

Man on a Mersey mission

When Bob Bischof moved to fulfilment specialist McIntyre & King, it was near to bankruptcy. He tells **Neil Bromage** how the Liverpoolian company has scaled new heights since

As honorary consul of the Federal Republic of Germany for Liverpool and Manchester, you might be expected to have acquired some of the finer qualities of the two cities. So when Bob Bischof, executive chairman of direct marketing and fulfilment specialist McIntyre & King, opened his conversation by saying that as a child he lived with his parents in Hamburg until "you lot bombed our house", it perhaps shows that he had acquired the gallows sense of humour enjoyed by so many Liverpudlians.

Managing £200 million-worth of supply chain for other companies may cause him to draw on that humour often and he does have a reputation for being outspoken. Just over a year ago, he warned the then rampant dotcom society that it would fail, mainly because it didn't understand the supply chain like bricks-and-mortar companies. He predicted: "There will be consolidation among dotcoms and traditional retailers. Mail-order companies will be the big winners when they diversify properly into e-tailing, because they have a fundamental understanding of distance shopping, as well as superior buying powers."

McIntyre & King's experience in the past few years point to Bischof being right. Its growth continues to come from traditional bricks-and-mortar businesses that have added an online presence to their offerings, while every dotcom client has since fallen by the wayside.

As a result, it's clear that he doesn't see a need to re-invent the wheel to cope with the demands of e-tailing. What McIntyre & King seems to have discovered is that successful supply chains in the new marketplace are created by transferring existing skills, not by starting from scratch. It sees multi-channel selling as a more reliable method than the single channelled dotcom variety and this is what the company tells its clients.

Bischof also takes issue with the various techies who, in ►



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the middle of the dotcom debate, said that the best way to run a successful online presence is to integrate it with existing legacy systems. "New online systems are often much smaller and confuse the traditional system," he says, "so it makes sense initially to outsource that part rather than integrate it." Only once the online business has reached a critical size should you integrate it.

As a manager of other people's supply chains, he often sees the problems they face in sharp relief, particularly with the growing length of the chain.

"With globalisation, companies in Germany or eastern Europe can make components in Russia, Ukraine and Slovakia so much cheaper that a lot of products are now being outsourced from there," he says. "The supply chain has therefore become longer and you can't work on a just-in-time basis, so you have to have intermediate storage. The use of warehousing has come back. Even so, we still only hold 25-30 per cent stock."

A man of the world

Reading his CV would cause many a novice interviewer to run a mile. Bischof grew the UK subsidiary of German forklift truck manufacturer Jungheinrich AG into a £50 million-plus company. He was an adviser to John Smith, the late Labour Party leader, and helped several government ministers in the last election. In Germany, he answered Chancellor Kohl's "Kanzler Aktion" call to help in restructuring East Germany's ailing industries after the Berlin wall came down. He also spearheaded a project with KPMG, backed by the US Agency for International Development, to convert armament factories in Slovakia to civilian goods plants.

He is well-known for his outspoken views on economic, political and industrial issues, and writes regularly for the *Financial Times*. In the launch publication for the European Business Forum, founded by PricewaterhouseCoopers and the Community of European Management Schools, he wrote that the UK "economic miracle" had only one appealing feature: unemployment was falling faster than in most continental countries.

"On virtually every other score, the British model is not delivering. Britain reminds me of a company that is losing market share at home and abroad, which underinvests and therefore falls behind in the productivity stakes and does not train its workforce properly. It has a lousy R&D record and yet employs more and more people – hardly a recipe for long-term success."

It was "rescue and restructure" that took him in 1997 to Liverpool-based McIntyre & King, where he has turned an ailing concern into an 800-strong, £16 million contender in the fulfilment market, be it electronic bricks and clicks or traditional



mail order. Based in an enviable position overlooking the River Mersey, McIntyre & King occupies a converted warehouse that might easily be mistaken for a trendy restaurant in this, the north's trendiest of towns. It is, however, functional rather than swish, a workplace rather than a chat room, understated rather than elaborate, but immediately special.

It might seem a surprising move, particularly when Bischof confesses that he has never thought the home shopping revolution over the Internet or digital TV can be as big as many believe. "I've never thought it would come anywhere near 10 per cent of total shopping. It's total nonsense that people in

large numbers will want their groceries delivered through some transport system: it's too expensive. And second there's a great love of shopping among both men and women. Shopping is now an experience. You only have to look at what the likes of the Trafford Centre in Manchester have done with extra facilities like restaurants, cinemas and children's amusements."

It's taken him just four years to make a considerable difference at McIntyre & King, which has been described as a "one-stop (e)fulfilment shop". But how can the comparative backwaters of northern England stand next to his past life, where he's had as many as 20 subsidiaries to run employing 20,000 people?


"When I came to Liverpool, I was brought in not because of my industry experience – I didn't have any in this area – but because it was a company in deep trouble. It was insolvent and I took the view that it could be saved. So for the first time in my life, I took an equity stake. I suppose I wanted to become an entrepreneur."

McIntyre & King is now one of the leading managers of other companies' supply chains. "Clients actually give us their business. We take their orders and process them, bank the cheques, authorise the credit cards, stock their goods, pick, pack and dispatch and handle returns. We gather their marketing information, feedback and catalogues. We help them to become virtual."

It does all this and more for the likes of bedroom and bathroom products company House of Bath and Everton Football Club, but Bischof is quick to point out that the supply chain isn't just about products. "The Inland Revenue has to supply tax forms to thousands of homes in the UK and we do that work for them." And it does it all from under one roof.

McIntyre & King's customers include bigger catalogue retailers such as GUS and Littlewoods, but in the main it has concentrated on smaller catalogues, which Bischof sees as a "growing sector". This all serves to prove his feeling that fulfilment and supply chain issues are similar whether the route to market is traditional catalogues or modern media such as the Internet.

It is perhaps Helmut Kohl's call that provides the key to what drives Bob Bischof. Restructuring has been the main element in his most successful roles. It is, he confesses, what he is best at.

"As I'm getting older, I think my strengths are much more in restructuring and macro-managing businesses. Today, I think I'm a better chairman than managing director – but I was a good managing director once." 

Neil Bromage is a freelance journalist specialising in business issues

career file

Bob Bischof

Executive chairman, McIntyre & King, aged 60

- 1967** Comes to UK to set up Jungheinrich (GB), a subsidiary of Jungheinrich AG. Becomes non-executive chairman
- 1991** Assists Chancellor Helmut Kohl in *Kanzler Aktion*, restructuring and privatising East German industries
- 1993** Leads US-financed defence conversion project in Slovakia
- 1994** Lancer Boss Group (acquired by Jungheinrich AG). Rises to become chairman and chief executive of LBG
- 1997** McIntyre and King, executive chairman
- 1998** Federal order of merit, Germany
- 2000** Made honorary consul of the Federal Republic of Germany for Liverpool and Manchester