



Lunch with... John Sankey

The date: 21 February 2006

The cuisine: French

The restaurant: The Bleeding Heart, London

The beverage: Casa Lapostolle Cuvée Alexandre 2002, Chile and Hine Antique Cognac

John Sankey has spent 50 years in the duty free business. Named one of The Moodie Report's People of the Year in 2005, the Chairman of UK duty free and travel retail distributor and agency Cecil Macdonald & Co is one of the gentlemen of the business – much liked and hugely respected. In the latest of our regular series of lunches with true industry pioneers, he took Martin Moodie on a long and nostalgic voyage into the past.

By Martin Moodie

Taking lunch with John Sankey over a couple of bottles of good red wine involves a fascinating anecdotal journey spanning his five decades in duty free. To use the parlance of one of his great loves, cricket, the Chairman and majority shareholder of specialist UK duty free distribution company Cecil Macdonald & Co is 50 not out – and it's an innings he plans to continue for some time yet.

"They'll probably have to carry me out of here in a box," he laughs, reflecting on how a chance opportunity in the world of ship supply led to a lifelong career.

It was in 1948 that the young Liverpoolian took his first job, at Cunard White Star. "I was waiting to go to sea as a deck cadet but the first ship was not due for eight weeks," he recalls, "so I asked for temporary work. Instead of staying a few weeks as intended I stayed a few years."

The pay, he recalls, was "not too good" – two pounds and

five shillings a week wasn't a lot to live on for a young man, especially one who soon afterwards got married and had a child. The young Sankey had to reconsider his options, and considered joining either the police or the Customs. He would have begun a new career in law enforcement but the day before he was due to start Sankey received a call from a local drinks company and ended up selling Red Tower lager to ships instead.

He recalls trudging up the gangway of one particular vessel, nervous about meeting the Captain, who sales representatives had to sell to direct.

"I'm from Red Tower Lager."

"Oh right – anything to show me?"

"No – but it's very good."

"All right, I'll have 400 cases."

Sankey recalls that he “nearly fell over’ with the size of the order. “I’ll bring some samples by for you tomorrow,” he said gratefully.

After that task was duly fulfilled, he discovered that no order had been raised. “What happened?” he asked a colleague.

“Did you take some samples to him?”

“Yes.”

“He didn’t like it.”

“That,” recalls Sankey, “taught me a lesson – never take samples.”

In 1955 he was introduced to a former World War I Captain who had fought in the trenches. He was named Cecil Macdonald, and Sankey impressed him enough to be offered a job in London. That meant working Monday to Friday in the capital before driving back in his Ford Popular to Liverpool at weekends. The company was then known as Jackson Crewe (the name change came in 1961) and the workforce numbered two – Cecil Macdonald and John Sankey. Today it employs almost 60.

Sankey effectively took over the running of the business in 1961. Cecil Macdonald retired in 1969 and died four years later. “He was a very gentle man, almost effeminate in the nicest possible way,” recalls Sankey, “I couldn’t ever imagine him in the trenches.”

1961 was also the year in which he became a shareholder. “I bought a quarter of the shares but I was £7,000 short,” he remembers. “I had a friend from the cricket club who agreed to put in the £7,000. He left two years later with £40,000.”

What’s the company worth today? “We were valued at £9 million in our heyday [pre-1999] when intra-EU duty free was still going, plus we’ve got a hotel in Rye [in the south of England]. We’ve also got 40,000sq ft of bonded warehouses on long leases and five big commercial vehicles, so we’re still worth a bob or two.”

Down the years the company has added on a number of extras – Duty Free Warehouses in 1972, the Rye hotel in 1976, Airways in 1994 and UK jewellery distributor Michael Wright & Associates in 1998 (“very much a cottage industry when we bought it, but it turned out to be a good move with duty free being abolished”).

In the intervening years Cecil Macdonald has become a watchword for distribution efficiency, good old-fashioned values of integrity and honesty and a great nurturer of brands.

For whom the Bell’s toll

If one brand has been synonymous with the Cecil Macdonald success story it is Bell’s Scotch whisky – now part of the Diageo empire. “1955 was our first year with the brand,” Sankey recalls. “Whisky was still on allocation in those days and we sold just 747 cases in the first year. By the time the brand was eventually taken over by Guinness we were selling 170,000 cases a year in UK duty free alone.”

That success prompted then Arthur Bell’s Chairman Raymond Miquel to offer Cecil Macdonald the worldwide duty free agency for the brand. “It’s a disgrace that we’re

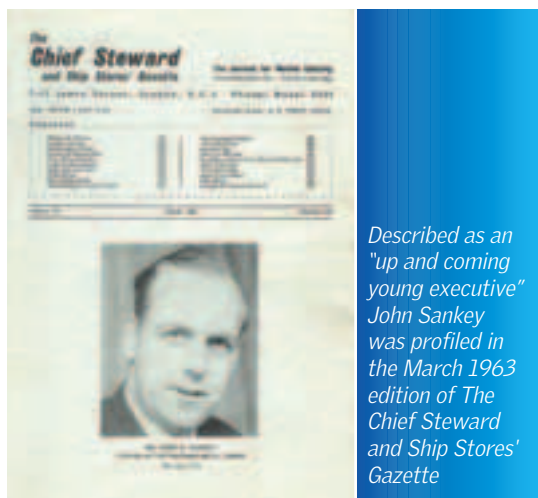


How business went through the roof

One of John Sankey’s earliest and most successful agency brands was Abdullah cigarettes, with which he enjoyed enormous success. But one particular route to market brought a whole new meaning to destination merchandise.

“We would put two million cigarettes on a ship, all in flat tins, and they would be sent to Montevideo,” Sankey recalls.

Once they had arrived in port, the cigarettes would be sold to Customs and then re-sold to the locals. “The Uruguayans would smoke the fags, and then jump on the empty tins. Once flattened they used them as tiles for their roofs in the shanty towns.” He smiles at the memory. “I guess there wouldn’t be too many examples of duty free being used for house building.”



in every shop in the UK and we're only in one outside it, Paris," thundered Miquel, one of the great figures of the drinks industry's recent past.

Sankey was to change that situation profoundly. "Twelve years later Bell's was in every main duty free shop in Europe and most of those in America," he says. He remembers going to a Bonded Store Dealers Association convention in Puerto Rico and sitting in a bar with long-time industry friend and well-known specialist wholesaler Cees Wisser. "About 18 or 19 of these guys came in and I got an order from each of them. Raymond Miquel couldn't believe it – all I did was sit in the bar drinking Pina Colada."

All seemed set to change after the controversial Guinness takeover of Arthur Bell's in the 1980s. Sankey remembers bracing himself for a meeting with the then duty free boss Bob Taylor. "This is when the axe drops," he told himself. Instead, astoundingly, he was asked to take on about 15 of the group's major brands in duty free, including the likes of Gordon's gin and Johnnie Walker. "I was in tears," he remembers.

For the next seven years Cecil Macdonald enjoyed roaring success with the Guinness (later United Distillers) portfolio. One exception though was Finland. "We just couldn't get into Helsinki. Then I discovered the guy handling Bell's [for Guinness] in Finland was a Swede. I thought the Finns probably didn't like that much. I had carte blanche to make decisions so I went to see [Finnair duty free boss] Kari Palomaki and I said to him 'You're the only retailer who doesn't take Bell's – yet a lot of your passengers are British. What's up?'

"He said: 'What will you do to support us?' I said 'I'll give you five cases'. He ordered 50 cases on the spot and Bell's is still there in Helsinki to this day." [And so is Kari Palomaki, another great builder of the duty free industry – Ed.]

But eventually the Bell's did toll for Cecil Macdonald, as Taylor's successor, (the late) Phil Cushway, decided in typically brisk style to bring the brands back in-house. They were tough times and Sankey has some equally tough words about the way it was handled on the other side. From Bell's the company moved to Morrison Bowmore, taking on popular Islay single malt Bowmore. Though a nice brand it was no compensation for the UK's number-one standard blend. "We did very well indeed with Bowmore but unless you had a blend you just didn't get the volume," he recalls.

That was soon put to rights as a letter to The Famous Grouse's brand owner [then Highland Distilleries] secured the agency for the highly popular premium-priced blended Scotch. The show was truly back on the road.

Did you do well with Grouse I ask. "Oh tremendously!"

Did you outsell Bell's? "Pretty early on," he smiles.

Alas, that marriage between brand and distributor also ended as a result of industry consolidation when Maxxium – a global distribution alliance of multi-nationals – claimed Grouse for its own. Sankey is sanguine about such events; the years have taught him that the lot of the independent distributor can be laced with such disappointments. "I don't think we've ever lost an agency through lack of sales," he says. Today the company handles part of the Whyte & Mackay portfolio, including certain malt whiskies and whisky liqueur Glayva.

Another huge loss was that of Harveys sherries and Cockburn's Port which Cecil Macdonald handled between 1958 and 1988, before Allied Domecq repatriated what Sankey remembers as "an absolutely astronomical business".

So how does – and did – an agency company bounce back from such a blow, I ask? "We always tried to be one step ahead and anticipate it," Sankey responds. "For example with Harveys after the [Allied] takeover we knew the writing was on the wall so we spoke to Gonzalez Byass about Tio Pepe. Then when we lost that we went to Williams & Humbert. So over time we had the best cream sherry, the best dry sherry and the best medium sherry on the market – I'm quite proud of that."

But one agency that has lasted and lasted is German beer Beck's. The agency was first signed in 1962 and in 2007

Cecil Macdonald will sign yet another contract renewal. "It is phenomenal in this day and age to last so long," he says, praising the German company for its loyalty and integrity down the years. Another long-running relationship is with popular French grape brandy Three Barrels, which Cecil Macdonald has handled since 1982.

As a long – and it must be said liquid – lunch draws to a close, I ask Sankey who were his key influences down the years. "Cecil Macdonald himself, of course; he gave me the chance. And Raymond Miquel at Bell's. He gave me a fantastic opportunity to travel the world."

In the trade he singles out former Allders executive Mel Goldstein and Allied Domecq Duty Free boss Harvey Allen – "one of the nicest people I ever met... even if he would start talking business at one in the morning when you were at the bar and take advantage."

He also pays tribute to his team, notably his son Gordon and Managing Director Steve Wescott – "Steve's been with me for 20 years. He was a P&O apprentice and has done very, very well. He's a clever likeable lad and acts in the right manner. He's also always immaculately dressed, something that I like about him. Even my drivers have been with me for ages. I like having staff who stay with me. People such as receptionists are very difficult to replace. I have a very loyal staff."

And the stand-out memories? "The most amazing thing I ever saw was the naming ceremony of the *Queen Mary 2*. When the Queen said 'I name this ship *Queen Mary 2*' and the Champagne bottle broke and the London Symphony Orchestra played it was phenomenal." His eyes fill with tears as he recounts the tale, clearly a special moment in the life of a man who loves ships and the sea, and is a staunch lover of his country.

"Oh yes, I'm a total patriot," he says, "We've got three Union Jacks flying outside our hotel in Rye." He's also a staunch Liverpool Football Club supporter – "I was in Rome when they won the European Cup in 1977. And in Istanbul when they won it again in 2005."

Sankey says he has been to every Duty Free Symposium (now known as TFWA World Exhibition), 32 in all. "I don't know if there's anyone else who has been to every one," he notes. The industry holds many fond memories for him on many levels. When he was named one of The Moodie Report's People of the Year in 2005 he was pleasantly surprised to get a note from Dubai Duty Free Managing Director Colm McLoughlin congratulating him. "He's one of the biggest names in the business, always in the head-

lines," he says, "So I thought that was rather nice that he took the trouble."

So what does the future hold for John Sankey? "I will be taking it easier, but I have no intention of retiring," he chuckles. "I have enjoyed every minute of working with the company, I love my staff and they know that."

That love for one's company is a strong emotion, perhaps only understood by fellow family business owners. "My wife doesn't understand it," he laughs, "but it's so much part of my life. It's gone from two of us to where we are today – around 58 people plus the part-timers and a turnover of more than £14 million."

Over a glass of Hine Antique – another brand he loves – I ask whether he would ever sell the company. "I have been offered a hundred times," he retorts. "At one point I would get offers every other week. Of course you get lots of people offering to sell it for you to make money, but who never offer you theirs."

Does not mean never? "I won't say never, but I have no ambition to sell. My son Gordon is in the business and I also treat Steve [Wescott] as a son. I want them to get the benefit out of it, though of course they'll have to work for it."

There's no chance that they won't. Cecil Macdonald is now a thoroughly modern and forward-thinking company. But its roots and its values are those of the past and the company is the better for it.

We down our Hine Antiques and head out into London's bitter February cold. "It's been fun," says John Sankey with a warm handshake. So, it seems, has his career. ■



October 1992 and Impact International announces the end of Cecil Macdonald's UK duty free agency for United Distillers. "We believe there continues to be a sizable niche for an independent UK duty free agent," Sankey insisted. He was right.