

The Victoria Masterson Interview: An Au Naturele entrepreneur

Ken Cairnduff went from selling hippie love beads to counting mega bucks. The retail magnate explains why risks pay off

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“The old cliché that retail is detail is very true,” says the Glaswegian founder of the Internacionale store chain. “I have a good eye for detail and very strong recall. On the other hand, I’m not good with people. We hire people who are good with people. I’m not patient enough for a start. I think you remember what you’re interested in. If you like geography you remember lots of it; if you’re not interested in maths you forget it all.”

His poor man-management skills are hard to detect in the numbers. Profits at the fashion and homewares chain multiplied five-fold to £1.4m in the last financial year on sales up 18% to £85m, earning Cairnduff £405,000 in salary and dividends, a rise of almost 128% on the year before.

All this in an environment in which Philip Green, the BHS owner, helped shoot more holes in margins last year by kicking off the festive sales season a month earlier than usual. Cairnduff is deferential all the same.

“I read somewhere that his boardroom is always awash with products. But he makes the point that if you go into Marks & Spencer’s head office you couldn’t tell what they did for a living. That summed up why he could do no wrong and they could do no right. The guys at the top never actually touch products, but if you’re a retailer that’s what you do. You should never get too removed from it, you’ve got to know what you’re selling.”

Cairnduff, 56, points out that his office is a “pigsty” littered with product samples.

He sells up to 7,000 lines at any one time through the teen-fashion mecca Internazionale and its cheap-and-cheerful interiors spin-off, Au Naturelle. One of his best-sellers is a ceramic candle holder in the shape of a hand. “It’s bizarre but very popular,” he says.

Although 80% of his stock is from China, the furthest he travels to buy products is London and Holland. “We buy through importers. It’s their job to import and our job to retail. I’ve never been to China. I’ve never been to India either and have no wish to go. Infrastructurally India has not got its act together. Everything out of India you can now get cheaper and better from China.”

Cairnduff claims he is blasé about money and his status as a top-bracket entrepreneur. “Business is business. It’s what I do for a living, but it’s not that important at the end of the day. Probably because of that I’ve taken risks that other people wouldn’t chance. I always assume I can make more money, even at my advanced age. There’s oceans of it out there.”

He divorced and remarried in his mid-forties and stresses the importance of his home life. He has three children, Rory, 10, Fraser, 8 and Madeline, 4, by his second wife Margaret.

“I was very lucky to get a second chance in life at having a family,” he says. “When you’re older you do make more of an effort. By that I mean I’m very determined, despite my workload, to spend time with them. I do and that’s the most important thing.”

He says he would be mildly disappointed if his own children decided to join the professions rather than become entrepreneurs. Cairnduff started studying accountancy after leaving Ayr Academy but gave it up because it was too boring, he thinks to the “bitter disappointment” of his father, who worked in a carpet factory and had big ambitions for his son.

“He was from a working-class background so for me to be a chartered accountant was the biggest achievement.

“It’s fundamental to our culture that our brightest people are desperately encouraged to be professionals. There’s this ‘My son the doctor mentality’ in Scotland. If you’re a lawyer or a doctor you’ve done well for yourself. It’s nice and safe and you can earn a comfortable living although you’ll never be really rich.”

A lot of it starts at school, he suggests, where teachers promote — consciously or otherwise — Scotland’s establishment view that wealth creation is bad.

“There’s a resentment to people making money, a feeling of ‘Why should they earn more money than I do?’”

He suggests a lot of his lawyer neighbours in the west end of Glasgow wonder why he makes more money than them when they think they’re equally clever. Although his father had professional ambitions, he was also determined that his son thought for himself.

“It was something he was really big on. It’s a philosophy to bring people up not just to do as they’re told but to think about their own moral standards. I think I picked up on that. Make up your own mind about what’s right and what’s wrong and stick by it.”

Although business was a dirty word in the 1970s, Cairnduff followed his instincts and started selling love beads in a Cork hippie market. By 1979 he had concessions in two Glasgow gift stores and took a big gamble the following year by opening his first shop Razzle Dazzle in the city's Argyle Street shopping hub.

“It was a big store at the time but it started very well. It's got to be one of the high points because it showed we could trade out of those (flagship) locations.”

The subsequent “ups and downs” included near-insolvency in 2001, when problems with a new IT system and over-expansion almost pushed the business under.

Cairnduff returns to his diatribe about the Scottish psyche.

“In other cultures and races it's part of the structure of society that going into business is the natural thing to do. It's second nature for Asian guys to go into business and if it goes bust it's not the end of the world. They just start another business, they're not ostracised or pilloried.

“But in Scotland if a company goes under, people say, ‘He had it coming to him, who does he think he is, I kent his father’. People are more than scared, they're paranoid. Just do it, don't be scared.”

Despite his frustration, Cairnduff unequivocally describes himself as a nationalist and believes Scotland would be better off in the long run if it was independent from England.

“That doesn't necessarily mean I'm anti-English. People get confused and think if you're pro-Scots it means you're anti-English. I just don't think we should be subsidised by another country. How would they feel if we subsidised them? Scotland should stand on its own two feet,” he says.

He admits he'll be on the front line when the divorce papers are finally lodged, although not necessarily with the Scottish Nationalist party. "They've tapped me for cash but the fact that I'm nationalist doesn't mean I'm pro-SNP".

Paradoxically, Cairnduff has an aversion to the workings of government and warns budding entrepreneurs to steer clear of the public sector.

"If you think life's short for what you want to do, once you get involved with these people, it's a helluva lot shorter."

He spends most of his time off arranging holidays and collecting corkscrews and has amassed 30. "It's amazing how much effort and design people put into something that's simple and functional," he says.

Over the next few years Cairnduff has ambitions to double his store portfolio to 200 and do one "nice, big sexy deal" that's more imaginative than a retail park or shopping centre.

But he doubts he'll ever have the time to do something completely different.

"One of the big restricting factors is putting together a team of people. If you want to open a marina you've got to go and find marina managers. That takes six months to one year so it soaks up time.

"One of the sad things about life is it takes a whole life to be good at one thing. It might take 20 years to ply your trade and you seldom get a chance to stop all that and do something completely different. It just takes too long."

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