BUSINESS MAIL

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Man of action heads firm's success

Action man Chris Chiles likes scuba diving and racing historic cars as relaxation from a 15-hour day running a company with a soaring success rate.



By MITCHELL CLEWS

He is managing director of Istel, the Redditch information technology services company which has grown at such a rate it is now the largest employer in the town, with 1,000 on its payroll there and 600 in other places in this country and abroad.

The barometer of its expansion is to be seen in the turnover, from £27.4 million in 1981 to an estimated £83 million this year.

But Mr Chiles and his company have ambitions to reach a £500 million turn-over and become substantially more international.

Though the company is growing annually at twice the rate of some competitors, he concedes it is going to be difficult to sustain that without buying up other companies.

"We have to do that so that we can become a truly international company. More than 95 per cent of our business today is in the United Kingdom," he said.

With the single market in Europe from 1992 it was essential for Istel to be more international in five years.

To be able to acquire the companies to boost its business Istel would have to be floated on the stock market. And the company has plans to go public by the end of next year, or in 1990.

Trainee

Streetly-born Mr Chiles began working life as a 17-year-old bank trainee. At the age of 20 he moved into computing, first with Rolls Royce as a trainee programmer and then with Rover.

He rose through a series of jobs until he was sent to Redditch to set up a data centre at Moons Moat for British Leyland.

In 1979 BL Systems was set up with Mr Chiles as director of operations.

The name was changed to Istel, chosen by a computer, in January 1984.

In 1980 its turnover of £25.7 million came from BL companies. This year the expected £83 million will include less than 50 per cent.

When parts of the Rover Group were put on the market Istel attracted interest from more than a dozen bidders.

A short list of three was drawn up, including one from the five executive directors of Istel — and they succeeded.

A group of directors and managers took the plunge and raised £35 million from second mortgages and friendly bank managers to provide some of the money, with investors being approached for the rest.

Shares

The deal was signed in June last year, and then the rest of the 1,250 employees were offered shares.

The response was tremendous, with nearly 900 investing in the company to the tune of £1.8 million, although the shares offer was over-subscribed nearly three times.

Mr Chiles said: "This was not a management buy-out but a management-led buy-out."

Rover decided it wanted to keep a 25 per cent holding and the rest is made up of 51 per cent in the hands of management and employees and the rest held by financial institutions.

Mr Chiles and his wife Wendy have two children, a boy and girl. The family live Redditch.

"I play hard and I work hard. If I lay on beaches for relaxation I would go bananas. I would only think of work, but scuba diving and racing needs 100 per cent concentration and that takes my mind off thinking about work," he said.

One of the walls of his office is adorned with his photographs of underwater creatures, and some of his pictures have been award-winners.

Racing

Mr Chiles races historic cars, including a Chevron B8 — a sport he took to three years ago after attending racing at which his company was sponsor.

But he tries to keep his weekends free to spend with his family. On one occasion he was on holiday in the Maldives and after five days was called back home for business reasons.

The man who likes to drive on the track at speeds up to 145 mph is ready to push the company to even greater success.

Istel has also earned a reputation in its comparatively short time in Redditch of caring for the community as well.

Grand Met in US deal

Grand Metropolitan today won the biggest takeover deal ever launched by a British company when the opposition of American doughboys Pillsbury crumbled.

By IAN HALSTEAD

After 11 weeks the Minneapolis-based group accepted a share offer that values it at more than £3,000 million.

Defeat was inevitable for Pillsbury once the American courts threw out a "poison pill" defence.

It would have made Grand Met's takeover uneconomic by flooding the market with cut-price shares.

Once that was ruled unacceptable, it was only left for Pillsbury's advisers to accept the bid of 66 US dollars for each share.

Grand Met is now expected to sell around a quarter of the American group, which owns a collection of famous brands, including the struggling fast-food restaurant chain, Burger King.

Less than a fortnight ago the British company announced a profit surge of almost £120 million, on turnover of £5,500 million.

Its retailing operations included a record turnover from Mecca Bookmakers, fuelled by a boom in credit betting.

Grand Met has since spent more than £330 million on buying the William Hill chain of betting shops from Sears, giving it a further 900 shops in the UK, plus 370 in Belgium.

Pubs sold

Today it also announced that it was buying two European food operations, Spaghetti Factory and Wienerwald, for £20 million.

Earlier this year Grand Met sold 700 of its pubs — many in the Midlands — for £80 million.

The Pillsbury deal was part-financed by the decision of the British group to dispose of much of its hotel division in September.

It gained around £1.2 billion by the sale of Inter-Continental Hotels to a Japanese retailer.

The Americans controlled one of the USA's largest food and retailing businesses, with annual sales of around £4,000 million.

Birthday version of Mini

Rover is developing a special limited edition version of the evergreen Mini to celebrate the car's 30th birthday next year.

Special versions of the car built in Longbridge, Birmingham, have always been top sellers. With the car's future in doubt after 1992 because of European pollution regulations, the new version is expected to be eagerly snapped up.

The Mini was first announced to the public on August 26, 1959, but has become a cult car in France and Japan where it is spearheading Austin Rover's sales into the Far East.

Trendy young Japanese bought more than 4,500 Minis last year and Longbridge still makes more than 750 a week.

The five millionth Mini was produced in February 1986 when it became the first British car to reach the magic number.

Celebrations for the car's birthday include a huge gathering at the Silverstone race circuit near Towcester.

Hotel is sold in a £4m deal

A family-owned hotel in Birmingham has been sold to one of the country's biggest brewing groups for around £4 million.

The Westmead, at Hopwood, was previously run by the father-and-son partnership of Jim and Robert Slater.

Now Whitbread's recently-formed property division has bought the 60-bedroom hotel, which is close to the NEC and Birmingham International Airport.

Whitbread's described the Westmead as one of the most highly-regarded hotels in the area.

BUSINESS NEWS IN BRIEF

Change of show date

The UK's premier business computer exhibition, the Which Computer? Show, is moving to a new date.

It will take place from April 24 to 27.

Smiling

Leeds Permanent building society boosted pre-tax profits 31 per cent to £122m to the end of September.

Plane deal

Shanghai's China Eastern Airlines has ordered three A300-600R passenger planes from Airbus Industries.

Cut order

The Kuwait Investment Office has been told it must cut its 21.6 per cent stake in BP to 9.9 per cent within three years.

Profits up

Campbell and Armstrong boosted pre-tax profits to £1.4 m in the six months to the end of September. Interim dividend is 1.65p.

£5m stake in Brum firm

By FRED BROMWICH

The three brothers who founded Birmingham-based specialist furniture manufacturer Delaney Group today snapped up £5 million when they sold a 25.1 per cent stake in the company.

Chairman Mr Robert Delaney and his brothers Paul and David, who are non-executive directors, said they were stepping down from the board as a result of the deal to "pursue other business interests".

The brothers, who retain a four per cent interest in the issued share capital, sold the quarter-stake to Melton Medes, the private industrial holding group, which is headed by Mr Nathu Ram Puri.

Mr Puri, who has been invited to become non-executive chairman at Delaney, said today: "I believe that the association with Melton Medes will bring new opportunities to Delaney and I look forward to participating in its further growth and development."

Melton Medes, whose manufacturing activities include carpets, fabrics, paper, plastics and engineering, recently announced that its pre-tax profits were up 50 per cent to £4 million.

Delaney, with interests in domestic and contract furniture, shopfitting and home improvements, produced interim unaudited pre-tax profits of £1.2 million on an £11 million turnover in the period to June 30.

Growth

Delaney managing director Mr Ray Apted, who was head-hunted from the components division at Delta in March, said:

"We believe our connection with Mr Puri will further enhance the group's strategy for growth both organically and by acquisition."

Delaney was originally established as a furniture retailer in 1975.

City chiefs in jobs bid

Business leaders from Birmingham are leading the race to set up Britain's first job training council for the 1990s.

Already the city's Chamber of Commerce and Industry has set up a group to take its case to the government.

A steering committee of industrialists, executives and politicians will prepare a detailed bid for a Training and Enterprise Council in the New Year.

And tomorrow more than 50 Chamber chief executives from across the country will meet in Birmingham. Also due to attend the private discussions at the local chamber are Employment Secretary Norman Fowler and his top civil servant Geoffrey Holland. The moves follow the publication of the White Paper on Employment and Training in the 1990s.

It said that around 100 TECs will be set up to co-ordinate training in response to local skill needs. Up to a dozen will established before the end of 1990.

Software firm on takeover trail

Misys, the rapidly-expanding Midland computer software company, has announced a new takeover.

The company, which employs about 500 people in the Midlands, announced it was paying £536,000 for Manchester-based Independent Computer Company.

Misys finance director Mr Ross Graham said ICC was a small company employing about 35 people.

But he added that it had established a reputation as one of the country's leading suppliers of computer software systems for travel agents.

"There are more than 8,000 travel agents in the UK and apart from viewdata terminals, which are commonplace, very few are fully computerised," he said.

"ICC's systems are compatible with all the major suppliers of viewdata terminals."

Mr Graham said his firm believed there was tremendous potential to expand ICC's business. It would also fit very neatly with Misys Dataller, its subsidiary specialising in software for insurance brokers.

Today's takeover is the fourth since Misys was floated on the Unlisted Securities Market in March 1987.

At that time the company was valued at about £8 million. It is now worth closer to £60 million. Profits in the 12 months to May this year were £2.22 million before tax.

The company also revealed today that its £17 million takeover bid for Zygal Dynamics announced in November had been accepted.

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