

# The Mobile MD

## The Absolute Business interview - Nik Askaroff

**Profile.** The founder and CEO of EMC, Nik Askaroff is one of the highest profile businessmen in the South East. He is a former President of the South Eastern Society of Chartered Accountants, past Chairman of both Business Link Sussex and Sussex Enterprise. Nik holds board positions with six companies and at EMC focuses on strategy, team management, merger and acquisition work,

and commercial business development. He has considerable overseas experience, particularly in the emerging markets of China, Russia and India as well as the USA and most European countries. Nik has been involved in scores of projects ranging from chief executive of a listed electronics company to non-executive director for one of the country's leading freight forwarders.

**My dad was a Russian immigrant and my mum is Austrian.** He was born on the day of the revolution - October 10th 1917. He was French Russian and the family saw the dangers of the revolution. It became an unpleasant place to be if you were from a White Russian background and my family were semi-middle class intellectuals. My grandmother took the family out of Russia when my dad was four years old and the family believed that my grandfather had been shot, though he had actually been imprisoned in a camp.

**They escaped to Paris, the adults trekking thousands of miles over Siberia** by sledge, whilst they bribed train drivers to allow the children to hide under the coal bunker on the train journey from Moscow to Paris.

**My father was a poor Russian immigrant in Paris** and had a hard time being picked on by the other kids, until my grandmother moved the family to Austria. But being Jewish, living in Austria in the pre-war and war years wasn't the ideal place to be and they spent most of this time in hiding in the country. She re-married Peter Sippl, the Lord Chief Justice in Austria, who was expelled for his role for helping Jewish people in the country. By now, my father was an adult and working in Vienna.

**Dad got through the war but when the Soviets took over** (control of Austria was shared for several years between the Allied countries), they tried to repatriate him to Russia. All those Russians who returned were shot as soon as they crossed the border. The Russians gave him a few beatings but he managed to avoid being returned to Russia and certain death. He knew that his luck would run out, so he emigrated to England, penniless in the 1950s. He managed to find work selling ice-creams and then hoovers, and he built up a new life.

**On my dad's advice I studied accountancy** and qualified as a Chartered Accountant in 1980. I was awarded the title of 'Accountant of the Year' in 1986. but quickly decided that there must be more exciting occupations than auditing, investigations and tax. One of my senior partners at Grant Thorntons came in and threw his books down and said, "You know Nik, you'd have thought that after 40 years of doing this, you'd think it would get more interesting and less technical." I thought to myself that I don't want to be doing this for 40 years, so I left to move into industry.

**Our family business was in children's fashion textiles.** I took on the role of FD, then MD, taking over running the company from my mum. We made children's nursery products, duvet covers, cot bumpers, changing mats etc with over 100 sewing machinists in Eastbourne. We sold to the Royal Family and to over 1,000 shops, including Harrods, John Lewis, Selfridges, Galleries Lafayette in Paris and even the USA. It was a lovely manufacturing company. It was on a small scale but exported all over the world and it was here that I learned to love small manufacturing companies and realised how important they are to our country.

**I worked with two of my brothers and it worked pretty well** as a second generation company, but then three other brothers wanted to be involved and we encountered the problems of a second generation company, such as how it would be shared out. Business was going well but I wasn't sure it was enough for six families, so I left them to it. I had always wanted to be in control of my own destiny, so I decided it was time to move on.

**I was offered a job by Timberland in 1989, to sort out their European operation,** but I decided I didn't want a permanent job and offered to take it on as a project. I quickly formed a limited company called Eastbourne Management Consultants and that's when I started working on a consultancy basis. When the recession struck, I had people asking me advice and getting me to help out in various ways. We would get called in for a bit of trouble-shooting and we were up and running. By 1992 we had eight to ten people. I surrounded myself with a team of good accountants, experienced sales directors and production people and we became a mobile boardroom that SME's could call on for advice as and when they needed help.

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**In 1992, the Financial Times** called us as the 'first corporate troubleshooting firm'.

**Often key staff are overpaid for a lot of their time at work.** A good Financial Director costs £60,000 to £120,000 but you might only need their key skills one day a week. It is like the MD who gets involved in tasks that he should be delegating. The boss should be the leader and the strategist. He should be looking outside the business rather than inside the business. Sometimes you have to roll up your sleeves and get involved and sometimes you have to micro-manage, but not all the time. This is where the mobile boardroom comes in. We can supply someone to provide the service an FD or MD does, but only when needed.

**In 1994, the country started coming out of the recession,** and then companies starting thinking about selling and others were looking to make acquisitions, so we set up a Corporate Finance arm. We help people raise money, value companies, buy businesses or sell businesses.

**I think my skills were honed in the family company.** I learnt about design, manufacture, sales, production and sourcing business. It just happened by chance. I never planned to be a troubleshooter. I am always learning. I have been involved in over 500 projects from the chief exec of a listed company to helping a one man start up. I have taken on board the lessons from all these experiences as you really do never stop learning.

**There is a definite work ethic in an immigrant family** and there is the understanding that you have to go out and make it work yourself. You have to be in charge of your own destiny. I don't want to be reliant on someone else. This is something that immigrants understand, though it does become diffused in the second and third generations. I hope that I can pass this ethos on to my children. Life can be a bit easy for some children now.

**We have helped about 200 people become millionaires,** many of whom still live in the area, and most of them will have a good word to say about us. We live in the community, so people trust us and they know where we are. Business owners often need help when a company grows as it is always a risky time, and sometimes it is good to speak to someone who is experienced in expanding companies. Sometimes we invest in a company and one of us might become a director to go on the journey with them. Most of our business comes from referrals, from satisfied clients.

**We no longer have a full-time London office.** We suffered from our own success as our staff kept getting poached for top-level city jobs.

**In the 1980's I went to a dinner hosted by 3i,** the venture capital company with over twenty key senior businesspeople there and the view was that the town was finished. One of the guests said, "We are moving out. Can anyone say I am doing the wrong thing?" No-one could and half of them had already decided to move out to Gatwick or Crawley.

**Luckily the creative and digital industries,** supported by the council's creative hub, moved in and this really did turn it around. There is also the positive influence of the gay community and the eco economy attracted by the Green MP and councils, although any growth will be hindered by their transport policies, which are certainly bad for business.

**We have a good creative sector in Brighton** and the council helped with workspaces for these budding entrepreneurs, but the problem is they are too many one-man bands, many of whom have a lifestyle business, where they just scrape together a living. I often want to bring them all together and say to them, "If you ten get together and pool your expertise, you could have a leading company. If you twenty get together, you could be a world-leading company." I am a strong believer that one and one can make five.

**I get excited when I see companies expand and show ambition.** Brighton is dominated by lifestyle businesses, where people are their own bosses and work the hours they want to work, but they work very hard and struggle. We need people to grow businesses. We have some great examples like RDF, FDM, Neilson, RedSeven and Ricardo, so we have plenty of champions, but we will always need more.

**For the SMEs the banks' shutters are down.** For the growing business which needs fuel to expand the banks aren't in business. I don't blame the banks - it is our money they look after and they have had their wrists slapped. But they have been exploiting their position, charging some extortionate interest rates. There are currently few resources out there for SMEs. If you want to borrow a million pounds it is relatively easy but if you need £50-£250,000, it is really tough. We desperately need start-ups and people taking risks. Without them there will be fewer jobs and employers. At EMC we are trying to help these companies grow and prosper

**I'd love to see a Brighton Venture Fund to support small businesses.** Sometimes the problem is accessing investment. These work well in Oxford and Cambridge and I think it could work in Brighton, but we haven't got the same history of companies growing and coming through the other end. The way it works is serial entrepreneurs come together with a venture fund to invest. We have a fantastic innovation centre at Sussex University and Brighton University is doing great work.

**It needs a bit of fuel priming from Government and we have lobbied for this.** To start, we really need some risk funding of about £10-£20m to start with and it needs to be based on a Portfolio Theory basis i.e. If we invest in ten, four will go bust, four won't do much and two will go on to pay for the next ten. It needs to be simple and quick just as 3i was in the eighties. It is a big risk but if we want our budding entrepreneurs to build businesses that employ people, then we must take that risk. With interest rates so low, people are looking for new ways to invest and a local risk fund could be an opportunity.

**We would be happy to help start a Brighton Investor Network,** if we can find like-minded companies. I believe that one of the reasons that we have a lack of big local companies is because the Brighton economy was so poor in the 1980s and 1990s, when there was a lack of start-ups.

**At EMC, we are senior businesspeople who enjoy working** but we all want to enjoy life as well. Some could retire, but don't want to stop working. We never advertise jobs - people apply to us. We get regular applications from senior businesspeople and we decide if they will fit in. If there is a good person out there, we will always talk to them. We do lose staff - sometimes people will go and help a company and they will stay on with them. But then they often come back later on for a new challenge. It is all organic and that is how we like it.

*Interview by Ian Trevett*