

King of cool



John Elliott, well known as one of Channel 4's Secret Millionaires, has amassed a £100 million-plus fortune making and selling water coolers and humidifiers. Yet, as *Damien McCrystal* discovers, he started life in the most difficult circumstances



TO SAY THAT JOHN ELLIOTT MADE it all on his own is a massive understatement. Elliott's father died during the Second World War when baby John was just six months old. Elliott, his mother and two brothers were forced to move into a tiny two-up, two-down cottage with his mother's parents in a small village outside Bishop Auckland.

Years of gloomy poverty were not brightened by academic success, and Elliott left school to take an engineering apprenticeship at the age of 15. He laughs drily at the memory: "There were two wasted years – I should have left at 13. Education and learning are vital, I just don't like formal education."

Like many entrepreneurs, Elliott has a headstrong, highly independent streak, and force of personality quickly took him away from the factory to getting out there and selling. It was in the early 1970s, when the young man who respected knowledge but despised formal education took his first big risk.

"I found it very, very frustrating being a freelance

salesman," says Elliott. "I was selling the stuff put out by several manufacturers. Essentially, they wanted me to succeed, but not too well. They wouldn't give me the discounts they gave other people.

"The attitude was set in stone. There was one manufacturer who asked me: 'Why don't you sell what we make?' I said: 'Why don't you make what I sell?'"

And Elliott made a sale all right – in many ways, the sale of his life. He concluded a contract with a local tool hire contractor to supply compressors. All he had to do now was supply what he had sold. But this was not quite so easy for the would-be entrepreneur.

Ever the man with an eye for a bargain, Elliott found a local manufacturer and beat him down to an excellent price. He reduced the unit costs of the compressors by some 30 per cent – a good deal in theory, but to drive the unit cost down Elliott had to order in bulk, buying 52 machines.

Potentially, this was something of a problem. "I only had orders for eight at the time I negotiated that contract," says Elliott. "I knew it was a huge risk, but I just felt I could do it. I knew I could »

work out what people wanted and sell it to them.” The risk he took was certainly enough to ruin him and his young family. “The incoming contract to supply was for £800 to £1,000,” he says. “I’d bought compressors for £2,000. I’d have gone under if I hadn’t sold them.”

“Ready, fire, aim” – or getting the order and then working out how to deliver – was Elliott’s motto then, as it is now. “I’ve always been prepared to walk out there without a safety net,” he says. “It was a little bit like having watched people swim,

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seeing how it was done, but never having actually been in at the deep end. I felt I already had almost all the knowledge I needed and that with one big effort I would be fine. So I jumped in and got on with it.”

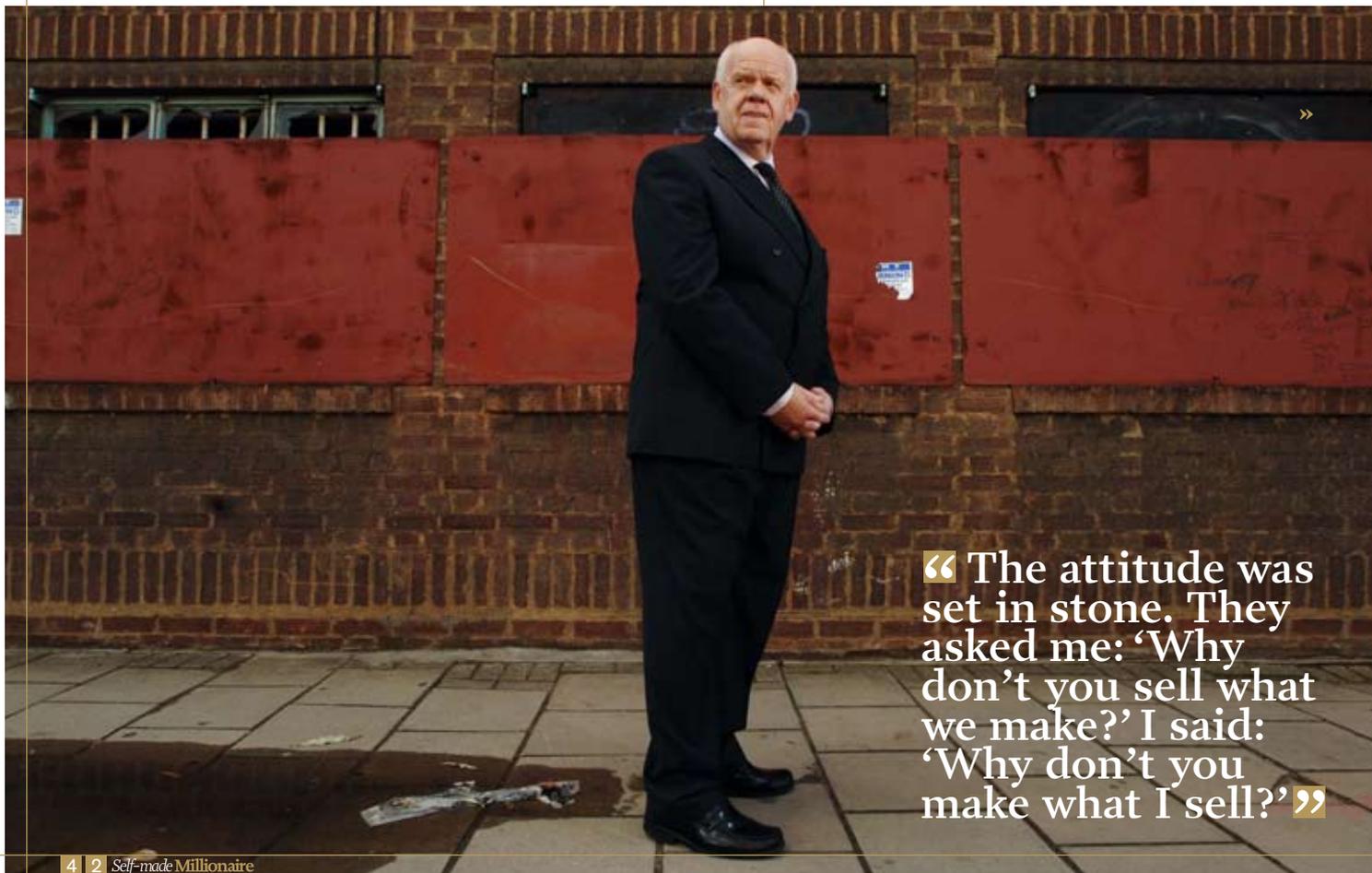
That sort of chrome-plated confidence is the kind of security that bankers smilingly decline to lend against every day of the week. But Elliott’s hunch was justified. What could have been a catastrophic first deal for John Elliott’s fledgling

enterprise turned into a bonanza. “Almost as soon as I’d done the deal with the manufacturer, the guy I was supplying with eight machines said he wanted 16,” recalls Elliott.

He refers to this period of his working life as the “one man and a dog in a shed” era. And this is not far from the truth. Elliott acquired a second-hand van and personally shipped the metalwork around in it to facilitate the various stages of the manufacturing process. “We sold 82 in that first year,” he recalls. “Then I rented some premises, hired two people and bought a guillotine [metal-cutter].”

He was up and running – and there wasn’t a business plan in sight. “It was the naivety, if you will, of not worrying about things, just doing them. Then reinvesting in people, products and marketing.”

That policy has seen his turnover overtake the £40 million mark. From a couple of hired hands, a van and a shed, Elliott now has 350 employees manufacturing water coolers and a wide range of refrigeration equipment. The company has also diversified geographically, and sells across several European markets. The family business, valued at over £100 million, has also branched into the spa business, with a ladies-only facility in Leeds. Two more spas are planned before the end of 2008. »



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NOT-SO-SECRET MILLIONAIRE

Like many self-made millionaires, John Elliott wants to put something back. That means spreading his knowledge and helping out with donations where they can be beneficial, as viewers of *The Secret Millionaire* discovered

Elliott was invited by RDF Media, one of the UK's biggest independent television programme-makers, to appear on one of its reality television shows as a 'secret millionaire'. The guiding principle of *The Secret Millionaire* was familiar and one that has animated the spirits of social reformers for centuries. The fundamental task was to disguise himself as a disadvantaged person and move among those of genuinely small means to find deserving people. Once he had identified people who could really change their lives on receipt of his benefaction, Elliott could then give them up to £20,000.

Elliott spent 10 days in the Kensington area of Liverpool, one of the city's poorest and most run-down areas, living on the equivalent of subsistence-level state benefit – £11 per day – to pay for food and drink, clothing, and heating.

His cover story, essential to explain the presence of a TV camera to the people he met, was that he was a less well-off person from the country who had come to experience inner-city deprivation – an experiment in comparative poverty. Were disadvantaged urban people better off than their rural counterparts?

The people he met bought the tale, and Elliott was able to meet them and try to work out whom he thought deserving.



He found plenty of disadvantaged people all right, but in his judgment they were either happy to be this way and drink their benefits in the pub, or they were already en route to making their own way in life. In either case, Elliott judged that a handout would have had, if anything, a detrimental effect.

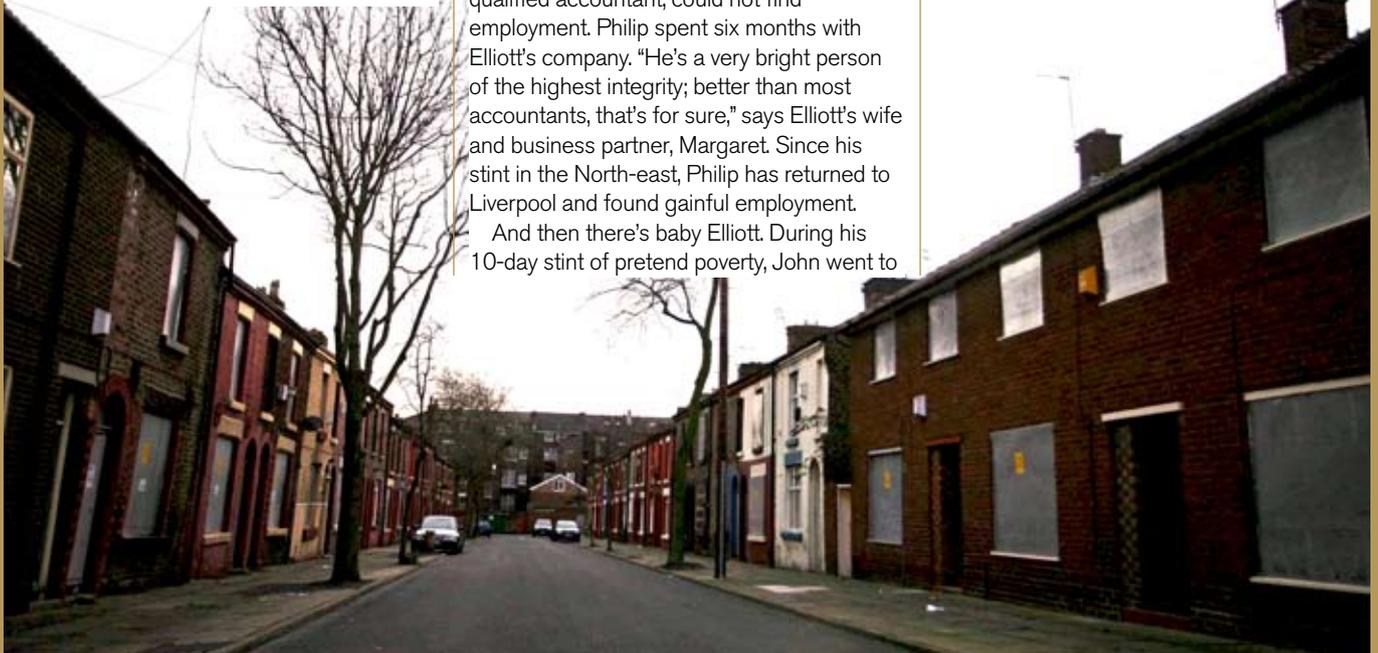
As a last resort, he visited a welfare centre for asylum seekers (a group whom he had previously thought of as, at best, economic opportunists, otherwise known as scroungers). But he was moved by the genuineness of their plight, and the quality and integrity of the people staffing the centre. He ended up giving them £7,500.

He also gave a key leg-up to Philip, a Kenyan political refugee who, although a qualified accountant, could not find employment. Philip spent six months with Elliott's company. "He's a very bright person of the highest integrity; better than most accountants, that's for sure," says Elliott's wife and business partner, Margaret. Since his stint in the North-east, Philip has returned to Liverpool and found gainful employment.

And then there's baby Elliott. During his 10-day stint of pretend poverty, John went to

a local church and was invited to lunch by a charming family who all lived together in rented accommodation. Through poor financial planning the family had run up credit card debts and now several generations lived together in an attempt to, as they put it, "pull together", economise, and hoist themselves out of the red. John was deeply impressed by their work ethic, their cohesion, and ultimately by their simple love for each other. The young married couple were expecting a child. Their dream was to buy their own house, to get that crucial first footing on the proverbial property ladder. Yet the debt remained a millstone, no matter how many extra hours the husband worked through the night as a cab driver.

Elliott saw that the couple were trapped in a classic debt spiral. They had everything they needed to improve their own lives – the will to work, to acquire skills, and the desire to provide a loving and stable home. What they didn't have was working capital. He gave the family £10,000 for a deposit on a house. Several members of the family burst into tears of gratitude when he made his gift (as Elliott very nearly did himself). The house is now bought, and the new baby is born. The second name of the boy child is Elliott: "With two t's and two l's – that's very important," says Elliott senior.



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But Elliott, as a classic entrepreneur, has concerns over the size of his business: “If you want to be an entrepreneur, you can’t really run a big business and be entrepreneurial. That’s not to say you can’t be successful. The big banks have massive processes and they’re not in the least bit entrepreneurial, but they make billions of pounds in profit. If you want to be entrepreneurial you can’t have a business of more than 20 or 30 people. That way you may have a few rows and setbacks, but you’re all together, and you keep flexibility and the entrepreneurial spirit.”

So why has John Elliott been successful? The answer to that is simple: because he has a skill that they do not teach you in school (including Harvard Business School, à la Mark McCormack, or anywhere else). Elliott has the rock-hard determination of a true salesman. “If I am successful, it’s probably because I can see their [customers’] points of view,” he says. “What people have said to me on my selling methodology is that

what I seem to do is take one angle and keep hammering and pushing it. That is true. I used to say to people: ‘This is the benefit. Every one of these [dehumidifiers] that you get is better than your heating units.’ I also used calculations to prove it.

“When you’re saying that this is why this works, you’re relating to other people, trying to observe their reactions. You try to see if that person has picked up the message. Very often, of course, eyes glaze over. So you’ve got to recognise that and find another way of saying it. The fundamental thing is that, as a salesman, it’s my responsibility to communicate with you, not your responsibility to understand my communication.” 📌

Damien McCrystal is a leading communications consultant. Formerly a journalist, previous jobs include City Editor of The Sun and columnist at the Daily Telegraph, The Observer and Evening Standard.

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