Sir Peter Rigby

Interviewed by

Richard Sharpe

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At the

Offices of Rigby Group Plc,
Stratford-Upon-Avon, West Midlands, UK

*Welcome to the Archives of Information Technology. It is Tuesday March the 19th
2019. I'm Richard Sharpe, and I have been covering the IT sector since the early
1970s. It is the objectives of the Archives to capture the past and inspire the future,
and you will be inspired by the story of our entrant today to the Archives, Sir Peter
Rigby. Sir Peter has built a massive organisation, a multi-billion-pound organisation,
and it's a private organisation, and he has some very trenchant and direct views
about how to run companies, and the values that should go with them. So Sir Peter,
this all started in 1943 in the Crosby area of Liverpool, is that right?*

Yes, well I was born in central Liverpool, but I was brought up and educated in
Crosby, a district of Liverpool. And, I had a conventional schooling. I went to a
secondary school, I went to a grammar school. And when I was about, ten or eleven, I
decided my career would be in aviation. And that is something that stuck with me
throughout my life. However, though I had learnt to fly at fifteen, and I was set to
take a scholarship into the RAF, my father had lost his eyesight when I was about
twelve or, twelve, thirteen, and subsequently lost his job, and...

He was a clerk in the railway?

He was. And, he was a fine man, and a proud man, but ended up living on National
Assistance. And I decided that it was inappropriate for me to go into the Air Force as
a young cadet, and I decided I had to take a job. And, my qualifications in life were a
few O Levels and a couple of A Levels. And, I had few contacts, but nonetheless,
through my mother I ended up with an interview with a company called NCR,
National Cash Register. And, they didn't really know what to do with me at
seventeen, but they put me on a graduate intake scheme. And over the next five years
I obtained a really good grounding in the basics of technology at that time. I in fact
moved to what was called the EDP division of...

Electronic data processing was it?

Indeed. Of NCR, which was a tiny division. But nonetheless, I was intrigued by the
technologies, and I learnt to program, and then ultimately I designed systems. And, I
then worked out that there was more money in actually selling solutions.

[03:04]

What were you actually programming?

I was working on a variety of machines. Elliott 803. I worked on the NCR 315. And, the technology they had, and they had a lot of devices which use magnetic-stripped cards as a memory to basically an accounting machine. So it was a whole variety of machines. But the things that intrigued me were the mainframes.

And you were writing in assembler and COBOL I understand.

At that stage it was assembler.

Assembler.

COBOL, I learnt to program in COBOL when I moved to Honeywell.

Right.

And, at NCR I was told I was far too young at early twenties to sell computers, because that was in the hands of people with maths degrees and multi years' experience in business. So I went to Honeywell, which was, the EDP division of Honeywell, which was a relatively young start-up IT business, which had a IBM compatible mainframe product, Honeywell 200 Series it was called, compatible with the IBM 1400 Series, which was the mainframe of the day, prior to the 360 Series and the 370 Series. Again, I had some understanding of the technology, and I wrote things in COBOL and designed systems. In those days, you sold a mainframe; you designed the solution. You sold the product, and you were involved in the delivery of the product. And I was quite successful.

Where were you based?

I was based in, initially Manchester, then Leeds, and then I opened up the North East for Honeywell, and sold machines to people like Vaux Breweries I remember. And, I was doing very well.

[05:02]

And then I, I questioned the substance of what I was doing from a technical standpoint, and I decided that I'd back up my selling by more technical experience, and I was recruited by a consultancy organisation called John Diebold. In those days Diebold had coined the word automation. And I was to join them and work in New York, but they asked me to work first in Frankfurt. And I spent a year on the Diebold Research Program in Frankfurt, writing papers along with a team of people more skilled than I for presentation at seminars around Europe.

[05:47]

I then decided that consultancy was actually more shallow than selling computers. [both laugh] And I was asked to go back into Honeywell, and I went back as a salesman in the Birmingham branch. Was very successful, became their top salesperson, became the youngest branch sales manager, and became the youngest branch manager. And, had a successful run in a company that I thought was a good company.

[06:15]

What drew you to sales?

[pause] What drew me to sales? I, I think it's the people contact. Technology is all very well, but it's pretty boring stuff in terms of, your head down and looking at the detail. I think, the idea of promoting technology and of its impact, and bear in mind, this was the early days of commercial computing, was quite interesting. I mean it was a, a fine thing to be associated with, being able to go into an organisation and really impact them. And most medium and large corporations were either into the second generation computing system, or they were ready for it and they were moving away from punch card systems and other forms of mechanisation. So, it had a purpose, and, and there was a result. You know, the result was a sale, and hopefully a successful sale.

[07:14]

What type of clients did you have?

A pretty broad range. I remember the biggest client I had was the GEC group, AEI and GEC in their computing centres. And, the issue was that, you were always up against two giants, the giant of IBM, which had 85 per cent of the worldwide computing market at that time for mainframes, and in the UK, ICT, which became ICL of course. And then there was this upstart company, Honeywell, that had this IBM compatible product. So, that was interesting. I improved my sales capabilities, I managed other salespeople, achieved results through other people.

So you were beginning to manage other people?

Yes. And then I managed a branch, you know, we'd be one of a dozen branches in the UK that Honeywell had.

Right.

[08:09]
And then I worked out that, this American corporation kept the top jobs for Americans, and in the UK, typically they would cycle an American through the job of running the UK operation on a three-year basis. The first year he came in he blamed his predecessor; second year he went ballistic; and the third year he behaved himself because he was looking for the next job back in the States. And that was the cycle of management. And I thought it was pretty discouraging, and that I could do better than that.

So they didn't, unlike IBM, promote internal talent to the top of Honeywell UK?

I didn't think they did, no.

No, OK.

And those top jobs were always occupied by Americans.

Was it a paternalistic type of organisation, Honeywell?

No, I don't think so. I think it was a middle-of-the-road American company. American organisations are generally pretty aggressive. And, they weren't at that extreme end; they were somewhere in the middle. And, their fundamental background was ultimately avionics, aircraft engines, electrical systems, and commercial data processing was something they had gone into, and ultimately of course they sold that business to GE, it combined, and then you had...

Of the US. Yup.

...incompatible computing solutions, and the general mess that evolved with mainframe computing organisations in those days, and always living in the shadow of IBM, it was tiring.

Did they train you a lot?

No. They didn't. The formal training I received was, was minimal. And, I guess, really, most things that I have learnt in my business life, I have either learnt them the hard way. Maybe I have seen examples, I wouldn't go so far as to say role models but examples, of good behaviour, which I've observed, and then, presumably some innate ability to come through. I don't mean that in an arrogant way, but it's an honest answer to, to a question. The training that I have received in my business life as such is minimal, and it's always a, a sort of, surprise to my sons, who have been through university, to see that I've got honorary doctorates, never having been to a university as it were.

[10:53]

Anyway. Moving on from that. I had always wanted to do my own thing.

You had always wanted that?

Mm.

You have said, and been quoted as saying I should say, I don't know that you have said it, you've been quoted as saying, that you think that entrepreneurs are in the genes or not. They're not made, it's in your genes or not.

Exactly.

Is that your view?

It's absolutely my view.

Why is that so?

Well, I think, a true entrepreneur isn't just somebody that has an idea, makes a lot of money for it, and walks away. An entrepreneur has got a constant flow of ideas, and, constantly sets goals, wants to achieve things, wants to translate the ideas into a reality. And, one thing I learnt in selling mainframe computers was, I was largely dealing with major structured corporations, and, I liked that idea. I was dealing with intelligent professional people, at the buying end of things, and when I went into business I didn't want to have a rinky-dink business; I wanted to create something that was capable of addressing the markets that I had sold into. And, and therefore I had a, a view of wanting not to just create a business and have a nice little income, thank you very much, from it, but to actually create something of substance. The issue was, how do you actually get into an industry which is, you know, is mainframe computing dominated. We had these things called computer bureaux in those days where the general idea was, maybe in a specific sector, if an organisation couldn't afford or justify its own mainframe system, it would have a solution provided through a computer bureau. You know, you can argue, that's a sort of cloud-delivered service, in, in this day and age.

I think it is.

It was exactly that wasn't it? So, I had that in mind, but I had to accumulate some capital. And, I had contacts, and I had views on, you know, the skillsets that were required and so on. And I went into the recruitment business.

[13:28]

This is 1975.

This is 1975, yes.

You were 32 years old.

Yes.

You had been in three companies so far, NCR, Diebold, and Honeywell twice.

Yes.

All big companies, Diebold quite big in its, in its area. You obviously had very nice pensions, rather good salary, because you were a head salesman, and they were very well paid.

Yes.

And at 32, with a young family by then, you decided, I'm not going to do this any more.

Yes.

That was a real chance you took. You really rolled the dice then.

I did, and I had two little kids, and a mortgage. And, you know, I suppose the obvious thing I could have done was stay in the industry, either work in the UK or work overseas in some suitable role. I didn't want to do that. And, I, you know, had a, a back bedroom and an office and a telephone, and some contacts, and I literally started from scratch. And, in fact I went to my bank manager and said, you know, 'I'm going to do this, and I probably need some support for a period of time. It's not particularly capital-intensive but I do need to have a certain level of income.' And he

said, 'Fine, you know, we'll help you, and, and sign here. And I'd like a second mortgage on your house.' And I said, 'Thanks but no thanks.' You know, you either back *me,* or I back myself. Because it's me that's taking the risk. And, so I didn't utilise any banking facilities. I had saved £2,000.

£2,000, kick this off.

£2,000.

In 1975.

Probably worth a lot more than £2,000 then than it is now.

Yes.

But, you know, multiply it by a factor of ten and it still isn't an awful lot of money. So, anyway, I did that. And, it was, you know, timing is everything in life, and, was it a risk? Yes it was, but I was in a sunrise industry. One didn't know how far it would go, but of course it was ready to explode as an industry. It needed talent, and, you know, I felt that I could provide a service where I could identify the skills that were required, more so than just an agency could. And, and that business went OK.

[15:57]
So you would employ, for instance, a programmer, and then, that programmer would be sent to do their technical work programming at a client?

[hesitates] Yes. Although, it was largely permanent staff recruitment.

Right.

So... I mean, by any other ways, an agency, a staffing agency.

Yes.

And, I set that up in Birmingham from, to call the office modest would be a, an overstatement. It was a shocking place I started in from scratch. I then did London and Manchester, and then I took it to Brussels, and I took it to Amsterdam, and I took it to South Africa. And over the next four or five years I created a multimillion-pound recruitment business, which was...

In two years you hit a million-pound turnover, did you not?

Yes, I did. And, you know, with substantial margins. So I was able to...

Thirty per cent?

Probably. I, I was able to accumulate some cash. And then, I thought, well this isn't particularly challenging. I'm not saying it was the right decision, because if I look back, at the time there were people like Reed Employment doing accountants, and now you look at a company like Reed Employment, and they're a multibillion-dollar quoted company. And they were of a similar scale to me, and I was working in the technology sector, they were working in other fields. So, in many respects I should have stayed with that business. And, I ran in parallel in '82 I think it was, I set up, or, acquired a computer bureau in Birmingham, a company called MCC, which had been a customer of mine in Honeywell days, and then I built that up. And that was a conventional computer services company. The guts of that company still trades today, as part of my group of companies, and I've still got people who were in that business and remain in my business today. So that provided bureau-based services, essentially payroll services. And, it was, it was more satisfying to me in that it was a real business, rather than necessarily this, quite shallow business of recruiting really. But still, it wasn't really selling technology per se.
[18:32]
And then, we had the advent of the personal computer in the Eighties.

We did. In '83. You divested yourself of SCR in '82. You had a £5 million turnover by then, apparently.

Yes.

According to your biography. And you sold it for a million pounds.

I did. I sold it reluctantly, because I, by that time, was spending more time on building the IT business, and the person that I had promoted to being managing director of that came in to me one day and said, 'I'm either going to take this business off you, or you're going to sell it to me. And if you don't sell it to me, I'll take it apart.' And, and he was quite determined to do this. I think with hindsight, I probably should have thrown him out of the office, but I didn't.

It was an offer you could hardly refuse.

Well, it was... I had to address the offer, I had to address the situation, and I decided I would sell the business. Ironically, that individual destroyed the business, and I bought it back fifteen years later. No I didn't actually…..

Did that give you some satisfaction?

It did. I got the name back and the business back. Although I didn't really do very much with it at that time, because it, it wasn't relevant to do so. But anyway, I, I deployed that capital in building up the business. And, I had to date spent my career selling against IBM, and, I was in awe of that organisation, I have to say.

You hold it in high regard.

I, I do.

Why?

It was very structured, very successful, very demanding, very dominant in the sector. You couldn't ignore it. And they had such resources. Whereas in Honeywell, if you were selling against them ,you did everything yourself basically.
[20:33]

So they came out with the IBM PC, which was the thing that polarised personal computing. In retrospect, a very simple, limited device. But I saw that as a connected device, not as an independent device to run a small set of accounts.

How did you do that? Because you were, put it crudely, a mainframe man.

I was. And mainframe computing was, it had moved at that stage to having some kind of interactive capability with green screens.

With terminals and so on. But, still...

And terminals. And then the PC became the terminal. And then the PC became a LAN, and it became a WAN. And, you know, I could see that, it had a future. And my contemporaries, for the large part who were selling large complex mainframes, said, 'This is ridiculous, what on earth are you doing dabbling with these things?' And I thought, no, that is actually the way computing is going to go, it's going to devolve power and capability to the desktop, to enable either connectivity to large complex databases and things, or to allow small organisations to benefit from technology. And of course that was the story of the development. And then, I remember one of my good friends from Honeywell days, a chap called Joe McNally, came to me one day in the agency business and said, 'I need a job Peter.' I tried to help. And then he came back the next week and said, 'I've actually found the job. I'm going to start up a company called Compaq in the UK.' So we became the first Compaq reseller and so on. And I built...

Compaq was established in Dallas, I believe?

It was established in Houston.

Houston.

Houston.

And it started, as the name implies, with quite small computers, but IBM compatible, compact computers.

Exactly.

But it wasn't spelt like that, it was c-o-m-p-a-q, wasn't it.

Yes. And it was really around a portable computer.

[22:47]
Were you already an IBM dealer?

Yes.

What did you have to be to be an IBM dealer then?

Well, in those days you had to have a retail outlet, and, a shop. So when I took on the IBM dealership I created some shops, I did one in, in central London, I did one in Manchester, I did one in Birmingham. And then I bought a chain of dealers called The Byte Shop.

b-y-t-e.

b-y-t-e Shop.

So you are... Can we just pause a moment. Because we're going through an awful lot of territory.

Mm.

So you have come from, you're programming; you get into sales and marketing, and implementing systems; you then get into the recruitment agency, people shopping; you then get into bureaux, and you're running those; now you're running retail outlets

*with PCs, now you've bought a, a retail chain for PCs and, and other type things, in
The Byte Shop.*

Yes.

You really do move over a lot of ground, don't you?

I do, but the common denominator was selling technological solutions to business.

Right.

Not personal computers at this stage. So, I built that up, and then, I... This was
essentially in the UK. And, that company, selling computers, was SCC. And because
I had the background with the mainframe, I didn't just see an opportunity to sell tin,
or a bit of software; I saw an opportunity for services. So, these machines would be
maintained, or systems would be designed by a professional services capability. So,
that was a little bit unusual in those days, because, people were largely selling the
hardware product. So, SCC was really designed to be a systems integrator, rather than
just a reseller. But it became successful with IBM, it was their dealer of the year and
all these little accolades that, you know, manufacturers pass down to you when you,
when you succeed with them. And it was all about volume.
[25:13]
And then, there were two opportunities. One was to resell the technology to the end
user, and the other was to distribute the technology to smaller resellers. So this thing
called a distributor emerged. So I set up a parallel stream to the reseller, SCC. I
called it ETC, Enhancement Technologies Corporation, and it became one of the two
or three largest IBM distributors, Compaq distributors, Toshiba distributors, Hewlett-
Packard distributors, and so on. So...

*So IBM was very happy, as was Compaq and Toshiba, was very happy for you to be a
distributor, because this meant you bought in volume from them, and you dealt with
other dealers first, further down the line.*

Yes.

Making their life a lot easier.

Indeed. And, I built a Chinese wall between the two businesses, so if I sold technology to another reseller, that was not shared with my own reseller business. And, I managed to do that for, a dozen years, and was never accused of trading one situation against another. That was quite important, and we had other distributors competing in the same field who didn't quite share the same approach to that.

To say the least.

Yup. So, to skip forward a little bit on that subject. I sold that distributor. By that time its name had changed to SDG, Specialist Distribution Group, and I sold that for quarter of a billion dollars to a US FTSE – a US listed organisation, and deployed all that money in the business, to, to diversify the business.
[27:17]
But, in the meantime, the reseller business, SCC, I decided to take that internationally, and, I did something which I had not done previously, which was, I had self-funded everything in that, and taken quite a, whilst I'm prepared to take risks, they were calculated risks, and the, the debt I had in the business was minor. But I decided to take on an international group, and I bought that group for £100 million, and I had got nothing approaching that to do that, so I borrowed that money. So I then introduced debt into the business. But what I did there was, I, I bought a group from a Dutch outfit called Boermann, a listed Dutch company. And I had distribution businesses, a distribution business in Holland, a reselling business in Holland, Belgium, Italy, Spain, Germany. And suddenly we were an international business. And France. And, I think we were in ten countries, and our turnover was a billion pounds. So we became, you know, a significant player in that type of activity. Oddly enough, the, the Dutch business was supposedly the best and the French was the worst, and in reality the Dutch was the worst and the French was potentially the best. And our French business today in its own right is a 1.5 billion euro turnover business. A big business. So... And that was reselling technology, and with the services wrap that we had created, and, the driver and the place in which we developed the capabilities of SCC was always in the UK. And of course, at that stage, you know, we were, we

were into the early days of data centres. We had run data centres because of our bureaux, mainframe activities, so we established data centres, and then ultimately, as the technologies changed, we developed cloud-based platforms in our data centre. We were the first in the UK to have a government-accredited secure cloud, we called it Sentinel, and as a result of that we were able to win serious government contracts where a level of security to at least IL3 standard was, was a basic requirement.

You also got the business of, in France, BA for example.

Yes. I mean our client base, wherever we trade to be honest, but certainly in the UK and France, is really blue chip. I mean we've got some amazing clients. And we've kept clients. I mean BA you mentioned, we've had BA as a client for 20 years, though all the ups and downs and changes that you get in business life.   And this whole care and attention to the customer underwrites what we do.

[30:47]
I wanted to ask you about that, and it seems to me, that seems to me to be one of the, the values of what one would call a Rigby company. What are the other values of a, of a Rigby company? Because you have many of them, and we'll, we'll carry on the narrative in a little while. What are the values of a Rigby company?

I think they're the values of a private company, as opposed to a public company. I have never wanted to go public. I've had opportunities of course. But, to me, a private company can invest for the long term. It's not driven by the shareholders' demands or short-termism where you've got to show, you know, even now, a quarterly report, let alone an annual report, and you've got to show growth, and you've got to prove that your investments are paying off, and will pay off, and that they translate to the bottom line. I have never been driven, in my business life, by making money per se. I've always tried to create something that's long-lasting and sustainable, and, rather than building to sell, and maximise the value you achieve. And that's the difference between my view of the entrepreneur and a lot of the views today, where people want instant success, particularly I might say in the technology field, where a simple application suddenly achieves a value which is totally unrelated to its proven ability, or to its profitability.

[32:33]

You must have been appalled by the dotcom bubble.

Yes, well, that takes me to another branch of SCC, which is the retail activity. And in, I guess it must have been the late Eighties, I felt that this PC technology would find the real place in the home. And I looked at buying an outfit called PC World, and I made an offer and didn't get it; it was acquired by Dixons. So, I set up from scratch an outfit called Byte Computer Superstores, knowing nothing about retail, and one of my sons, wasn't in the business at the time, Steven, he was working in retail, and he had a, a thing about retail. So we, we used Conran to design a store. And then we built a chain of seventeen computer superstores and 60 concessions in Office World, selling PC-based technology to, to the consumer. And we thought we were differentiating ourselves because we actually understood the technology. In actual fact that was a gross mistake, because the consumer was buying on price. And every time we opened a store, in Sheffield or Croydon or somewhere, if there wasn't a PC World store there, then there jolly would be within the next three months, and it would open up next door to us and do us out of business. Cut us on the prices.

And this was Dixons' strategy.

This was Dixons.

Let's follow Byte.

So, Byte became the size I've mentioned. It was a pretty significant investment we were making, and, it wasn't working because Dixons were in a different league. So, I sold it to Dixons, which stuck in my craw, but I sold it to Dixons. And I remember years later sitting next to Stanley Kalms at a luncheon, and, he didn't know me, and I didn't really know him, and I said, 'You put me out of business. And I ended up selling my business to you.' He said, 'Yes, I know.' I said, 'Well why did you buy it?' He said, 'Well, you were better than we were, and I knew I had to take you out.' And that was it. So we came out of retail. But the point was, we came out of retail in the year, 1999, 2000. We had only been in it for about five years or so. And of

course, what happened in 2000 was the Internet boom. And we actually had an internet in a box product, which we had developed just in the dying stages of our ownership of Byte. And then of course, the PC World type of, method of retailing technology, went ballistic. Everybody wanted to have a PC in their home, and they wanted to connect it. And, and we missed out on that.

Did you wash your face on that Byte deal?

Yes, I think I did. I didn't sort of, you know, we didn't make any great money I have to say, but we didn't, I don't think we lost on it. And then we refocused down on the, on the core business of SCC, and that, it was at that stage, 2001, that I took SCC international, and we bought the holding company.

[36:27]
Is it hard for you to give up?

It is. I mean, over the years I have done 75 acquisitions of companies.

It's 75 now is it?

Yes. And a similar number more or less of start-ups.

A significant number of acquisitions in the IT sector, I have been told, and, it's also my experience since the early, since the early Seventies, are total failures.

Yes.

They are promulgated as a most wonderful thing. Hewlett-Packard takes over Compaq; within three years the whole value of Compaq has disappeared.

Mm.

And again and again, these takeovers and acquisitions, the takeover of the Honeywell business by General Electric of the US, fiasco.

Yes.

Now, some of your takeovers have been a little dodgy, in the sense that, not in the sense that it was illegal or anything, but, but it didn't quite work, and there was a website development company called TW2...

Yes.

...which went a bit wrong. And some... I'm sure there have been within the 70. But in the main, your acquisitions are successful. What's the, what's the secret?

Well, I think you'd have to work out why you want to do the acquisition.

Right.

And in some cases the acquisitions we made were to bulk out the business, new territories, new customers. I mean when you make an acquisition, in my view you're doing two things fundamentally: you are acquiring customers, and you are acquiring people, and skills. And... Or you're going into a new territory perhaps. So that was the general premise. With TW2, which was about that Internet period when everybody wanted a website, and websites were costing £50,000 to put a simple website together, I didn't so much acquire the company as I bought an interest in the company, and it was a couple of developers in Birmingham with fancy ideas. And their business skills were poor, fundamentally. We didn't run the company; we financed it, we introduced it to customers. And, I should have sold it, because, the value of that company rocketed. And I said, no, you know, we'll stick with it for the long run. And then subsequently it was worthless at the end of the day, because it wasn't successful, it wasn't delivering on the technology, and there were lots of competitors springing up all over the place of bright young things, you know, doing, doing websites and so on. But, you know, you don't get everything right, of course you don't. And, in the early days I would buy businesses which were distressed. Why? Because that's what we could afford. And, the effort to turn businesses round is real, it's very substantial. And then, what you should do with businesses is

integrate them. So to answer your question, fundamentally, a lot of acquisitions are never integrated. They're left alone, often stranded, or they've extracted the guts of the thing out. But they haven't basically put the thing together the way perhaps it was initially conceived it would be put together.

[39:57]
And do you follow the principal of removing the senior management when you make an acquisition, or do you leave the management there?

The one thing I've learnt is that, the more successful businesses I acquired, and not necessarily just in IT, are businesses which have been part of a substantial organisation, and for whatever reason they don't fit any more. The business that is the mom and pop business, or has been the brainchild of somebody who, they've loved the business to death and then for some reason it's either in trouble or they decide they're going to get out, they are difficult to bring on board, because, there is always that either interference factor or that, 'Well it never used to be like this when so-and-so ran the business.' And, they are, in my experience, much more difficult to integrate than the business which has been part of a corporation, it's done OK, but it doesn't have a future, so let's get rid of it. And the people probably come with it in that case.

[41:04]
And it's not only acquisitions, because, in the report that you put together for your annual report, your yearly report, and also on your website, your group divests as well, quite often, in this sector.

Yes. So...

What causes you to do that, why do you sell?

Well, two things. I always wanted to be involved in aviation. And I had learnt to fly when I was fifteen, and I subsequently learnt to fly aeroplanes and helicopters and, so on. And I use them in my business life. I have operated aircraft inside my business for 30 years, and servicing a European business and so on was so much more

productive when I used to fly there, and, you know, go from one to the other or whatever. And, I was always going to do something with aviation, buy an airline or something, and I bought a series of aviation businesses. I bought maintenance businesses, I bought helicopter transport companies, I bought things that support the military, I bought an air ambulance company. And they were my, they were hobby businesses, which I turned into conventional businesses if you like. And so, today we have an aviation group with three or four companies that do that. Growing out of that was the fact that one of the airfields where I kept aircraft went into administration. I bought the airfield, and now run seven airports in the UK and they're, some of them...

Coventry, Exeter...

Yes, Bournemouth, Norwich, are all airports we own. And then we manage Blackpool and Solent and Londonderry, and we have a big consultancy business in airports.

[43:00]
You've got pretty trenchant views, I understand from your autobiography, about the sale of that type of infrastructure to foreign interests.

Yes. I am very British at heart, and, you know, when I, when I talk about private companies, they, they invest over generations, and broadly speaking they stick with British ownership, future generations of course. But, private companies, you know, so often are targeted by overseas business, and I find it astounding that we should sell ports of entry, literally seaports or airports. In fact frankly, I think we'd sell just about anything if the City can make some money out of it. There isn't that...

You're not a great fan of the City?

No, I'm probably not. I'd like to have those customers, I have to say, for technology. But, you know, if I look at our country today, and then I compare it, say, with France where we have a big business, France has an aviation industry, a motorcar industry, a nuclear industry, a shipbuilding industry, and so on. Why? Because there is a state ownership, and there are controls over those core industries. In this country, we don't

own water, we don't own gas, we don't own electricity. All our utilities, and as I say, ports of entry, and key businesses, are targeted constantly, and, with the way of the world today, and the devaluation of our currency, then, it's, it's going to increase at an even greater rate.

I think it's very ironic that I travel on a London bus, a red London bus, which is actually run by the regional authority for transport for Paris.

It's crazy.

As if a British company would be allowed to run a bus in Paris.

Exactly that. Yes. Yes.

And you think that therefore there should be more intervention to control some of this. For instance, the sale of ARM, the people who do the RISC machines that are in, ubiquitous in mobile phones...

Yes, exactly.

...to a Japanese company.

I mean, we are very good, in my view, at designing things. Our technological capabilities, in all these fields, are tremendous. We are not so good at selling these things, and of developing them, and of dominating a sector. And when we do have those ideas, we are easy pickings for American capital, or Asian capital now, or one time perhaps it was European capital.

And being a private company, owned by your family...

Yes.

...and it's only your family members who have shares?

One hundred per cent.

That shields you from all of that.

It does. And our succession planning and our protection of our share ownership and so on is designed to keep it as a family business.

Right. But that means, to put it bluntly, you're not as rich as you could be.

It is, but then, as I've said, I've never been motivated by counting my money. I don't, I don't think that way.

Right.

I like to create things, I like to achieve things, and I like to see people being part of that. And, you know, one of the values we have is looking after our staff and our customers. And that's not just a corny statement. I mean our customers, tend to stay with us, in a very competitive world, and one which is often price-driven, as it is these days. And equally with our people. You know, the IT industry is quite notorious for the levels of movement of people in the industry, and, you know, people obtain qualifications quite easily and experience quite easily and they move on and they're able to make salary demands and everything else. And we see an element of that, of course we do, but broadly speaking, we, we keep our people. I've got people with me today who joined me in the early stages of the business. They may not have been around as long as I have, but you know, nonetheless, by industry standards and by normal employment standards in this country they've been working for a long time, 20, 30 years.

But it does mean, the private family holding, that you cannot really grant them shares?

There are other ways of compensating people. And we have been through all sorts of share schemes and, and so on. And, you know, we, there are other ways of compensating people.

[47:57]

Your two sons, and that's, your whole family now, two sons?

Yes.

They're an integral part of this process, are they not, of the Rigby Group, as it is now called?

They are. And, my eldest son, James, runs SCC, here and in Europe, and in Vietnam and other places where we are, and my other son is largely concerned with the financial aspects of the group. And we are now in six separate pillars of business, information technology, aviation, hotels, which was another hobby business I turned into a chain of luxury hotels, property development, airports, and private equity.

[48:46]

And the IT business, or the technology business, sorry, as you called it, within the group, is about half the size of the turnover of the whole group, according to your latest figures, but generates a substantial proportion, a majority of the profits, of the, of your group.

Absolutely. In fact it's more than half the turnover; it's probably 80 per cent of the turnover. So SCC...

Yes. 44.7 million, compared with 58.7 for the whole group. You often seem to me, you are able to find high margin businesses, and you are able to find your way out of them when they become little and low margin businesses. Is that fair?

[laughs] I wish it were as simple as that. You know, information technology is, isn't necessarily high margin business these days. The basic business that we run of selling technology and hardware, software, and providing essential services, is not a high margin business. May have, may have...

Twenty-three per cent?

No.

Turnover to EBITDA?

Well, I mean that's on a massive turnover.

Yes.

I mean, you know, our technology businesses turns over £2 billion.

OK.

And it might return a profit overall of, I don't know, £35 million.

OK.

So, you know, you've got to think, when this industry started, in eighty, '82, a desktop PC was £5,000, and the margin of the sale was 40 per cent. Today, it's probably £400 and the margin is about two per cent. So you've got to sell an awful lot of technology, you know, to, to do that. So hence, the revenue is high, but the margins are modest. And, I don't know that we have found particularly high margin businesses. I mean the, you know, if I, if I look back on my IT career, there were much easier ways of making your fortune than the way I chose. Much less risky. And, you know, perhaps I should have gone into software development in the Eighties.

[51:00]
That was a question I was going to ask you. Why didn't you?

[sighs] You know, I've often asked myself that question. [laughs] I, I don't know. I mean I, I'm sure I had opportunities if I think back on it all. But I didn't do it. And, you know, of course it could have been, you know, today, but I mean security software or something that really, we distribute and we understand it, because we

distribute it to others, but we didn't create it, or we didn't adopt it. But now, one of the things that we're doing in SCC, which I think is interesting, is, a year or two back we set up an innovational group. So, I am a great champion of artificial intelligence, and of, you know, machine learning, or deep learning type solutions. I think, there are lots of benefits to be had from them. So, we now have a group which, a small group of people, whose purpose is to, not create solutions but to look for best of breed type solutions in the marketplace, and then to industrialise them, and commercialise them, and then take them into the market. So right now, solutions that were involved with our video analytics, cyber forensic software, and healthcare is an area that interests me greatly, the solutions that can be developed in healthcare as a vertical market. So, I certainly see SCC doing more than just selling conventional IT, and outsourcing people's IT issues and so on, which is broadly what it does today, I see it being associated with much more sophisticated solutions, which demand that sort of technical comprehension and ability to introduce to the market in the future. I think that's going to be a very important thing for SCC.

[53:01]
There seems to be a characteristic difference between your UK business and your French business on the technology side that you pointed out in your autobiography, it is that, in France they are buying the technology, and implementing it themselves, in the main, and that's what your business is about.

Yes.

And you're a major player there. In the UK, you're buying services now, with the technology in there somewhere, but it's the service that they really want.

Yes, absolutely. The principle of outsourcing, which is, as you know, long-established in the UK, on all scales, I mean, the level of government outsourcing is extraordinary. And frankly, half of it doesn't work, because, they've simply devolved the problem to somebody else who's, not delivered generally speaking on the original design concept.

There are numerous instances in the public domain of, of appalling failures of public sector outsourcing and IT projects, National Health, et cetera et cetera.

Mm.

Why is that, do you know?

I think the concept of outsourcing should be that you manage the outsourcer as the owner of the issue. So the organisation should equip itself to manage the outsourcer, to make certain that it is, that the object is achieved.   What happens in practice so often is, the entire knowledge of that solution joins the outsourcer, and their salary is paid by the outsourcer, who maybe have a different agenda, which is, how do I maximise this contract I have? Rather than, have I delivered exactly the values that I said I would deliver in this contract? And of course, when they analyse these things, either they, they haven't delivered, or, they simply have grossly underestimated the challenge or the scale of the project they've taken on. And that isn't just IT outsourcing; it's outsourcing generally. You know, look at the issues today with, you know, the Carillion of the world and the Interserve and the, Capita. Difficult solutions.

Capita went in to outsourcing, and also, actually, to get recruitment for the Army.

Yes. And made a hash of it.

Yes.

Yes.

Yup. Strange.

So, you know, how can you devolve something like that, without sending the people who did it with the outsourcer? Which is what ultimately happened.

[55:47]

And outsourcing surely becomes eventually a commodity business. And you're just squeezed for profits.

Yes, absolutely. The margins are, you know, to say the least, modest, and hence you get these companies in trouble.

Do you want to get out of that a business?

I, I think we have an intelligent approach to outsourcing. I think, you know, this outsourcing is not a solvable problem solution. There are some things you can outsource, and there are some things you shouldn't outsource. So, often a hybrid solution is, is the answer. It's the same with cloud computing. You know, sending everything to the cloud does not make sense. Doing everything in-house does not make sense. It's a combination of the two. Some things are better done through a service provision from a cloud provider; other things, and particularly in my view security-related matters, are best kept in-house, either in your own secure data centre, or in the secure data centre of a trusted partner.

[57:02]
Sir Clive Sinclair has a fear about artificial intelligence. It is that, if you build things that are more intelligent than human beings, they will eventually take over. Do you have that fear?

I think it's a, a definite problem. And you know, the, the implications of artificial intelligence, for example in the military, are frightening. AI can be weaponised. It is being weaponised. And if technology is making a decision to lunch a missile, or to release a gas or whatever it is, or turn off the water supply, then, it's, it's a dreadful thing. And of course, there is a whole debate about whether the advance of technology is good or evil.

Perhaps we have too much.

Perhaps we do.

[58:02]

We must be wary of tech that could turn on us, says Clare Foges, I believe that's how you pronounce her name, f-o-g-e-s, in the Times, the 20th of August last year. I think that's quite a, quite an interesting headline. You didn't seem to go into mobile phones. Did you miss it, or just...?

We made a mistake. We made a mistake. In our Byte Computer Superstores we, we distributed phones. And, I remember we had a relationship with Phones 4u. John Caudwell said to me at one stage, 'Peter, I model my business on your Byte stores.' And of course he made a fortune out of his, and, sadly enough, when he sold the business it collapsed. But yes, I mean, it was so much more a simple business than the route I went down, selling these devices, and selling air time, on behalf of a Vodafone or a provider. Not a difficult thing to do.

[58:56]

What will the Rigby Group look like in ten years' time?

So, I hope there will always be a very capable technology business. I mean, I would say today, I would advise any young person to consider a career in technology. Because, its advance is, is absolute, the opportunities are enormous, it's pervaded all facets of society, for good as well as, you know, the problems that we've touched on. So, SCC will continue. I think our property business is becoming a major business. Today we have 1,000 acres of industrial land for development; we have a big property portfolio; we have a residential business in London that I haven't mentioned but it's, happily called Rigby & Rigby; and a small collection of design and interior businesses. And we have the third most significant business in the high net worth individual homes set-up in London. But the commercial property aspects are very considerable for us. And one of my sons is very keen on that. So, I see technology on one side; I see property development on another. I'd like to think that things like my hotel business survive, because I've put a lot of personal effort into the restoration of listed buildings and beautiful hotels which, I've always had interest in architecture.

You lived in a Grade II style listed moated building once, did you not?

I do. And I live in a similar set-up today, which is a beautiful place. But you know, I've always thought, you know, nice properties, you are very fortunate to be in them, and you look after them and then you, you pass them on in a better state than you found them I suppose. But, I, I think, you know, technology, property development. Probably private equity. Well private equity to us is taking a business, perhaps developing it, perhaps adding to it, and then selling it on. It's not something that I personally have done, but one of my sons has done that, and, we've done that with a connectivity business, FluidOne, recently, and we will probably do that with a big distributor of cyber security technology called Nuvias, which we're developing at the moment.

[1:01:40]

You know, you, you can't tell your children what to do. They will have minds of their own, in my case, my two sons are very able businessmen in their own right, and much of the development in recent times I talk about is as much a product of them as it is of me, in some cases it's more them than me. So, they will take the business in a certain direction. But we are united in our view, that we want to keep the company private, we want to protect it for future generations and the people who have helped us to build and take those businesses forward, and we want to retain the standards that we've set in business. You know, I don't think you have to be ruthless to succeed in business. I don't think you have to be utterly selfish in the way you do it. And the one thing we haven't touched on is that, I think if you are successful, you have an obligation to put back. In our case, we set up a foundation 30 years ago, the Rigby Foundation, and we devote five per cent of our pre-tax profit to funding that on an annual basis. And then, we distribute those funds against projects, and, you know, we have done some very interesting projects in the community. I have also, in my career, made time to do various things. I chaired the Millennium projects in the Midlands for seven years, produced the second biggest Millennium project in the UK, a science project, Millennium Point. I have served as the chairman of the local Enterprise Partnership, and patron of hospices and various things. And, you know, I encourage my sons to take on that, that thing, and they, they are able to do so. And as a company, our commitment to charity and so on is, is strong, right across the business. So, being responsible as an organisation, and, when you are successful, you are, you're not just successful because you're you; it's a product of some ability, but being in the right place at the right time is a great help, and certainly in my career, the IT

industry has given me that. And, you know, I suppose, why am I being interviewed here? I have seen the rise of the IT industry over quite a long period of time, 40 years or more, from those, you know, relatively simple beginnings of complicated valve computers even through the various technologies to where it is today, and everything sits in the tiny little chip that you can't see, sort of thing. Huge change. But through that, managing that change, keeping the thing together, is a product of, of people, the ability to, to manage people, to lead them, and to inspire them.

[1:05:11]

Your autobiography reveals you as a very forthright man, who says as he sees. For instance, there are many "for instances" in it, but one that just, shook me. 'The French managing director of our group is very difficult to manage.'

Yes.

People don't say that in public.

Er... I don't know. Do they not?

Well they obviously do in your case.

Yeah.

And, you are able, then, to be shielded from criticism for that type of thing because you are a private company, and it would, if that had been said by someone who was the head of a publicly listed group, something would have happened to their share price.

They might have done, but then, that chap probably spends half his life sort of, saying things that he needs to say, rather than things that he wants to say. You know, I mean, I suppose I'm a northerner, really, [laughs] at the end of the day, and, you know, I can be as subtle as the next guy if I have to be, and in a sales process you are, believe you me. I mean, I regard myself as being a very able salesman, rightly or wrongly, and,

you know, I enjoy those situations, and you don't necessarily use that direct manner there. But, business, you know, is about getting things done.

[1:06:38]
And you don't think consultants help you get things done?

I've never been a great fan of consultants, in that, you know...

To say the least.

Yeah. I mean, you know, they spend a lot of time and take your money where you tell them what you're doing, and, very often they play it back and tell you what you've already told them. They have a place, of course they do, and, these days, in some matters, they are so complex, and so involved, that you have to take professional advice, and, I don't dispute that. But you know, in a public company, you protect your decisions by taking consultative advice. In a private company you, you consider the cost of doing that, but also you are less risk-averse. You... I believe in backing your own gut feeling on so many things. When it comes to people, you know, one thing you have to learn if you're going to grow a business, I think, is, you have to be a good people person. You have to be able to, to recognise people who are able, honest, loyal, all those factors, and you have to recognise people who are not in that category. And, you know, you can, of course we all make mistakes, and, I've made my share of mistakes, and I've hopefully learnt from some of them. But putting the right people in the right place is one of the factors of success.

[1:08:14]
You now have a pilot licence for helicopters.

Yes.

You have a pilot's licence for fixed-wing aircraft.

Yes.

Single- and double-engine, I understand.

Oh yes. Yes.

But you didn't become a fighter pilot.

No. But, you know, it's funny how life changes. I would have liked to have spent my life in the Royal Air Force. Two years ago I was commissioned in the Auxiliary Air Force as a Group Captain, 601 Squadron.

Congratulations.

And I now advise senior leadership members of the Royal Air Force. It's an absolute privilege. And the Royal Air Force is going through a transition, as all the military is. It's much more complicated today with the technologies they have, with fewer people, with more demands than ever on the people who serve in the Air Force, and, I mentor senior officers, and hopefully contribute to some of the change that they are trying to impose. So, quite ironic that, at my age and stage in life that I'm doing something which, perhaps if I had been successful in a conventional career in the Air Force, I might have risen to do that.

You also help RAF museums I understand.

Yes, indeed. Yes, I've been a trustee of the RAF Museum. And right now, I am restoring two Sea Harriers to flight.

[1:09:44]
So if fate walked in to that door, into that door, some years ago, with this young boy, then only Peter Rigby, not Sir Peter Rigby, and said, 'Now Peter, you can become Sir Peter Rigby. You can be head of a multibillion operation. Or you can be a fighter pilot.' Which would you now choose, if you had that chance?

Oh good question. [laughs] If you'd have asked me that question in my thirties or forties, I'd have said a fighter pilot. But you know, today, I'm still flying at my age.

My contemporaries in the Air Force retired ten or twenty years ago. They stopped flying thirty years ago, because they were promoted to the desk. And, I have as many hours as a pilot as most people who have spent a career in the Air Force. The difference is, I pay for them myself, and they, [laughs] they were paid for by the Government, if you like. But no, I mean I think the important thing in life is not to have too many regrets. And, I've been fortunate, and I recognise my good fortune.

[1:11:00]

One last question. We have found, not a consistent pattern in the Archives, but a certain pattern, that very successful people, you are a very successful person, often have some type of trauma around the age of eleven, twelve, thirteen, around there. One, for instance, the former of Capita, he failed the Eleven Plus, and didn't get into grammar school like you.

Mhm.

Could we put your success down to the fact that you couldn't take up that scholarship to become a fighter pilot?

Er... No, but I think what you could put my success down to was that, my father ended up in tragic circumstances, and lost his sight, lost his job, lost his health ultimately, and, and had nothing. And, you know, I don't believe in sort of, waxing lyrical about how difficult it was in one's childhood, as a lot of people I know do, but, if I look back on it, I had a tough time then. I, the very man that I wanted to turn to to help me come to terms with, you know, future life, wasn't available to me. And I determined that I wouldn't find myself in a situation which, where I ended up in similar circumstances to him. So, I have always had that need to move on, to, not look back, but to try and constantly improve the situation that I found myself in. And I attribute that. And that was at, it wasn't eleven years of age, but it certainly wasn't, it was fourteen or fifteen perhaps in my case.

Thank you very much for that honest and forthright contribution to the Archives, Sir Peter Rigby.

You're welcome. Thank you.

[End of Interview]