

Leadership Insight – Willie McCarter



Willie McCarter, Director of Norish Plc and advisor to a number of companies including Isle of Aran Distillery and Cooley Distillery.

Background

I am the Senior Independent Director of Norish Plc which is listed on AIM. Norish provides cold storage for the Food industry in the UK. It has a protein trading division and also operates one of the largest dairy farms in the Republic of Ireland. I am also an advisor to the new Irish Whiskey Distillery at Powerscourt near Enniskerry, Co Wicklow which will come on stream this summer. In addition, I am an advisor to Isle of Arran Distillery in Scotland, Cooley Distillery which is part of Beam Suntory (the third largest Spirits Company in the world) and a number of other companies in IT and Telecoms.

How did you first become involved with John Teeling, founder of Cooley Distillery?

I finished my final exams in Economics and Political Science at Trinity College Dublin on a Thursday in early September 1969, and 4 days later began a two-year Masters programme in Management at the Sloan School MIT in Cambridge Mass just across the Charles River from the city of Boston. In June 1970, half way through my degree, a very good friend at MIT, Breffni Tomlin, who had come to the Sloan School from the Irish Management Institute to do his PhD, told me that I had to meet a good friend of his who was coming out from UCD to the Harvard Business School to do his Doctorate. The meeting was arranged in a famous hostelry called the Plough and Stars roughly half way between Harvard and MIT, which had been opened by another Dubliner called Peter O'Malley. The Plough and Stars had been chosen because our mutual supervisor and friend at MIT, Professor Tom Allen, had taken his classes there during the 1969 student disruption due to Vietnam War protests. That was where I first met John Teeling and was the start of a great friendship right to this day. Several years ago, we placed a plaque on the wall of the Plough and Stars which reads: "Plough and Stars - birthplace of Cooley Distillery 1970. Kilbeggan Tyrconnell and Connemara"!

What attracted you to the Distilling industry?

During our time at Harvard and MIT, John and I became intrigued by Irish Whiskey. We thought as young guys we could do a lot better with the category. We carried out quite a bit of research in the Plough! John researched the history of Irish Whiskey and established that from roughly 1850 to the early 1900s Irish Whiskey was the premier Whiskey of the world and the largest imported Whiskey into the United States. I discovered that Americans loved hot whiskey when they tasted it but they had no tradition of it and had no idea what it was. As part of my Masters I tested 100 graduate students with hot Irish Whiskey at lunch time on a sunny May Day with the temperature outside of about 80 degrees Fahrenheit and found to a man and woman that my graphs went off the chart. I rang John to tell him that we had struck oil!

However, my wife Mary has pointed out numerous times that if you take any group of 100 graduate students and give them any type of free drink at lunchtime your graphs tend to go off the chart!

How were you involved in the development of Cooley Distillery?

Harvard and MIT have famous histories but not many people know their role in the development of a second golden age for Irish Whiskey! When I came back to the family underwear business in Buncrana, Co Donegal in 1971 after a short while, as a side line, I acquired the brand name "Tyrconnell" from the liquidator of Iriscot in Derry. Iriscot was the successor of Andrew A Watt in Derry which in the 1880s had been the largest Whiskey Distiller in Ireland and Britain, and which had exported "Tyrconnell" to the US and many other parts of the world.

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In 1987, John Teeling set up Cooley Distillery and in so doing broke a monopoly which had been controlled by Irish Distillers. John asked me to roll in the “Tyrconnell” brand and join the Company. I became a Director and from about 2005 my role was to find a strategic partner. After being jilted a few times I eventually found Jim Beam and Cooley was sold in 2011. In that Year, there were 4 operating Irish Whiskey Distilleries, two of which were Cooley and Kilbeggan. However, the sale seemed to open the flood gates of entrepreneurial activity in the Irish Whiskey sector because there is now something like 18 operating Irish Whiskey Distilleries and there are at least 18 more in process. I should point out that Irish Whiskey is the fastest growing spirit in the world but is still only selling about 8.5 million cases (12 x 70 cl bottles per case) versus Scotch at 90 million. Irish Whiskey has huge potential. MIT and Harvard and the Plough have a lot to answer for!

Where did your career first begin?

Back to 1971 and my family underwear company W P McCarter and Coy Ltd in Buncrana. My Uncle Willie McCarter grew up in Derry and spent 10 years as a young man working in a large underwear company in the city. Family history has it that he was an avid football fan and followed the fortunes of Derry City to the extent that he took some unauthorized time off to watch a match and since he did not see eye to eye with the boss’s son he was handed his P45 the next day. My Grandfather told him that he was the sort of guy who would never work for anybody else anyway and the two of them decided that as tariff protection would probably come for infant industries in the Free State, they should look South for opportunities. They journeyed across the border and set up an underwear company in Buncrana in a building that had been used to secretly produce the famous “Blue Shirts”. They produced only underwear and adopted the brand name “National”. My uncle was joined by his three brothers one of whom was my father and through the war and the 50s and 60s they grew the business through some very difficult times.

I thought I would stay in the US after MIT but my father who had always discouraged his sons from going into the family business on the basis that “it was far too bloody difficult” told me about 6 months before I graduated that his brothers were in indifferent health and so was the business and that if I ever intended coming home maybe I should as soon as I graduated. He added “and I’m not too well myself”!! I said I would come home for 6 months and I’m still here!

My Uncle Willie died in 1972 and I became Managing Director at the ripe old age of 25! I often think that my father and my two Uncles must have had some faith! Within a short time, we managed to get a second generation of management, both family and non-family, and started to build on existing relationships with good customers. My father and Uncles had been introduced to the late Ben Dunne by a friend of theirs called Willie Irwin who was a shirt manufacturer in Buncrana. They took an instant liking to Ben because as they said, “he spoke with a Northern accent” being from Rostrevor in Co Down. Ben wanted them to supply “National” underwear directly to him as a retailer which they did, even though they would have incurred the wrath of the whole trade at that time where manufacturers only sold to wholesalers who in turn sold to retailers (different days!). Because of my father’s good relationship with Ben Dunne we then began to supply Dunnes Stores (then formed a few years previously) not only with underwear, but with our new lines of fashion t shirts for men and women and indeed children’s wear. My father had developed a very good relationship with Arthur Ryan when Arthur was with Dunnes Stores, and when Arthur set up Penney’s we built up a very good business with him. We branched into sportswear with Adidas and ended up selling about 12 million of the famous 3 Stripe T Shirts to Adidas in Germany and about a million Adidas sweat shirts. We also sold to world names such as Bloomingdales, Polo by Ralph Lauren, Biba, BusStop, Levi, Lee, Cacharel and many others.

What led to Fruit of the Loom being established in Ireland?

When I came to Buncrana we had around 150 people employed and by the mid 80 s we had around 450. However, the early 80 s were very difficult years with lack of demand and very serious inflation and we were up against it. Our second-generation Directors and my father, who was the only remaining member of his generation, as Chairman decided on a bold initiative to go to the US to find a large joint venture partner. My brother Andy who had previously worked for DuPont in North Carolina volunteered to go to the US for a year to demonstrate to potential partners how serious we were. We were very conscious that we were only 10 miles from the border and for any outsider the troubles in the North would be off putting to say the least. With strong backing from people like Kieran McGowan in the IDA, my brother and I made a list which included Fruit of the Loom. He set off and the rest is history.

Fruit of the Loom, led by John Holland, did a deal with us which led to them investing 200 million dollars in 7 plants in the Republic centred on Buncrana and with 2 in Derry. We rapidly got our work force up to 3,000 people and were producing 1 million t shirts per week and 400,000 sweat shirts, giving us about a 25 per cent share of the European market. I often think that John Holland (who I am still very friendly with) must have had tremendous faith in our team in Buncrana to invest that amount of money and with no resident Americans. I was the CEO for 10 years and the Directors of the family firm all remained in position and together, with our local managers, supervisors and workers, we built probably the largest vertical unit of its type in the world. We took in US cotton in the bale in Derry and pushed out all those t shirts and sweat shirts extremely efficiently in Donegal. When Fruit of the Loom was announced in 1987 it was one of the very few inward investment projects around and it became a very successful cross border and indeed cross community company operating to high standards in very difficult times. Its success was largely due to many local people in Donegal and Derry.

Time moves on and while Fruit of the Loom lasted for 20 years in this part of the world it eventually moved to Morocco but not before it provided good opportunities for many families in the North West and serious infrastructure such as the Pollan Dam, just North of Buncrana, which now supplies water to a very wide area. Fruit of the Loom is now owned by Warren Buffett.

Tell me about your time with the International Fund of Ireland

In 1989, when I was CEO of Fruit of the Loom and finding that there were not enough hours in the day to cope with the rate of growth which we were trying to achieve, I received a phone call from the Department of Foreign Affairs asking me to become a Director of the International Fund for Ireland which had been set up by the Irish and British Governments on foot of the Anglo - Irish Agreement of 1985. My immediate reaction was to explain that we had so much work on that it just would not be possible. I was assured that it would only take a very small amount of time and really would be no bother at all. I checked with my boss in Kentucky, John Holland, who said he was sure I could manage this as well as my day job. I agreed, not realizing that I would become Chairman of the International Fund for Ireland in January 1993 and would only retire from the post in February 2005 and then only because some people probably thought I might gain ministerial pension rights if I stayed any longer!

I must say I enjoyed every minute of my time with the Fund. Its purpose was to use economic development to forge links between Catholics and Protestants in Northern Ireland and between North and South, and in so doing to help create jobs particularly in the areas of highest disadvantage. The International Fund was funded initially by around 100 million dollars from the US Congress in a deal brokered by the then speaker Tip O'Neill with President Reagan and supported by friends of Ireland in both parties. It's architect without a doubt was John Hume. The Fund was also supported in its early days by Canada and New Zealand and then by the EU and finally Australia. To date, it has received total funds of around 900

million euro towards a total investment in over 6,000 projects of around 2.7 billion euro which as my father used to say, "is a not inconsequential sum"!

This has led to over 50,000 jobs being created in Northern Ireland and the 6 border counties of the Republic and to the forging of a lot of cross community activity helping to bring about the Peace Process.

The International Fund for Ireland has developed many projects both large and small and I will only mention one or two. The Fund initiated the Shannon Erne waterway which ended up costing 33 million euro and helped to regenerate huge areas of Leitrim, Cavan and Fermanagh. The Fund also brought together the tourism bodies in both North and South in very difficult times when it was in the old phrase "neither popular nor profitable", but now, like so much else this is taken as the norm. The Fund also helped the late Paddy Harte and the late Glenn Barr establish the Peace Park and Round Tower at Messines with all the reconciliation which that project has engendered between both communities in Ireland, both North and South. I was very privileged to attend the opening of the Peace Park in Belgium in 1998 with my wife when it was opened by President Mary McAleese, Queen Elizabeth and the King of the Belgians. It is little known that that was the first time that President McAleese met the Queen and from that meeting the friendship developed that led to the reciprocal State visits, which had such an important effect on reconciliation and the Peace Process. This is the law of unintended consequences because I'm sure neither Paddy Harte nor Glenn Barr nor the International Fund for Ireland thought that by creating the Peace Park and Round Tower they would start a friendship leading to such important consequences.

One of the unintended consequences for me of being Chairman of the Fund was that I got to know a lot of people in the Republic, in Northern Ireland, Brussels, London and in Washington DC on Capitol Hill and in successive administrations. Indeed, I made some very lasting friendships during my time with the Fund. The International Fund for Ireland is sometimes confused

with The Ireland Funds which are a private organization set up by Tony O'Reilly and the late Dan Rooney. One of the pleasures of my time with the Fund was to be able to get to know many of the Ireland Fund people and to be able to co fund some projects with them and also be able to help organizations such as Co Operation Ireland all of which have been helpful in establishing a stable society in Northern Ireland.

One of the other many interesting aspects of the International Fund for Ireland was the establishing of two venture capital companies both called Enterprise Equity, one in Northern Ireland and the other in the Republic. The purpose of these was to demonstrate the use of venture capital as a tool for economic development. Over time we had a considerable success rate and promoted such companies as the well known "Ben Sherman" shirt company which was taken out of receivership by three entrepreneurs and on which Enterprise Equity made 16 million sterling!

What is next for you?

I've had quite a varied career which I think might have another few turns in it yet. Irish Whiskey is entering a new golden age and I'm very pleased to be involved in that. When I was at MIT I became heavily involved with the pioneering group in the Sloan School dealing with the management of technology and innovation. As a result, I've become involved as an advisor to companies in Telecoms and IT, as well as the more traditional Irish Whiskey industry. I'm looking forward to using my experience of multinational and family business and my US connections in helping these companies to develop. The fun continues!