

No more squash — but selling ISTEEL makes sense for Midland tycoon and his staff

The £180 million sale of Redditch computer company ISTEEL catapulted chairman John Leighfield into the rarified ranks of Britain's multi-millionaires.

In an exclusive interview with Business Editor CLINTON MANNING he talks about the money, the future and the 15-year battle to build the business.

Gamble pays off for a boss

John Leighfield used to be a keen squash player.

But his hobby was brought to an abrupt end by the biggest financial gamble of his life.

Three years ago he was putting the finishing touches to a bid by the ISTEEL workforce to buy the computer services company from Rover Group.

But it wasn't the pressure of endless hours spent stitching together the £35-million buy-out which cut short his sporting career.

It wasn't even the anxiety of putting his house on the line to raise £300 towards the cost of the deal.

THANKS A MILLION!

Redditch workers shares bonanza

By Bob White
Workers at the Redditch computer firm were today celebrating shares bonanza which has made at least five millionaires.

The sale of the Redditch computer firm to the ISTEEL workforce has made at least five millionaires, it was learned today.

The ISTEEL workforce, which bought the firm from Rover Group, has made a profit of £180 million.

The ISTEEL workforce, which bought the firm from Rover Group, has made a profit of £180 million.

"I bought a big briefcase to carry all the legal papers around in and it destroyed my elbows," he explains. "I haven't been able to play any racket sports at all since then."

It was perhaps the only negative thing to come out of a daring and in many ways dangerous deal which was almost 15 years in the making.

Among the massive pluses were the achievement of building something from nothing and the rich rewards for a loyal and dedicated workforce.

More than 1,000 ISTEEL employees picked up an average of £30,000 last week when the company was bought for £180 million by the US telecommunications giant AT & T.

Speaking at his Oxford home in the same room where he and his wife Margaret decided to "gamble" with the roof over their heads — Mr Leighfield said he was delighted for the workforce.

"What really thrills me is that they are talking about the opportunities for the future, not just the huge amounts of money some

of them will make out of the deal."

Mr Leighfield stands to pick up £4.5 million, although he is quick to point out that Chancellor Lawson will snatch back almost £2 million.

"It means I can do some of the things I enjoy, like collecting old maps with more abandon than in the past."

"But I have no intention of putting my feet up in a sunny, joy-like collecting old maps with more abandon than in the past."

Mr Leighfield has lived in his relatively modest detached house in a leafy suburb for 17 years. He says if he had wanted to move he could have afforded to long ago, but his family is happy there.

He already has a company Daimler and says his children, Ben, aged 21, and 18-year-old Rebecca both have cars he bought for them and he sees no reason why they should have anything more extravagant.

"I suppose I do things personally which, if I did them in business, would be considered irresponsible. I haven't taken any financial advice for example and therefore really haven't any idea what I will do with the money."

Since the deal was announced the Leighfields have been the focus of intense media attention.

Twenty years of dealing with journalists has left him able to cope without really feeling the pressure, but one thing which has irked him are suggestions that he has made a quick killing.

He is keen to point out the foundations for last week's heady celebrations were laid more than 15 years ago.

Unstable

After graduating from Exeter College, Oxford, with a degree in classics, philosophy and ancient history, he joined Ford as a management trainee on £15 a week.

Despite the unlikely educational background he soon ended up in the computer department.

In 1965 he left to join Plessey and four years later, at the tender age of 21, took charge of the company's whole computer operation and a 600-strong workforce.

Six years later he was headhunted by what was then British Leyland to mastermind computer planning.

"When I arrived things were in a terrible mess. There were no fewer than 16 computer departments and ten different sorts of computer in use."

"The other major problem was BL was in such a parlous state only real masochists



ISTEEL boss John Leighfield in his garden in a leafy suburb of Oxford.

'Things were in a terrible mess at BL'



Margaret Leighfield — same house for 10 years

like me would work there.

"It was the butt of every comedian's joke and the target of every journalist looking for a knocking story. We had a 30 per cent staff turnover."

Mr Leighfield said he devised 30 potential solutions including various types of incentive payments, but the personnel department shot down all 30 as "divisive".

The 31st was to set the group's computer services up as a separate company, an idea which also fell on deaf ears until the arrival of Michael Edwardes as

into the brave new world of ISTEEL in 1984," he said.

Heavy investment meant it made a £200,000 loss that year, but it appears to have been treading a golden path ever since and is on course to make £11 million this year.

It was uncertainty about the long-term future, and the successful privatisation of Jaguar, which prompted Mr Leighfield to consider an employee buy-out.

Again it was slow going, but he finally got the board to agree that provided they offered a good price, the workforce could buy the company without facing rival bids.

Enter the new Rover Group chairman, Graham Day.

Muscle

"He said 'I don't do things that way. If you are going to privatise this part of the business it's got to be done in competition'."

"Thank goodness he did. With all the noise that's being made about the money we've made we would have been in an awkward position if it had looked as if we got an easy ride."

Mr Leighfield said the decision to sell to AT & T was prompted by the merger-mad business world where big is beautiful.

"They are a 35 billion-dollar organisation which means they have the financial muscle and credibility on the world stage."

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