

STAN THE MAN

William Cash meets the tycoon who made his millions as former CEO of the Man Group, learns about his passion for skiing and discovers the key to his astounding success

About ten minutes into breakfast on Jermyn Street in Mayfair with Stanley Fink, former chief executive and now deputy chairman of Man Group, I found our conversation drifting away quickly from the fall of the dollar and the advantage of managed futures to likely skiing conditions in Courchevel this winter. This is because Fink — who was brought up in Manchester where his father made lamp-shades — already owns one luxury hotel there, the deluxe Le Kilimandjaro, and is building another. This latest development project is clearly a passion and Fink obviously derives as much pleasure from his new success as a luxury hotelier as he did from being the architect behind the Man Group's growth into one of the world's leading alternative investment companies.

It's always interesting to see the choice of private investments made by today's super-rich financiers or hedge-fund kings once they are risking their own money entrepreneurially. They invariably choose investments (trophy hotels, casinos or shops like Smythson) they fervently hope their friends will enjoy splurging out on. This theory certainly seems to hold for Fink's latest private investment, which is to buy a pricey chunk of the new lifestyle luxury accessory company, Key-2 Luxury, which offers 'VIP privileges and upgrades' and all manner of member benefits from leading designer brands. 'You order a Lamborghini for the weekend but you get given an Aston,' says founder David Johnstone. 'It's like receiving complimentary bottles of champagne for life.'

When I asked Johnstone how he got Stanley (worth approximately £145 million) to get out his cheque book, he told me, 'It was simple. We had lunch and Stanley said he wanted to buy a stake. The deal was done over coffee.'

Fink confirmed this when I brought the deal up, and explained why he thought the luxury sector was one of the few areas that — should a recession hit in the UK following the sub-prime credit crisis in the US — he thought would survive without too much collateral damage.

'I've got a general theme that as the world gets richer and — putting aside for a moment the problems of poverty and

global warming, which are big issues for the planet — I am a believer that the price of most things that people need in life has got relatively cheaper. Therefore there is more money around to spend on luxury goods. Hence my own interest in investing in products that I would like to use myself or appreciate, like ski resorts.'

Which is more enjoyable, I asked, building hotels or hedge funds? 'They are totally different. I like that hotels are tangible. I think that most people, particularly when they already have most of the toys that they want to amuse them, like to have something they can relate to.'

Does he have a quota system, like hotels such as The Palace in St Moritz, where only a certain number of Russian guests can book at a certain time? 'No we don't — all you can do is point out to guests that the hotel will probably have a lot of Russians in certain weeks and they can make their choice.'

Fink began coming to Courchevel 'quite late' in his skiing career, taking his lead from the chairman of the Man Group who had had an apartment there. I fell in love with Courchevel because I think it is far the best resort in Europe. It's got the biggest lift system, and some very high pistes which you can ski when the snow is bad in Easter or December. Or some very low pistes for when the weather is bad. It's also got Michelin star restaurants. In fact, it has pretty much everything.'

Like many top financiers, Fink has found that the internet and his Blackberry now allow him to live a mobile life — away from his London desk — that simply would not have been possible a decade ago when he was creating the Man Group, largely through acquisition. 'It's certainly a trend,' Fink admits. 'Intellectual capital is now incredibly mobile and you can do probably 70 to 80 per cent of what you need to do as a hedge-fund manager or financier from outside the office.'

Do you get some of your best ideas on the slopes? 'Yes, I get some whilst skiing and some in the bath, not usually in the office. The office is usually a place of meetings and rushing from one thing to another. So, yes, you do get

some more creative ideas when you are out of the office.'

A few year's back, Fink had a health scare which also caused him to re-assess certain aspects of his life. Now that he doesn't need to work to make money, he admits his priorities have changed. Fink's new mobile and less corporate lifestyle have made him a perfect sort of client for David Johnstone's new VIP lifestyle accessory business, Key-2 Luxury. He previously used the Amex Black Card service but his eye was caught by the keyring that Johnstone sent him when he first signed up as a member of Key-2 Luxury. 'Most wallets these days are full of plastic, so when you pull out this (at which point Fink pulls out the distinctive Key-2 Luxury keyring from his pocket) it's sort of different.'

I asked for an example of when he uses his membership. 'I booked an incredibly big bus with my friends to catch the Silver Jet at Luton and we got the way back free. It's certainly made my life easier. I think over time we will be introducing a concierge service. So, when people don't know a good restaurant in a certain area, they can use the key and get the name of a good restaurant. If they go to the restaurant and order a bottle of wine, they might get the second one free or something like that. It is not aimed at people who need extra treats, but for most people if there is an opportunity to get a better service for the same money, they will take it.'

I notice that the word 'discount' is never used by either Fink or Johnstone. Was this deliberate, I asked? I recalled the time when a wealthy hedge-fund manager resigned from a rival concierge service after taking a foxy girl to dinner at a fancy restaurant where the said concierge service had arranged a 15 per cent discount on the meal. When the bill arrived, the waiter added, 'And we have applied your 15 per cent membership discount,' which was possibly the most embarrassing thing the hedge-fund manager had ever heard. The manager then asked for the discount to be 'reversed' and promptly resigned his membership in a fury. 'Offering members' discounts can be tacky and makes it appear like you need the help,' says Fink. 'What we tend to do is offer more for less, so if you go and buy one thing, you may get extra complimentary on top.'

Is he worried that there will be a recession soon because of the credit crisis? 'The thing about a top-end market is that you always have a group of people who will be very rich. So for the next five years it may be the Russian. But there is never going to be a shortage of cash in London.'

Does he think London is matching Geneva and Zurich in terms of wealth management capital? 'Yes, I think that London is punching in its weight now. If we are not complacent and we don't screw it up then, yes, I think London is here to stay as a financial capital. The danger is too much regulation. If you make the effect of regulation so detailed that people feel the need to consult their lawyers before they do anything commercial then you



Illustration by Chris Duggan

just get drowned in bureaucracy. I think up until now London is rich and quite well, but we should not take that for granted.

Has he ever thought of moving to Switzerland or Monaco? 'I live in London, I have a house in Spain and Aspen and the hotel in Courchavel. I live five or six weeks in Spain. I don't want to buy a country estate. I have a decent bit of green around my house in London.'

An entrepreneur at heart, Fink says he has a 'very modest' personal investment portfolio and a 'bigger' portfolio of businesses. Part of this drive comes from the hard-working values of his own family background in Manchester. Fink was educated at Manchester Grammar before going on to Cambridge in the 1950s.

A well-known and highly active philanthropist in the UK, Fink has been involved with Arkie Busson's ARK charity for many years now. He was a leading giver to charity before philanthropy became fashionable.

Fink freely admits that the amount of money he made almost overnight when Man floated in 1994 suddenly gave him a different perspective on money; he was able to pay off all his loans, buy some family properties, and earning cash was no longer his main ambition in life. Other things — such as philanthropy — suddenly became more important. 'After the float, I sold a few shares to pay off my various loans, and from then on I had my bonus plus dividend. And because all these things happened, my net almost tripled and, yes, I woke up one day and realised that my life was now very different.'

So what did he do with his new wealth? 'Well, at the time, my wife and I and some of my siblings were going through some stressful issues in our lives where we either needed to move house or do something in the property market. We actually chose to help some members of our family, my siblings and my wife's sister. We paid off some debt and we changed our lives at that point.'

It is worth noting that Fink has been involved in philanthropy for many decades. 'I met my wife when we were both doing social work. I was eighteen and she was sixteen. We met each other at Youth Venture Servicing in north Manchester. We lived about half-an-hour apart. We met painting some old people's homes. For me it was love at first sight, but for her it took just that little bit longer. I grew on her.'

As one of the most respected City figures, I wanted to know what Fink's views were on the new private equity tax proposed by Alastair Darling; and whether he thought the new proposed £30,000 flat-tax for non-doms would result in an exodus of City types fleeing Mayfair rents for a view of Lake Geneva.

'No' he says. 'I think that the tax measures proposed by the Tories and the Chancellor are frankly not at the level that would seriously change anything.'

But it's like the Congestion Charge, I suggest. You start off with a £30,000 tax and a few years down the line it's

£50,000 — the issue is now on the government's agenda and it's potentially a can of worms.

'It is and it isn't,' Fink says. 'It depends exactly how the tax will be charged.'

On the private equity tax, Fink says he personally would have preferred some sort of surcharge tax across the board, with all people earning more than £100,000 paying the full tax or alternatively topping it up with charitable donations. So that a private equity person paying ten per cent or twenty per cent tax would have had the choice to pay five per cent of that to charity instead of the government. 'I think some sort of surcharge would have been much healthier,' Fink adds.

Charity is a subject that Fink is unusually well-qualified to talk about. He points out that the media myth that the tax system in the UK is not as generous as the one in the US is not strictly accurate.

'You can get income tax relief on the market value difference to the shares and you can avoid paying capital gain tax which you would have otherwise paid on the gain. So the tax rate it is about a fifty per cent deduction if you've got very profitable shares. It is pretty close to the US system.'

Fink applauds the boom in philanthropy from the hedge-fund community. 'Many people that work in the City who are making big sums of money themselves are giving back very big sums.'

The reason for this new wave of generosity, says Fink, is that the tax system has totally changed the wealth landscape. People who grew up before the 1980s, when taxation was 60, 70, or 80 per cent — well, their primary purpose was simply to hang on to capital.

'However,' he says, 'if you made your money today, at a fairer tax level of about 40 per cent, then I think at some point you realise that you will not be able to spend all your capital and philanthropy enters the equation more naturally.'

Inherited wealth, he thinks, is a different ball game. 'If you look at families where the money is inherited,' he says, 'I think there is more of a sense that this money has been passed down and therefore people are a lot less comfortable giving away the capital.'

Fink acknowledges that he was lucky with his own education. His father was self-employed and the Fink family lived in a modest three-bedroom semi-detached house. 'I mean it was never a financial hardship but I saw my father and his generation and some of his friends, and I saw that once they got to 50, they often had to struggle financially to cope with retirement. And often their former employers didn't treat them very well.'

It was partly witnessing the hardships endured by his father's generation that made Fink determined to break out of the mould and become a financial success. Or as he says, 'I think my main drive initially was to sort of map out a career that freed me from being trapped.'