

THE MERCHANT BANKER

BY

Lloyd Nelson

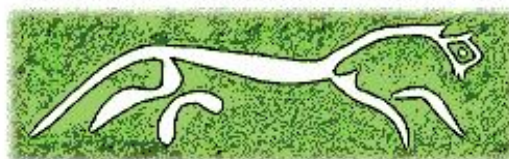
Up until about age 50 I was a much travelling merchant banker in the international section of Mowbray Bank. This started as a boutique bank by a Leicestershire land owner and is still in family hands today. It's grown and grown and if it wasn't such a gold mine it would have changed hands long ago. Boy does it make money. It also treats its money makers well and I had a very happy life there, travelling the world at the drop of a hat. The Australian Foreign Minister, the cherubic looking one, is also a great traveller and he tells me he sees me more often than anyone else on his perambulations about the globe.

At 50 I cut right down on international travel and did specialist financing and re-financing work for many of our big customers. I specialised in succession planning, tricky work as no-one, especially crusty old Poms likes handing over to the up and comers.

At age 52 my father in law Lord Cole dropped dead playing golf on Sunningdale golf course. He was a brewer, Cole and Shoreditch owners of Uffington Brewery, hence all the vision of the white horse of Uffington on their tied house signs.

My wife inherits in the main and shrugging her shoulders turns the responsibility over to me. I'm quite happy at the bank and have no plans to leave but take some holidays and have a good look at the brewery. I don't know about brewing and my father in law, believing he was going to live forever didn't encourage me to, but I do know about interlocking companies and their balance sheets, right up I suspect that Uffington's has a slight odour of decayed fish about it. The management is O.K. in spots and way off in others. I pretend that the firm has come to us for finance (us, the Bank) and I do a real due diligence.

UFFINGTON ALES & STOUTS



TWO

I have two big surprises in doing this. The first is that the Brewery, or Lord Cole, or perhaps a sharp accountant planning a midnight flit has 12 million pounds stashed in a Swiss bank. It's unexplained and certainly off balance sheet. I hot foot it to the gnomes of Zurich and put a fence around this cash so that it can't go anywhere unless I say so. It's in a numbered account and only Lord Cole could access it really but, and there's always a but, I want to make doubly sure it's untouchable.

The other surprise is that the brewery has an absolutely brilliant chemist brewer working there. Roger Coverly is just this side of being an Einstein. He's other worldly but due to his abilities we can stay up with the competition. I have a chat with Roger about the brews that sell in Australia. In merchant banking I'm often in Oz and I often taste the big sellers, Fosters Lager and V.B. Vic Bitter. Oz is a lager market and Britain is becoming one. I ask Roger what he knows about these two super sellers. He knows a lot and tells me to wait a bit and he'll do a knock off of both. "How so?" I ask, it seems he's analysed them to the nth degree and I find out in due course that not only can he replicate both brews and does, but he has some spritzing up ideas on improving them. I try and he's dead right. I level with this guy and say we wouldn't like to ever lose him, what does he want to ensure he stays with us. His wants are modest and we make them immediately or nearly immediately possible. We give him a roving brief to travel to any brewery or beer

market in the world to suss things out “and by the way, can I have a copy of all that stuff on the Carlton and United beers?” and I get it. Don’t ask me why, some sort of premonition?

THREE

I go one step further with Roger. Boutique breweries are becoming very popular but at this stage they are little more than hobby brewery’s. In my view what is needed is a compact version of these which allow a production step up by add-ons. That is to say if you have a boutique product that sells and you are swamped by demand you add on another brewing unit to produce more. The bottling side is of course no problem as bottling machines can bottle thousands of stubbies (I favour dark glass stubbies) at a sitting. I write a tight brief to Roger stressing simplicity of the brewing units and installation of high volume bottlers.

He comes back with a good design, in the meantime I hear of a ground breaker in Munich in this field. I give him a big roll of bank notes and send him off to Munich as a tourist. You'd never dream this boffin looking chap is a brewing genius. He comes back minus the bank roll but with a complete set of plans of the ground breaker. He buries himself at the brewery, stainless steel welders come and go, he makes shapes and reshapes. I'm open minded but I think what he produces is as good as current technology can get. We knock off a new Uffington line minus any claim to be Uffington. We market the product as British Darkish Bitter and British Palish Lager. Boy do they sell. They are of course Rogers spritzed up version of Fosters Lager and Victoria Bitter. A rose by any other name.

FOUR

I bring in my son to management. He's intelligent and pragmatic and has pissed around with this and that and is about ready to settle down as he's planning to commit matrimony. He applies himself and I have hopes for the future. In general my management style is to change only what is strictly necessary. I don’t want to frighten the horses and it’s a very profitable business anyway and operates in charming circumstances. The brewery is near the Nuffield car works out from Oxford and our pubs are very Thames side and often olde worlde upmarket. It’s a helluva good show and I upgrade and run it by close daily application from then until I'm about 70. My wife, quite a charming girl, slim, musical and very bright has always had a bug about changing houses. We seem no sooner to have settled in and I get to know where my books are (my reading books that is) and we get the grounds up to scratch and then she wants us to move again. I look at the mortality actuarial tables from the bank and I figure I've got six years to live and she seems to have her next five house moves in mind. It’s too, too much.



FIVE

I'm off to Switzerland to organise a joint venture to produce our new world beaters (courtesy of the Carlton and & United Brewery in Melbourne). I carry from the taxi my Hermes Brief case in one hand, it’s got everything in it, travelling cash, passport etc. etc. In the other hand I have the operating instructions and plans of the new brewing unit and the formulation recipes. Actually, in retrospect, what I carry is commercially too valuable for

me to have done so but I do have some safeguards built in by Roger, thus without my inputs it could appear to be a dud idea. As I enter the bank a hoon saps me on the side of the head and takes off with my brief case. Luckily he didn't get me square on. At the foot of the elevator I totter up the escalator and return to the street still gripping my plans portfolio. I haven't time to get back to Oxford for replacement papers and money so I cab back to a bank nearby at Martins in the Fields where I have a safety deposit box under the name I used when travelling incognito for the bank on very sensitive matters where you don't want the world or anyone to know that a senior banker from Mowbray Bank is in town. I access the box; it's all electronic entry and pull out my ersatz passport plus a deal of cash and go to catch my plane. I get to Zurich but the sapping has caught up with me and I defer the meeting until further notice.

SIX

Next morning I pick up the T.V. news and learn of Muslim action day on the tube and read of my own demise. Evidently the chap who knocked off my brief case only just made the tube and was one of the first dragged out of the flash fire in the tube tunnel. They I.D.'d him from my brief case. I immediately pick up the phone, I don't dial, the germ of an idea buzzes in my elderly brain, it seems I'm officially dead, would it be a thought to stay that way for a little while. Just think, I'm in Switzerland, I've a functional passport under another name, I've access to a real shit load of money, the possibilities are endless. I may be able to avoid my wife's endless house hopping. My books, my reading books may stay in the one place for a time. I suppose I can always plead, loss of memory and like Dickens famous character in the Tale of Two Cities be recalled to life when I want. I order sandwiches and beer (Uffington of course) and ponder the endless possibilities running around my brain.

SEVEN

These days I live in Battery Point at Hobart. I look over towards Salamanca place where one of the 300 all franchised operations Boutique breweries that I have throughout Eastern Australia and New Zealand is located. It's my own private company, not a shareholder in sight and does it have a cash flow. Carlton and United ring me up every Monday to try and buy me out. I'm 75 now. I wear a short crew cut; go clay target shooting all over Australia. I keep in touch with what's happening in my bailiwick in the old dart. My wife has had eight new houses in 5 years (shudder), my son is running the brewery easily and well, I accept no social invitations, but of those I say no to I invite some back occasionally to my Salamanca pub, The White Horse. I've a magnificent intimate dining room there, we serve only Aussie Darkish Bitter and Aussie Palish Lager, no one has yet complained. Everything I own will, in the end, go back to the family company who probably don't know of its existence. Still, I wouldn't be at all surprised or unhappy to see Roger the brewer come shambling in the door one day. I decide to weekend at my olde worlde sandstone cottage at Richmond. It's indeed, a tough and trouble free life.

