant to Max Harper-Gow, managing the fishing boat fleet. Salvesen's way of training was to dispatch future managers out around the business, and this meant serving time on the Fairtry factory ships, bringing in their catches of haddock, cod, skate and halibut for the hungry nation, hooked on fish and chips. The Fairtrys caught the fish off Newfoundland and Greenland, filleted and froze them on board, storing them until a return to Grimsby. So Barry Sealey spent nine months at sea, in three spells, between times undertaking administrative work for the ships and learning more about how the business operated. He was also part of a delegation for the International Convention for the Northwest Atlantic Fisheries, looking at the preservation of fish stocks.

"My time on the fishing boats was of great value for me because of the respect I gained for the rough and dangerous work that people in our business did. Conversely, it also gave people a respect for me when I became a manager. The guys would say, 'Well, you know about that piece of equipment on the boat >>

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A man with glasses, wearing a dark suit, a light-colored checkered shirt, and a red patterned tie, is looking down at an open book he is holding with both hands. The background is a blurred indoor setting with warm lighting and a red wall on the left. The text is overlaid in white on the lower half of the image.

FROM FROZEN SEAS TO FROZEN PEAS: THE CHRISTIAN SALVESEN YEARS

and how it operates'. They appreciated that I knew about it in a practical way. That was the great Salvesen approach."

For Barry, the understanding of technical aspects of business – and the engineering and science studies – have been extremely useful throughout his career. "Everything that we do has a technical content. Whether it is IT nowadays or the technologies associated with angel companies. Most are technology businesses and my background has, at least, helped me understand, because I know the language of science," he says. Barry regularly went to Grimsby to meet the three Fairtry ships as they arrived back in port; checking their cargoes; the conditions of the assets, and working out the profitability of each voyage. "We ran it like a little business. Each voyage was a business with its own income and expenditure. I would have a broad oversight of the repairs and improvements to machinery. These were complicated vessels, they were factories that went to sea."

He had met his wife, Helen Martyn, in Cleethorpes, while working at a seafront hotel during his university vacation and they married in 1960, although Barry recalls his wedding had to fit around Salvesen arrangements and his trips to sea. The next years were spent as a family man, based in Edinburgh. Their two children, Margaret and Andrew, were born on the same February day in 1962 and 1964. Christian Salvesen was a cash-rich company looking for different things to invest in. The factory whaling ships were no longer viable and sold-off and shortly after Barry's arrival, the firm opened its first cold storage facility in Grimsby for fish being landed by the Fairtry ships. "We knew a lot about refrigeration, but this was something new. It was one of the first palletised cold stores in Europe at the time." Max Harper-Gow saw the potential in cold storage and Salvesen bought the business of Northern Cold Storage Company, a Swedish firm that had built another new store in Grimsby for Birds Eye.

"We agreed to buy the store and rented it back to them for five years while also funding its expansion. Alongside, we were running our own cold store, and then took over the management of the Swedish company in 1964. I was put in charge. Up until then my father



had been in charge, and I became his boss." The Sealeys returned to live in Grimsby from 1964 until 1968, while the business grew massively. Another cold storage plant was built in Lowestoft for Birds Eye, famed for its fish fingers. In 1968 Barry was offered the opportunity of attending Harvard Business School, supported by Christian Salvesen. "That was fantastic. I have to give great credit to Max Harper-Gow for sending me to Harvard, which was a great compliment. I went to America and was at a top business school, although I didn't see a lot of the rest of the USA. Two things struck me most: one was that what happens in America has a major impact on us in the UK. I learned to respect America for being an important part of our economic lives. The other aspect was: we had always looked up to American management training and the business language but, in fact, I was able to cope. What I'd been taught to do naturally and practically with Salvesen's wasn't any different

from what the Americans were telling us. They were making a science out of business management practices."

Barry, a young man from an unknown Scottish company, sitting among the management cohort of major US banks and the likes of General Electric and IBM, felt self-confident in his abilities, and returned to Scotland full of ideas and a better grasp of economics. The case study method of examining real-life businesses and their situations appealed to his thinking.

"I liked the American attitude then; and I liked it even more when I became involved again in 1981 when we bought a business headquartered in New York City." A British business friend visited Barry at Harvard and confided that he was building a frozen potato chip factory with some American backing, and Barry could see this was a great opportunity for Salvesens. He made a transfer-charge transatlantic call directly to Max Harper-Gow in

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Scotland urging him to 'seize the opportunity to build a cold store alongside the frozen chip factory' and, to his credit, within months, Salvesen bought a site and built another cold store at Easton, near Grantham, on the A1, and close to major Lincolnshire potato producers. "The frozen chip manufacturing facility was ahead of its time. There were a lot of technical problems with freezing potatoes. It was a few years later that frozen chips took off, but the cold store at Easton was very well situated and it also became a major distribution centre. After his Harvard awakening, Barry, now in his early 30s, persuaded Max Harper-Gow that he wanted to return to the Edinburgh HQ. He wanted to be where decisions were made, not at an outpost, however much autonomy he might have in running a discrete division. Ever pragmatic, Max moved the cold-storage division to Edinburgh with Barry and his key staff from Grimsby in charge. At 29, Barry had become a board member. Logistics and distribution was emerging as a key part of Salvesen's 'fully integrated supply chain'. A new cold storage plant was built in Dundee to handle the soft berries from fruit growers in the Carse of Gowrie. One day, a casual conversation in a British Rail compartment on the way to Grimsby was a stroke of good fortune. Sitting next to Barry was a food technologist from Marks & Spencer, who told him that the UK's biggest retailer at the time was planning to go into frozen food. Barry, never one to miss an opportunity, arranged a meeting in Baker Street in London. He met a senior executive who wanted to know how Christian Salvesen could deliver: "The right goods at the right time at the right price to the stores" – which was its motto – and what was their standpoint on food hygiene, because one food poisoning case was unacceptable. Salvesen's fleet-footedness landed this game-changing opportunity to deliver frozen foods

to the hundreds of Marks & Spencer stores on high streets across the UK, using their growing fleet of refrigerated lorries and the new cold store at Easton. M&S was fanatical about quality and hygiene and this paid off because its food sales rose from £24m in 1960 to £97m in 1970, when it had a national system of food depots, and chilled and frozen transportation to ensure produce could reach stores in prime condition within 36 hours. Barry and his team played a major role in this success. "We took on the retail distribution of Marks & Spencer's frozen foods. Up until the point I retired I was able to say that every packet of frozen food sold by M&S was distributed by Salvesen. In business, I believe that success is about seeing and seizing opportunities. I loved doing that. Years later, when I was managing director, I would say to visitors: 'I am the Chief Salesman. I sell the company's product to the customer. I sell the company to the City [it was a listed business on the London Stock Market by this stage]. And I sell myself to the Team.'" Opening the door with Marks & Spencer, led to J Sainsbury's seeking Salvesen's growing expertise in logistics and the distribution of frozen foods. Christian Salvesen became such a major UK player that it was given a contract for M&S's fresh and chilled food distribution. The company became the largest freezer of food, building the processing factories. Eventually, their special relationship led to building a major storage network for M&S's hanging garments. Other brand names, such as Findus and Ross, were also moving business to Salvesen. "We took the overflow from people like Birds Eye and we built factories to freeze the peas, vegetables and fruits in Grimsby, Lowestoft and then Dundee. For example, we froze thousands of tons of freshly-picked raspberries in Dundee and blackcurrants in Grimsby." Barry became immersed in all the major deals, negotiating the terms and ensuring the fleets

of refrigerated trucks and cold stores were meeting the customers' expectations. Wage inflation was running high, and he had to keep costs down which meant hard-bargaining with the transport unions, including the Transport & General Workers' Union. The firm instigated an 'experiential' graduate training programme to bring in new talent, making them gain Sealey-type experience working in the fish stores and processing plants, driving fork-lift trucks and undertaking the book-keeping. Throughout the 1970s and 1980s, the company had been moving out of major commercial shipping. Instead, the company built specialised ships for oil and gas exploration and drilling ships, and later specific oil service vessels. The company's growth also gave it the ammunition to buy Croan's, the herring processor, and Claben, a herring and white fish processor, in Aberdeen. In 1972, the head office moved to offices in East Fettes Avenue. Succession planning was well rehearsed at Salvesen's, so when Max Harper-Gow retired in 1981 it was obvious that Gerald Elliot would become the chairman, paving the way for Barry to become the group managing director. The convenience of frozen food for the UK and Europe changed the way most families consumed their meals. There was still fragmentation in this growing industry and Salvesen were in pole position, although there were now several heavyweight competitors. "I don't think I ever thought about what we were doing in the context of the wider part in society or changing economic terms. I thought of it in business terms. While I knew what our competitors were up to, I was chiefly concerned with our business. But I was not seeing this part as a global picture." In 1981, Christian Salvesen, under Barry's direction, made a strategic move into the United States. He had become a member of the International Association of Refrigerated Warehouses, set up in 1891, joining the board and making some high-level connections. Through this grapevine, he met Paul Sullivan, the president of a nationwide New York-based business, who hinted that the parent company, Pet Milk Company, was looking to offload the company to new owners. Pet Milk was owned by the CSX Corporation, one of the leading American rail freight conglomerates. The company, Merchants Refrigerating & >>

Ice Manufacturing Company, was headquartered in Manhattan on East 57th Street, but had a mammoth storage facility, a 15-minute cab ride through the Lincoln Tunnel in Secaucus, New Jersey and other facilities across the USA.

"It was too small for Pet Milk and they didn't like it, so we bought it. I had legal help but because I knew the cold storage business as well as anyone, I did most of the deal myself," says Barry. It was a modest deal and Salvesen paid cash, which was about four times the cash flow. But it was a toe-hold in a buoyant market for a Scottish company. The board in Edinburgh instructed Barry, newly installed as managing director, to take the lead in running and developing its network across the United States, and he travelled monthly to New York, staying in a hotel a few blocks from the office, to meet Paul Sullivan, who remained in charge. "But I also sent over my secret weapon. It was a young man who had joined Salvesen called Chris Masters [later to become Barry's successor as the chief executive of the company], who had come in as an analyst doing business development."

Chris Masters had joined from Shell, recruited by Gerald Elliot, and he was to play a central role in running the Merchant operations and maintaining links with the Edinburgh head office, moving his family to the States. Chris, who was involved with business development, would meet Barry from JFK Airport in New York, they would have dinner in Manhattan and discuss the business over a bottle of Californian Zinfandel, and visit the warehouses over the next few days. In 1984, Salvesen bought Aggreko. It had been a Dutch company - from the Dutch word *aggregatum* meaning generator - and a reverse deal turned it into a Scottish-based company, run by Gordon Tourlamain and David Yorke. "It fitted terribly well with what we were doing at the time. I was always very keen on capital intensive things such as cold stores, lorries, and ships. Once you've made a capital investment, if you do things right, you get a good return. Aggreko was using its capital intensive units to generate revenues. Christian Salvesen was cash generative and for Aggreko to grow it needed capital. We pumped a lot of cash into it and grew it substantially."



Barry remains very proud of Aggreko's success as a global business based in Scotland. "I'm still a modest shareholder and look on this with immense pride."

Salvesen's expansion overseas included cold stores in Boulogne and Brussels, for many of the major retail chains, and later in the Netherlands, Spain and Germany. The flotation of Christian Salvesen in 1985 was led by chairman Sir Gerald Elliot (he was awarded a knighthood in 1986) with all the presentations to analysts and City of London investors undertaken by Barry.

"It was an exciting time and I learned a lot. Sir Gerald Elliot felt it was a good time to float. He was part of the family. We were successful and making good money. The families were getting older and the shareholding was being broadened. We had introduced staff shareholder schemes, where our colleagues could save the shares from their earnings. It was one of the first save-as-you-earn share option schemes."

"Salvesen was a well-established company in which I was an employee. I had already borrowed money to buy shares in the company over a number of years while it was a private company because I believed in it."

As Managing Director of Salvesen, Barry was asked to sit on other boards as a non-executive director, including Scottish Equitable Life Assurance Society in 1984, the Scottish American Investment Company, and was on the Northern advisory board for the National Westminster Bank.

In 1989, Barry Sealey had been with Salvesen for over 30 years. He had introduced early retirement for directors. He was 54, and had spent eight years as managing director.

"I had been extremely happy at Salvesen. Perhaps I was running out of ideas a bit. We were well set up. We'd floated and I'd done my thing. Gerald had retired and been succeeded by an "outsider" John West. I thought if I'm ever going to do anything else with my life, then I better start doing it now. It was also a good idea to allow other younger people to come through."

When he retired Christian Salvesen was in a sound state, employing 11,000 people worldwide. Chris Masters became the chief executive. Later, Sir Alick Rankin replaced John West. As the company approached its 150th anniversary, it fought off a proposed acquisition by Hays plc, as the board felt it was not in the best interest of the shareholders. This set off a chain of events that led to Aggreko being de-merged from Christian Salvesen with Chris Masters as chairman and David Yorke as managing director.

In 1995 Christian Salvesen's turnover for the half year was £346 million, with operating profits of £45m. For the year ending March 1996, it was £700 million, with profits of £80 million. Increasingly, Aggreko built its worldwide reputation as a major supplier of temporary power. The 1996 Atlanta Olympic Games involved the rental of almost 800 pieces of equipment and the Glasgow-based business would become an outstanding success in terms of profitability and reputation. In 1997, it joined the London Stock Exchange on its own terms. Salvesen's continued but its own time as an independent listed Scottish firm was coming to an end. In October 2007, it was bought by the international transport and logistics conglomerate Norbert Dentressangle, based in Lyon, which turned over £3.5 billion in 2012. It was the end of an era for a Scottish business in which Barry Sealey played a starring role. ■