



Beginnings

The Kerfoot Group is the UK's leading supplier of specialist oils to the food and cosmetics industries. Founded in 1980, it is the only independent UK business in its field. Based in North Yorkshire, it has head offices in Northallerton and a terminal and two production facilities in Goole. With annual sales of some £80 million in 2010-11, it employs 90 people and is still owned and managed by the Kerfoot family. With members of the second generation already deeply involved, it combines professional management with a family atmosphere. Sourcing oils from all over the world, it ships in bulk olive, sunflower and rapeseed oil from Europe, while bringing in essential oils such as sandalwood from India and tea tree from Australia. Today the Group also has its own cold-pressing facility in Goole to produce oils such as strawberry and raspberry. It counts among its customers not only some of the largest businesses in their field, but also many of the smallest, for the Group's success has been built on delivering high standards of personal service to every customer.

All this is a far cry from the beginnings of the business. Economic conditions at the time were scarcely encouraging for anyone thinking of setting up on their own. The British economy endured tough times in the early 1980s. Margaret Thatcher had become prime minister for the first time in 1979. In the words of one historian, she led 'a Government unafraid to make things worse in order to make them better'. Initially government strategy was based on using monetary policy to eliminate inflation from the economy. But in its pursuit of free markets, it abandoned exchange controls, the traditional weapon employed in the past, and was left reliant on using interest rates. As a result, these shot up to 17 per cent during the Government's first year, forcing up exchange rates, a double whammy which crippled many businesses regardless of whether they sold at home or overseas. Inflation came down, falling from 18 per cent in 1980 to 4.5 per cent in 1983, but this was mainly because of the impact of the recession rather than Government policies. Over the same period the economy grew by just 0.6 per cent and in



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1980 it actually shrank by 2 per cent. Sharp rises in indirect taxation and heavy cutbacks in public expenditure did little to help. Unemployment reached a peak of 3.3 million during 1982-83. Most of the jobs lost were from manufacturing businesses in traditional industrial areas. Between 1977 and 1985, manufacturing employment fell from 7.3 million to 5.5 million while employment in service industries rose from 13 million to 14 million.

It was a gloomy picture for anyone running an existing business in the UK, let alone for entrepreneurs who were beginning a new one. But it was not something to daunt David and Elizabeth Kerfoot. Once they had set their minds on a target, they were always resolute in their pursuit of it.

At the beginning of 1980 David Kerfoot was still a young man, just 26 years old. Born a Yorkshireman, in Horsforth near Leeds on 30 June 1953, he was the only son of Anthony and Sheila Kerfoot. He would have a younger sister, Susan, who suffered serious learning disabilities. They remained close throughout their lives until Susan's sudden death. Her brother's fierce pride in his sister would lead him to join and work for the Pendragon Community Trust, a charity aimed at developing high-quality care accommodation for people with special needs. David's father was originally employed in the printing trade before eventually setting up his own business and for a few years the family lived in Sheffield. One of the key influences in David's early life was his maternal grandfather, James Mawson. James or Jimmy, as he was known, and his wife Edith spent 47 years in domestic service with the same family,

the Gaunts, and David spent several summer holidays with them at the large house called Woodlands in Harrogate where they worked. There he had the run of the gardens, making dens and dams. The caring but hardworking character of his grandfather made a deep impression on young David.

The Kerfoot family eventually returned to Leeds, where Anthony Kerfoot set up his own business. David completed his schooldays at Benton Park. Although he never enjoyed academic learning, he was keen on debating and soon became chairman of the sixth form. It was this experience that gave him the confidence he needed in later life to stand up and speak in public.

From school he went on to Sheffield Polytechnic, where he took a course in business studies. His thesis took as its subject the economic consequences of soccer hooliganism, for which he infiltrated gangs of thugs, although he admitted it turned out to be more about the story of Sheffield Wednesday, of which he has been a lifelong supporter.

From the outset he immersed himself in student politics, soon winning a place on the Students' Representative Council. This was the early 1970s, when student political activism was still thriving, and David relished it. He won election for a sabbatical post as vice-president (community affairs) in 1974. He easily beat off left-wing competition by concentrating his campaign on practical issues – cheaper beer, rather than solidarity with Vietnam. His father, who had been an active Liberal, chairing the local constituency party, helped him to devise

the slogan, 'Forge Ahead With Dave Kerfoot'. One of his first challenges was finding accommodation for more than 70 students left with nowhere to go at the start of term. Then in 1975 he was elected president of the union, becoming a member of the polytechnic committee of the National Union of Students. He found himself responsible for an organisation with more than 70 staff and an annual income of more than £2 million. During his time in office he not only fought off two motions of censure from his critics on the hard left, but he also led demonstrations and organised a week-long sit-in of the polytechnic administrative offices.

Another business studies student at the polytechnic was Elizabeth Richardson. She too was from Yorkshire, born and brought up near Goole where her family ran a long-established business, then principally as coal merchants. When the two young students met, it would prove to be the beginning of a long and fruitful personal and business partnership.

David's student experiences gave him the appetite for further political involvement after he left polytechnic. But countless applications for various posts with the trades unions, then at the height of their political influence, and the Labour party proved fruitless. Only then did he begin looking for work in industry. His record succeeded in bringing him an interview with the major American multinational, Cargill. Travelling to Amsterdam for a second interview, he found he was the only non-graduate among six candidates. Although he enjoyed the experience, he was staggered when he was offered the job. It was certainly an achievement,

immediately identifying David Kerfoot as a high-flyer. With a reputation as one of the world's leading businesses, Cargill only recruited the best.

It was June 1976 when David joined Cargill in Amsterdam, where he was given great training, had great fun and made great friends. His training taught him lessons he took through his business career – how to trade in and assess a market, how to be confident and aggressive in business, and never to be afraid to ask for what was owed to you. After Amsterdam, he was sent as a buyer to the resin plant operated by Cargill at Haverhill in Suffolk, which was later sold in 1981. Here he gained valuable experience of production and dealing with customers. He was well paid, enjoying the opportunities for travel and for furthering his knowledge within a global business, and making lots of contacts.

In 1978 David and Elizabeth married. Elizabeth had been working as an assistant accountant for a firm of agricultural engineers at Epworth in Yorkshire. Her financial skills would prove invaluable in future years when the Kerfoot business got underway, Elizabeth's acumen providing vital financial stability for the fledgling venture.

The couple settled in Marlow but in the same year Cargill moved David to Tilbury in Essex, where the company had acquired a business that was involved in wet maize milling, of which maize oil was a by-product. The newly appointed merchandising manager suddenly

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The student firebrand



The young David Kerfoot

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found himself struggling across London on a Monday morning – there was no M25 in those days – and staying at a hotel during the week before struggling back home again at the weekend. The final insult, recalled Elizabeth, was when he lost his company car to the site accountant. Elizabeth too was not happy at spending the start of her married life alone for most of the week.

It was not an easy time. With an aggressive international business taking over a plant that was heavily unionised, conflict was almost inevitable. As David later recalled, 'It was just vicious really, but it was a very interesting learning curve for me.'

One of the haulage companies used by the Tilbury site was Sayers Bulk Liquids, based in Yorkshire, at Brompton on Swale, near Richmond. David had already been talking to the company's owner, and it was suggested he should join Sayers and help set up and run a new edible oils business. For David, 'the lure of Yorkshire was intense', while for Elizabeth, the attraction of going back to Yorkshire was 'the lure of trying to get a life together'. After talking things over, they decided that David should accept the offer. He was also backed by his father, who helped him to finance his involvement. Cargill worked hard to get him to stay, even sending along a senior manager Ruud Jonkind to Elizabeth with a large bouquet of flowers in an attempt to get her to persuade David to change his mind.

As David wrote to friends towards the end of 1979, 'I moved to Sayers with one aim: to

establish from new and develop a blending, packing and distribution business in vegetable oils.' But the move to Sayers was a disaster. 'I just knew within two or three weeks that something was not right, and it taught me one of my first business lessons – that if you're going to do something like this, then you've got to do your homework.' David quickly discovered that the business was financially stretched, as a result of which it had begun resorting to unprofessional practices, offending David's strong sense of moral probity. Furthermore, the edible oils venture was repeatedly postponed. David became anxious and unhappy and said so. The next thing he knew, a letter came through the door telling him he had been dismissed. He was still owed his salary and his expenses. It was a miserable experience for the couple. Elizabeth remembered the kindly sympathy of one of her neighbours, Betty Davidson, who brought round newly baked cakes to cheer them up.

They recognised drastic action was needed. In an era before the widespread adoption of information technology, the company recorded all future movements of its tanker fleet in a simple record book. It was decided that David should remove this and hold it as a bargaining counter to ensure he received everything he was owed. They also decided that before giving up the book David should insist both on a written guarantee that he would be paid and on being paid in cash. 'So, there I was,' recalled David, 'left with a big mortgage on a little bungalow. What do I do? I only knew oil, so I rang one or two oil customers, and I decided to broker oil, and that's how we started.'



(Getty Images.)

The 1970s were an eventful decade in the UK. Students, although there were far fewer of them than today, were politically active. As well as campaigning for political parties – more often than not those on the left – and organising sit-ins and rent strikes in opposition to falling student grants and rising housing costs, students were also involved in campaigning on wider issues. Perhaps the most notable was the anti-apartheid campaign, linked with the fight to free Nelson Mandela. The trades unions too were at the peak of their influence. The miners were a powerful industrial force, instrumental in forcing a general election in February 1974 that led to the defeat of Ted Heath's Conservative government. Their authority was so great that the incoming Labour government believed an agreement with them, trading concessions in return for voluntary wage restraint, was essential for any programme of economic recovery. This was a time when the British economy was in a slump more severe than at any time since the 1930s. The impact of rising oil prices, coupled with the consequences of economic mismanagement in the early 1970s, brought soaring inflation, which peaked at 25 per

cent in 1975. More than one million people were unemployed, with the unemployment rate of 5 per cent twice the level it had been during the 1950s and 1960s. Economic growth, on the other hand, was half the level it had been during the same period. The agreement with the unions collapsed, as inflation-breaking wage settlements continued to be made and government attempts to rein in prices and incomes failed. The strikes that began late in 1978 and ran on into 1979 represented the largest stoppage of labour in the UK since the General Strike of 1926, earning its own sobriquet as 'the Winter of Discontent'. Car workers, lorry drivers, train drivers, ambulance drivers, nurses, dustbin-men and gravediggers were among those refusing to work, bringing chaos to people's daily lives. The consequence was the election of a Conservative government under Margaret Thatcher, the first British woman prime minister. Vowing to tackle the economic mismanagement of previous administrations, her policies would make things much worse before they got better. And this was all happening just as David and Elizabeth Kerfoot were deciding to set up their own business.

Today Cargill remains one of the world's largest privately owned businesses. With a diverse array of interests, it is perhaps best known for its involvement in food and agriculture. Its origins lay in the American mid-west where it was founded in 1865. It began expanding overseas in the early twentieth century and by the 1940s had diversified into feed, soya bean processing, seed and vegetable oil. Growth in the latter half of the century was dramatic.

CARGILL

The workforce increased from 5,000 in 1964 to 55,000 in 1990. Sales rose from a billion dollars at the end of the 1950s to more than two billion in the early 1970s, accelerating to more than \$28 billion in the early 1980s. Today Cargill is earning profits of almost \$3 billion on turnover of nearly \$110 billion and employs 131,000 people in 66 countries.

An early telex market report sent by David Kerfoot in 1980

OCC

OCC

669915 CWSFRV G
587740 KERF G

13.10.

ATTN: MR B. BARRINGTON.

USDA CROP REPORT ESTIMATES 1980/81.
SOYABEANS: 1,757,272,000 BUSHELS.
PREVIOUS : 1,831,172,000 " (1.9.80.)
CROP 1979+ 2,267,589,000 " "

BRAZIL.
SOYABEANS+ 15.2 MILLION TONNES.
CROP 1979: 15.0 " "

USSR.
CERIALS : 205 MILLION TONNES.
1979 CROP: 179.3 MILLION TONNES.

CHINA.
CERIALS: 274 MILLION TONNES.
1979 CROP: 278.5 MILLION TONNES.

THE USA SOYABEAN FIGURE IS TAKEN AS BULLISH AND EXPECT THE MARKET TO BE UP TONIGHT.

REGARDS
DAVID KERFOOT LTD.

The 1980s

In later years, David Kerfoot reflected on how he began. 'My old firm wanted me back but because of my Yorkshire pride I just couldn't go. I started looking up some of my old contacts, made a few trips to see people and got a few contracts ... All I was doing was bringing buyers and sellers together and giving customers my advice. The sellers would pay me commission.

The business began in the back bedroom of the family home, under the name of David Kerfoot Trading. At this critical time Elizabeth spent the day working in County Hall in nearby Northallerton in order to pay the mortgage, while in the evenings she looked after the

books of the infant business. It was Elizabeth's father, David Richardson, who gave the couple some very practical encouragement, as David later remembered. 'I remember going to see him in Goole, and he sat me down and he handed me a cheque for £2,000. And he said he did not want any interest, he just wanted paying back whenever I could, because he believed in me, he really believed in me.'

Another person who believed in David and Elizabeth was their first accountant. Elizabeth had got to know Stuart Atkinson, whose practice was based in Hull, when he had been acting as financial director for the firm she had been working for before her marriage. In June