

The other side of

SATURDAY
INTERVIEW

BRIAN JOHNSTON

After 34 years with Bank of Scotland, he's now seeking funds for others' ventures, he tells Mark Williamson

AFTER spending decades effectively deciding the fate of businesses as one of Scotland's most important bankers, Brian Johnston has recently been given a revealing taste of what life can be like on the other side of the desk.

The former head of Bank of Scotland's key corporate banking arm north of the border has been doing the rounds of City institutions in an attempt to raise money for one of the ventures he is now involved in.

In addition to tyros in the process of brand building such as the Glasgow style emporium Fifi and Ally, he is working with the venerable investment bank Noble Grossart.

Johnston declines to give details of the business for which he has lately been seeking backing, other than to say it will do interesting things in oil and gas.

"It has been quite a tough business," smiles Johnston, who admits he used to joke with his wife Marjorie, a former advertising executive, that bankers listened to lies for a living while others made them up.

His comments about the process of fundraising reveal something about the effect that life in the upper reaches of a company as powerful as Bank of Scotland has on people.

"The power sharing is wrong. You are at the mercy of your brokers, and I'm used to having and taking control."

Indeed, authority was something that Johnston had plenty of opportunity to get used to exercising in his time at the bank, even though he only joined it as an 18-year-old school-leaver after getting knocked back by the Civil Service.

After starting out in a branch in Leith, not far from his family's Musselburgh home, in 1972, Johnston found plenty of scope to pursue an ambitious streak which

saw him through a series of big jobs.

These included working in London in the early days of Bank of Scotland's drive to develop a big corporate business in England.

As head of the structured finance unit in Aberdeen in the 1990s, he helped pioneer the management buy-out model which became popular in the North Sea oil services industry and was subsequently adopted overseas.

After moving on to run the Glasgow corporate operation, which looked after around 450 firms, he worked closely with a series of Scottish entrepreneurs who achieved success on a scale that has turned heads across the UK.

These included Sir Tom Hunter, the retail and property tycoon, and Willie Haughey, the facilities maintenance chieftain.

The rewards associated with such a high-powered role were many.

"I had panoramic views from my office, ate in fancy dining rooms and took trips to the south of France for the bank and for parties," he recalls.

The pay allowed Johnston to acquire a house with extensive grounds on the edge of Newton Mearns, the East Renfrewshire home to soccer stars and the like.

As well as housing Johnston, his wife and their 13-year-old son, Neil, this is big enough to accommodate four dogs. Two grown-up children from Johnston's first marriage live in Aberdeen.

But after 18 months heading the Scottish corporate banking arm, a job he had always coveted, Johnston decided to turn his back on the prospect of another decade earning big bucks at the bank.

The decision followed the sort of soul-searching which many who reach senior levels in big corporations probably undertake.

"Last summer I was 52, I had spent 34 years at the bank and I

the desk

decided that for me it was either now or never. I had a burning desire to go and prove myself outside of the bank."

The desire reflects Johnston's respect for entrepreneurs, the most successful of whom, he says, all share drive, ambition and a passionate refusal to admit the possibility of failure.

This seems to be about much more than money.

"I have always admired individuals who you just automatically respect due to the way in which they conduct themselves and everything they have achieved... real gentlemen like Gordon Baxter and (Lord) Norman Macfarlane," he says, referring to the foods and packaging entrepreneurs.

"From the 'younger set', Richard (DX Communications) Emanuel's focus and drive are impressive as is the way he conducts himself."

While the paint has hardly dried on the sign outside the office Johnston has taken on Glasgow's St Vincent Street, the decision to carve out a more entrepreneurial role for himself already seems to be paying off.

Following a series of approaches from big and small businesses, Johnston has taken on non-executive roles at four young Scottish companies that are trying to develop leading brands.

Besides Fifi and Ally, these include Blackwood Distillers, a niche spirits producer, Manorlane, the upmarket housebuilder, and SK Chase, which produces gift vouchers for hotels.

All are growing quickly and seem set for great things, reckons Johnston, who says his skill-set allows him to contribute to the development of the firms in a variety of ways.

This can involve forcing the founders to answer questions they



NEW OUTLOOK: Since his departure from the bank, Brian Johnston has taken on non-executive roles at four young Scottish companies. Picture: Graham Hamilton

would rather they were not asked, but allowing them to focus their efforts on essentials.

Johnston does not give details of the reward packages he has negotiated, other than to say they are totally aligned with the interests of shareholders.

It is probably safe, nonetheless, to assume that they could involve significant gains for Johnston if the firms achieve what he believes they are capable of.

But judging by the cheery enthusiasm with which the former corporate big gun talks about his new working life, it appears that material benefits are genuinely secondary considerations.

Johnston's admiration for the young businesspeople with whom he is working is obvious. He notes that Manorlane's Eliot Robertson chose to leave the relative safety of the eponymous construction group run by his father to set up his own operation focused on building high-end new homes.

While working with entrepreneurial businesses effectively means being on call on a 24-7 basis, it involves a kind of fun and satisfaction that is rarely found in a big corporation.

"I really don't feel this is work any more."

'It was now or never ... I had a burning desire to go and prove myself outside of the bank'

For example, Johnston speaks with evident pleasure about helping Blackwood win important orders through an old contact of his in the licensed trade.

Noting that "fast-growing companies tend to thank you more than large organisations", he says that in an e-mail from Blackwood's Caroline Whitfield he was described as both a star and a top banana.

"Not quite the same as an internal bank e-mail!"

Johnston appears equally enthusiastic about his advisory roles helping Noble Grossart and Brodies, the blue-blooded lawyer, increase their involvement with entrepreneurial firms, although neither firm is known for having an informal ethos.

And for all Johnston's enthusiasm for his new life, he is happy to continue beating a drum for Bank of Scotland, for which he says he works as an unpaid ambassador.

While there are good reasons to be confident that Scotland is enjoying a long-awaited upsurge in entrepreneurialism, he says the country continues to owe much to the success of the giant bank and rival Royal Bank of Scotland.

The 2001 merger with Halifax brought great benefits for Bank of Scotland corporate by allowing it to draw on a much stronger balance sheet and learning lessons in salescraft from the giant building society, reckons Johnston. He dismisses suggestions that Bank of Scotland may have over-exposed itself to the corporate sector by taking stakes in com-

Running his own race

What was your childhood ambition:

Despite my current shape it was to be a successful athlete! I was a decent middle and long-distance runner.

What was your best moment in business:

The reaction and support I have received from the business community in leaving Bank of Scotland to do my own thing.

What was your worst moment in business:

There have been many times where I thought "do I still have a job?"! However, I have always managed to bounce back from bad

moments and turn adversity into a positive.

What drives you: A desire to prove myself outwith a large organisation and also help the entrepreneurs I am working with build fantastic businesses.

What book are you reading: "Anyone Can Do It" by Sahar Hashemi (co-founder of the Coffee Republic cafe chain) ... it is really inspiring ... I have read it more than once and it really came to life for me when I left the bank and particularly as I know Sahar fairly well.

panies to which it lends and launching chunky joint ventures in areas like property.

Bank of Scotland had often taken stakes in companies to which it lent money that got into trouble in the past. Through the activity of the integrated finance and joint venture unit it has moved to get exposure to upside resulting from business growth in different ways, but only after completing robust diligence.

Moreover, the bank has been careful to agree an exit strategy with investee firms and partners.

By contrast, Johnston says he has no plans to make any cuts in the portfolio, which he has developed in pretty quick time.

He may consider taking on further roles, but only so long as

the additional commitments leave him with enough "ad hoc" time in his diary to respond to the varying demands of the firms he is already working with.

He has ruled out trying to build up a team of advisers on the grounds that he wants to offer his own expertise, rather than that of other people, to clients and partners.

But that should not be taken as a sign that his ambition is likely to wane any time soon.

"I want to go really hard at this for the next five years," says Johnston, returning to a familiar theme.

"My ambition is to prove myself to the business community in Scotland outwith a large organisation."