



# **The Constantine Group**

1885 - 2010



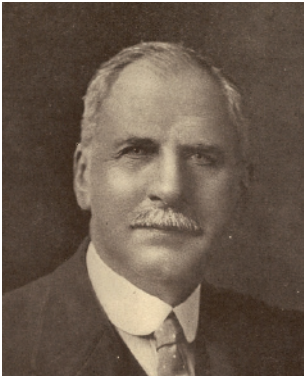
THE  
CONSTANTINE GROUP  
1885 - 2010

*by*

Roland Vernon

*Produced in celebration of the company's 125th Anniversary  
June 2010*

## CHAIRMEN AND CHIEF EXECUTIVES SINCE 1885



Joseph Constantine  
*Owner 1885 - 1922*



Robert A Constantine  
*Chairman 1922 - 1963*



William W Constantine  
*Joint Managing Dir. 1922 - 1963*



Norman Constantine  
*Chairman 1963 - 1985*



Joe Constantine  
*CEO 1963-92, Chairman 1985-92*



John Simson  
*CEO 1992-96, Chairman 1992-2001*



Nigel Constantine  
*Chief Executive 1996-2008*



Alan McWalter  
*Chairman 2001 - present*



Nigel Prescott  
*Chief Executive 2008 - present*

## 1885 – 1914 Joseph Constantine and the early days

The story of the Constantine family's rise to wealth and social distinction, largely within the span of a single generation, demonstrates how Britain at the end of the 19th century – or, more particularly, northern England – was anything but a place of sealed status and circumscribed destinies. It is a casebook illustration of how one ambitious young man, presented with the fabulous opportunities of industrialism, supported by his immediate family, and endowed with a head for buccaneering enterprise, could rise with speed and respectability into the ranks of the nation's wealthiest, slicing through so-called social constraints, to establish a platform for his company's and his descendants' continuing affluence that would last for one hundred and twenty-five years. This man was Joseph Constantine.

Joseph Constantine was born in 1856, the son of Robert and Grace Constantine, and was descended from a large West Yorkshire family of no particular social or economic significance.\* For generations they had lived in cottages and humble farms around the moorland villages of Haworth and Stanbury. Robert, however, worked as an engineer and later superintendent on the railway network that spanned the waterways of Schleswig-Holstein between north Germany and Denmark, an impressive feat of industrial engineering undertaken in the 1850s by the British company, Peto, Brassey and Betts. (For more on the career of Robert Constantine, see Appendix.) His son Joseph (perhaps with other siblings) was sent back across the North Sea to complete his education at Newcastle Grammar School, and by 1881 three Constantine brothers (Joseph, Arthur and Herbert) were living as bachelor lodgers at No. 16 Peacock Street, in the north east British port of Middlesbrough. Middlesbrough's extraordinary growth at this precise moment in history would have made it an exciting place for ambitious young men determined to make their mark. In 1801 it had been a hamlet of just 25 inhabitants. In 1831 the population was 154, but there are signs of significant change in 1841, a year after the foundation of the iron and steel industry, when the numbers rose to 5,463. By 1861 that had become 40,000, and by the time of the 1881 census, when the Constantine brothers had settled there, Middlesbrough was a throbbing municipality of 56,000. (The growth continued; by the time of Joseph Constantine's death, in 1922, the population had reached over 131,000.)

The three brothers were employed early on by a family company of ships' chandlers, called Warley Pickering. At the time, cargo ships were owned in 64th shares but the managing agent of the vessel would, so to speak, take the role of executive director of the ship's activities, and frequently be registered as owner. The chandlers Warley Pickering would act as such managing agents and it was while in their employ, working as a clerk at their office in Dock Street, that Joseph Constantine joined forces with J. Warley Pickering jnr, in 1885, to buy his own share in a cargo sailing ship. This was to be the first ship of the Constantine fleet: a three-masted timber clipper called *Homewood*. Joseph was subsequently to give the same name to his smart

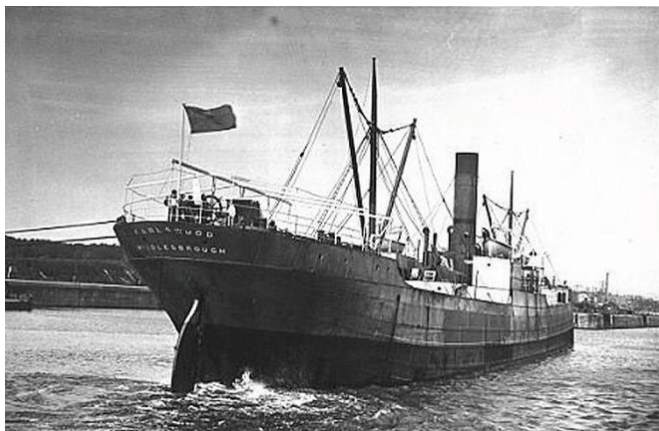
*\*RA Constantine commissioned research the result of which suggests a link to noble ancestry dating to Norman times. Despite some gaps in the lineage and different spellings of the surname, this was officially endorsed by the College of Arms in 1939, when the Constantine family was granted the right to bear the coat of arms of those distant ancestors.*



## THE EARLY DAYS



In 1885, Joseph Constantine made his first investment in a ship, the sailing barque *Homewood* (above). This was soon followed by the *Norwood* but thereafter all the ships were steamships like the *Earlswood* (below left) acquired in 1898. By the outbreak of the First World War in 1914, the fleet had been built up to 27 ships. Steamships were not immune from running aground, as happened to the *Birchwood* in 1915 (below right).



new family home in Linthorpe, a pleasant merchant-class area of Middlesbrough (and the suffix -wood was thenceforth applied to all company ships). By 1887, when he and Pickering bought their second clipper, the *Norwood*, it is said that they put up half the £4,500 purchase price, a substantial sum indeed, but funded to an extent by other members of the Constantine family, particularly Joseph's father Robert, who had retired and also now lived in Linthorpe.

Joseph Constantine and J. Warley Pickering quickly recognised the limitations of operating sailing ships on long distance voyages. Although often faster than more modern steamships, the old fashioned clippers were hopelessly dependent on favourable weather conditions and would frequently end their days wrecked on rocky shorelines, which was clearly incompatible with a growing requirement for efficiency and reliable scheduling. The two partners therefore made the transition to engine powered vessels with their purchase of a 1,060 ton iron cargo steamer named *Santorin*, renamed Toftwood (after Joseph's parents' new home, Toft House). As was the case with the two clippers, this ship was registered, for commercial reasons, under the Norwegian flag, and Joseph Constantine's log of personal assets records that his investment in it amounted to ten £100 shares. His brothers Herbert, William and Robert (the latter two both marine engineers) and his youngest sibling, Ella, also invested in the ship. Over the next few years Joseph invested, in the main, between 20 and 30 shares (out of total of 64 available) in each ship, though occasionally his personal holding was considerably larger.

New vessels were bought at a rate of one to three per year up until the First World War, while only two were disposed of during the same period (aside from the two original clippers, which were sold in the 1890s) and five of the fleet were abandoned or wrecked. By the time war was declared in 1914, the Constantine and Pickering Steamship Company, as it was now called, owned twenty-two ocean-going steamers and six coasters. Many of them were built or fitted in local shipyards, notably Ropner and Son, in Stockton on Tees. Joseph's brother, William, became ships' superintendent and took an active role in the design and specification of the fleet. The larger ocean-going vessels served trade in the Mediterranean, West Africa, the West Indies and the east coast of America, while smaller ships took coal to Scandinavia and the Baltic (returning with sawn timber). The coastal ships, transporting coal down the east coast of Britain, were operated by a separate division of the company, known as RA Constantine & TH Donking, the registered partners being Joseph's son, Robert, and Thomas Donking, a cousin of J Warley Pickering.

Although gaining a fine reputation as a ship owner and trader, Joseph Constantine had other money-making schemes in progress during the period 1900-14, some of which hint at a streak of almost reckless flair. Like many British entrepreneurs, politicians and soldiers of the time, he showed a genuine zest for expansionism when a good opportunity presented itself. Amongst his interests were shares held in a copper mining company, a regional newspaper, and such far flung enterprises as the Costa Rica Railway Company and the Mexican Light and Power Company. But his most adventurous deviation from the world of shipping and Teesside industry was his considerable investment in Mexican silver mines. He held shares in at least four such operations as well in a body known as the Anglo-Mexican Syndicate. The stable 30-year dictatorship of Porfirio Diaz had turned Mexico into an attractive destination for speculative foreign investors, but it was a volatile territory and the boom years came to an abrupt end in 1911, when Diaz fell

from power, initiating a long period of civil war. The Constantine man on the spot, sent out from Yorkshire to look after the family's interests, allegedly took well to the climate of revolution and stayed on in central America to become a rebel soldier and later a Mexican citizen.

Joseph had made a journey there in the early 1900s in the company of his eldest son, Robert, fresh out of school and being groomed for a future career in commerce. Young Robert decided to play a rather ill-considered prank on the older man during a long rail journey, kitted himself out as a bandit, complete with poncho, face bandana and sombrero, and held up his terror-stricken father at gunpoint. It was a serious misjudgment of the Yorkshire industrialist's ability to see the funny side and such was Joseph's wrath that he refused to allow Robert to go to university. The younger two sons - William and Norman - were both to go to Clare College, Cambridge, while Robert was put straight into the firm.

By 1903 the family had moved from Homewood to the considerably grander Harlsey Hall, situated in its own estate near Northallerton and still within reach of Middlesbrough. When visiting London they would make use of an apartment in Whitehall Court (close to Downing Street) and, before embarking on such trips south, Joseph would give warning to the operators of the Edinburgh to London railway line so that an unscheduled halt could be organised for him at a convenient platform nearby. He was in his prime: an affluent and influential industrialist who had made the transition to landed gentleman; and he took to rural life well, becoming a keen country sportsman and pillar of the local community. His record and standing within the county was recognised when he was appointed High Sheriff of Yorkshire in 1916. Although a forthright and dominant personality, we are also informed of his electrifying presence in company, generosity, and personal magnetism. He clearly doted on his family, as did his wife, the warm hearted Scot, Marion Loudon Whitesmith.

## **Early association with KPMG**

From his earliest days as a businessman, Joseph Constantine employed the services of a rising young accountant called William Peat. At the time, this talented Scot managed the Middlesbrough branch of a London accountancy firm of which he became senior partner in 1891. Peat built his partnership so successfully that he was knighted in 1912. His firm later merged with a US company to become Peat Marwick, which in 1987 merged again to become KPMG, now one of the four largest accountancy firms in the world, employing 136,500 staff in 140 countries. Constantine has remained a loyal customer and is widely accepted to be the oldest and longest standing continuous client of KPMG worldwide.



## JOSEPH CONSTANTINE – ESTABLISHED AND AFFLUENT



With success came affluence. In 1902, Joseph Constantine (*left*, with his wife Marion) bought the 1,000 acre Harlsey Hall estate near Northallerton, still lived in by his grandson, Sir Joseph Barnard. He also needed an accountant and employed the services of William Peat (*right*), whose firm was a forerunner of KPMG. Constantine remains a client and is KPMG's oldest client worldwide.



## THE SECOND GENERATION



In 1922, Joseph Constantine died and his two sons and two daughters inherited the shares in the company equally. The eldest son, RA Constantine (known as Bert) became Chairman and, with his brother WW Constantine (known as Willie), was Joint Managing Director. Shown here in 1920 are, *from left*: RA Constantine, his wife Marie, his sister Margarita, her husband Rex Vernon, WW Constantine.



## 1914 – 1922 The First World War and its aftermath

The First World War and its aftermath had a devastating impact on the shipping industry. Not only were many ships requisitioned for Admiralty use, but a great number were lost and opportunities to replace them had to be postponed until after the government relaxed its emergency control of the shipyards. It was nonetheless at times a profitable period for ship owners. Between 1914 and 1916 the value of merchant ships rose sharply because of a shortage of vessels required for the war effort and this helped to increase freight rates to unprecedented levels. Constantine & Donking's collier vessels were used to ship pig iron, steel and hay to France, Italy and even as far away as Greece. But by 1917-18 the government's charter rates were barely sufficient to cover running costs. Some companies floundered. Thirteen Constantine ships were destroyed as a result of enemy action, and thirty-two crew members lost, though this was considered a remarkably light toll in view of the quantity of vessels sunk. A further two Constantine ships were purchased by the government and scuttled to protect the approach to fleet anchorages and two others were wrecked in ordinary marine incidents. By the end of the war, the company as a whole had just six ships remaining out of an earlier combined fleet of thirty-five.

The strain on Joseph Constantine was exacerbated by the tragic loss of his youngest son in action on the Western Front. Joseph's other two sons, Robert (henceforth RA) and William (WW) Constantine, came through the war unscathed, though WW Constantine was awarded the MC and survived a gas attack. RA Constantine served in the Green Howards and the Royal Flying Corps, where he met and befriended Reginald Vernon, later to become his brother-in-law and a director of Constantine.

The post-war period of 1919-22, started positively for shipping. The shortage of ships in general and the release of government restrictions gave rise to the most speculative boom in the history of the British shipping industry. But it was short-lived. The freight market collapsed, a surplus of ships worldwide led to damaging competition from abroad and many owners who had anticipated a longer boom were forced to sell recently acquired vessels at a loss. To make matters worse, the export of coal was threatened both by the expansion of other territories' coalfields and by the sudden rise of oil as an alternative fuel. Statistics show that Constantine may have suffered in this climate: there was a rush to expand immediately after the war, but by 1922 the fleet had been reduced to just two ocean steamers; the coaster division also retained only two small ships. J Warley Pickering had by now retired and the company had been incorporated (in 1920) under the name Joseph Constantine Steamship Line Ltd. It had a paid-up capital of £999,900, practically all of which was held by Joseph Constantine and members of his immediate family.

## Foundation of Teesside University

In 1922 Joseph Constantine died of cancer at the relatively young age of 65. He is listed in a published register of millionaires as the fifth richest man in Britain to die that year, five places higher in the list than the 6th Earl Spencer (who was the only hereditary aristocrat in the list of fifteen and the only non-industrialist). Joseph Constantine's standing in Middlesbrough and the county as a whole was considerable, not only because of his commercial achievements but in large part due to his sense of duty and service to the community. This was exemplified by one of his most enduring legacies: the establishment of the Constantine Technical College in Middlesbrough. He initially made his offer of £40,000 to erect the college in 1916 with the following statement:

*I have been identified the whole of my commercial life with Middlesbrough, and I have always felt that I should like to do something that might be of benefit to the community, and I think you will agree with me that this is a most opportune time. We have been moving in very serious times lately, and it appears to all that when the time of peace comes we must be properly equipped to stand up against the very serious competition we must expect from other countries, including Germany. To accomplish this we must get well equipped for Technical instruction, and the larger scheme to which the Mayor has referred appeals to me mostly because it is something permanent.*

Middlesbrough's Education Committee did not need to be persuaded to accept the 'munificent offer of Joseph Constantine.' However, the project was delayed because of the war, and further postponed by the trade depression and high inflation of the post-war period. Building did not commence until 1927, after the Constantine family had contributed a further sum to bring Joseph's original fund (with accrued interest) to £80,000. The College was completed in September 1929 and opened formally by the Prince of Wales on 2nd July 1930. The whole town came out onto the streets to wave flags and catch a glimpse of the glamorous heir to the throne as he made his way from the station to the College, on Borough Road. Today, the handsome neo-classical building that was once the Constantine Technical College, forms the heart of Teesside University – a thriving, impressive institution that attracts a student body of 25,000 and still excels in science and technology, in accordance with the intentions of its founder.

## CONSTANTINE TECHNICAL COLLEGE



Large crowds turned out to greet the Prince of Wales (later Edward VIII) who visited Middlesbrough on 2<sup>nd</sup> July 1930 to open Constantine Technical College. Joseph Constantine had endowed the college in 1916 and the building remains today at the core of what has become Teesside University.



Family representatives mixed with local dignitaries at the opening. From left: the Chief Constable, Mrs Margarita Vernon (youngest daughter of Joseph Constantine), Mrs and Mr RA Constantine, Mrs WW Constantine (*behind*), the Macebearer, William Constantine and Miss Ella Constantine (brother and sister of Joseph Constantine), HRH The Prince of Wales, Mrs ML Constantine, WW Constantine (*at the back*), the Mayor, Mrs and (*at the back*) Mr JE Barnard (daughter and son-in-law of Joseph Constantine), then eight other Middlesbrough dignitaries.



## 1922 – 1939 Consolidation

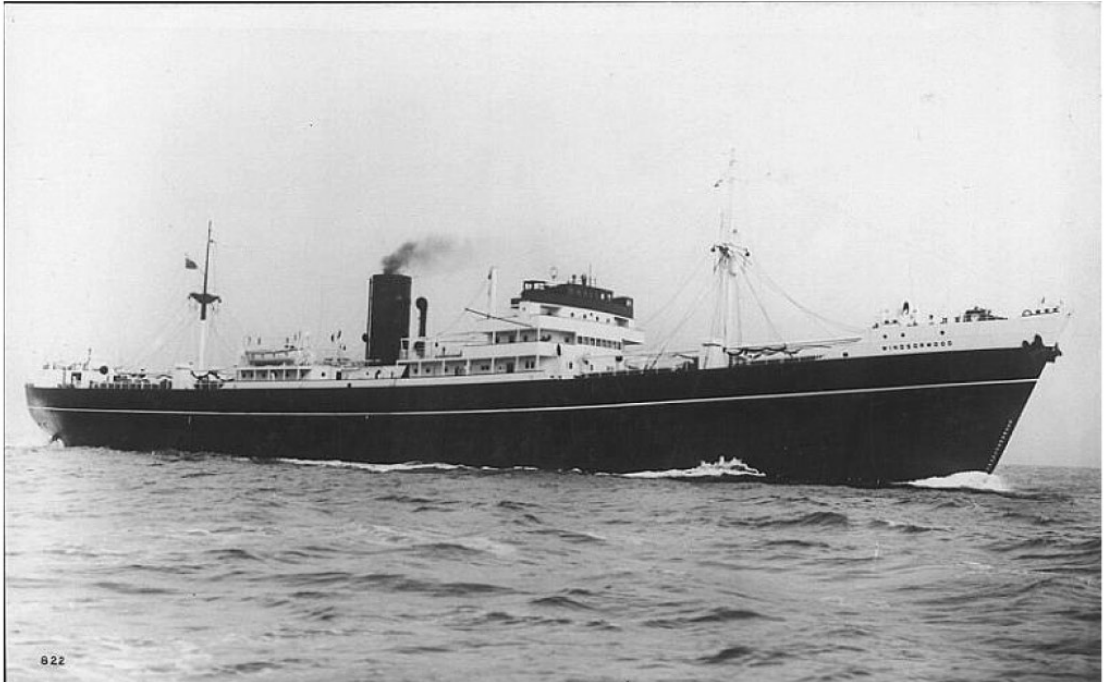
Joseph Constantine was succeeded by his sons, RA and WW Constantine, who nominally assumed joint managing directorship of the company, though they specialised in different areas. WW Constantine occupied himself directly with the technical aspects of the ships and marine design, while RA Constantine – naturally more outgoing – concentrated on forging the company's future direction, its diversification and expansion. A man of tremendous humour but high standards, RA Constantine dominated Constantine company policy for the next forty years with paternalistic control, and an expectation that the family – for whom his enterprise provided so bountifully – would acquiesce happily with his business directives.

The story of the company between 1922 and 1939 was one of consolidation, innovation, and rebuilding the fleet. In the interests of company reputation and economic efficiency, great care was taken to employ the most up to date technology and design elements in the new vessels. Diesel engines replaced steam in the collier fleet and the deep sea ships were fitted with cutting-edge (literally) Maierform bows (i.e. sloping into the water rather than sitting at a right angle to it). Initially two ships were adapted to incorporate this innovative concept and then, in 1936/7, three outstanding new ships were built, all of which had the revolutionary type of bow. The first of the three to be launched, the *Windsorwood*, represents the earliest example of the Maierform bow to be included on a new ship built in Britain, a distinction which caused quite a stir at the time. The next two, *Yorkwood* and *Balmoralwood*, both with a deadweight capacity of around 9000 tons, were equally well-equipped. They were furnished with economically efficient, triple-expansion engines, capacious storage holds, modern deck machinery and refrigerated cargo space. Most strikingly, all three vessels boasted fabulous accommodation, not only for twelve paying passengers but for officers and crew alike. Indeed, the company was well-known for the care and good treatment of its crews, credit for which should be given to John Ruffer, the manager (and cousin by marriage of RA Constantine) responsible for staff welfare. Constantine was consequently popular with the ship workers' unions and never had difficulty finding crews for its ships, even at short notice, which meant avoiding the sorts of delays that frequently plagued other shipping companies.

The passenger service aboard Constantine's ocean-going cargo ships, though limited to twelve berths, proved successful and the three new ships regularly sold tickets to passengers travelling from Swansea and Port Talbot across the Atlantic to Quebec and Montreal. This route was dependent on the St Lawrence river (connecting the Great Lakes to the ocean) being free from ice and, at times of the year when it was not, the three ships would sail to South America, South Africa, Australia and Mauritius. A subsidiary division was set up in 1935 to accommodate this.

A significant marine incident occurred in 1937 on the Constantine vessel, *Kingswood*. The ship was moored near Port Pirie, close to Adelaide in South Australia, when, for reasons which are unclear, the donkey boiler spontaneously exploded in the engine room with a force that ripped it from its housing and sent it hurtling 164 feet through bulkhead after bulkhead, half the length of

## THE INTER-WAR YEARS



RA and WW Constantine built up the fleet in the inter-war years from 6 ships in 1918 to 18 in 1939. Pride of the fleet were the sister ships *Windsorwood*, *Yorkwood* and *Balmoralwood*. The *Windsorwood* (above), delivered in 1936, was the first ship built in England with the sloping Maierform bow and all three had comfortable accommodation for twelve passengers. All were torpedoed by German U-boats during WW2.



In the 1930s, RA Constantine had led the diversification of the company into property in partnership with developers. This block of flats in St James's Place near Regents Park in London was acquired in 1938 when the developer defaulted.

the entire hull, until it eventually expelled itself from the bow of the ship just above the waterline. Miraculously, there were no serious casualties but the *Kingswood* was unable to fulfill the trade role for which it had been chartered, a situation that gave rise to a landmark piece of marine litigation. *The Joseph Constantine Steamship Line Ltd v Imperial Smelting Corporation Ltd* case is cited in law faculties to this day and its result (initially overturned by the Court of Appeal, but ultimately upheld by the House of Lords) ruled in favour of Constantine. The verdict declared that the burden to prove that negligence had caused the incident should belong to the plaintiff (Imperial Smelting) and, without such proof, damages were inapplicable. Far more absorbing than this legal quibble, however, was the epic voyage undertaken to bring the *Kingswood* back to England for repairs. The gaping hole at the bow had been temporarily patched up in Australia but the ship's engine was completely disabled. A sturdy Dutch tug was summoned from Rotterdam to the scene and on 27th April began to tow the crippled cargo ship on its 11,000 mile, five month, journey home to the River Tyne. The task was accomplished safely and without incident, which says much for the seamanship of the crews involved.

The 1930s was a period of genuine prosperity for the company, culminating in the move to a splendid new headquarters: York House, a purpose-built, neo-Tudor office building on Borough Road, Middlesbrough, directly opposite Constantine Technical College. RA Constantine was effectively the Chief Executive in this epoch. He was noted for his refusal to follow trends and, supported by the advice of excellent colleagues (most notably his finance director, ME Bone), he navigated the company away from some of the financial pitfalls that beset competitors at the time. He was enterprising in his management of marine insurance and was unusual in his insistence that five per cent of all profits should be retained for ship replacement and refurbishment costs. The result was that Constantine ships were always equipped to a high (perhaps, at times, unnecessarily high) specification. It was good for the company profile but it made the tragedy of ship losses in the forthcoming war even more heartbreaking.



## 1939 – 1950 The Second World War and after

By the time the Second World War commenced, there were eighteen ships under the Constantine flag, consisting of nine ocean steamers and nine coasters. However, the situation for ship owners in 1939 was very different from that in 1914. At the outbreak of war all British ships were instantly requisitioned by the government, their missions and destinies dictated by Westminster. Owners were thenceforth little more than managers, required to carry out government orders; and shipping rates were subject to a set scale of remuneration. RA Constantine was seconded to the Ministry of Transport and the Joseph Constantine Steamship Line Ltd was commissioned to manage approximately thirty additional ships, of varying size and national origin, on behalf of the government. When the losses began, they struck at the heart of the company's fleet. First to be torpedoed was the magnificent *Balmoralwood*, in the North Atlantic, on 14th June 1940; eleven days later, her sister ship, *Windsorwood*, was sunk in the same waters. By the end of the war, just two of the former fleet of nine deep-sea ships remained, while three out of nine coasters survived. In many cases the crews were rescued. Excluding the case of the coaster, *Linwood*, the number of personnel lost to hostilities amounts to 26 out of a total figure of 275 crew members aboard destroyed ships. The *Linwood* was also sunk but the casualty list is unclear. One source suggests that she went down with all hands, which would add approximately 20 deaths to the tally.

Despite the tragedy of these losses, there are stories of great resilience and heroism on the part of Constantine crews during the war years. The merchant navy did not benefit from the glamour of the Royal Navy; and its courageous contribution to the war effort is often underestimated, despite the historical facts, which reveal that unarmed cargo ships were specifically targeted by U-boats and that there were more crew casualties, per mission undertaken, in the merchant navy than within its military counterpart. If not immediately rescued, the surviving crews of sunken Constantine ships endured many dangers, such as those that befell the men of the *Kingswood*, who were adrift in shark infested waters off West Africa for days before being picked up by local fishermen in canoes. One Constantine vessel, the *Levenwood*, played a sturdy role in evacuating 300 troops from a beach near Dunkirk under constant fire and even managed to bring down an enemy aircraft with a deck-mounted twelve-pounder. The most resilient of all was the *Briarwood*, which, having survived the transporting of men and stores regularly across the Channel, was the last British ship to leave the heavy battle zone of Narvik in northern Norway. Not long after, she braved multiple U-boat and air attacks in the North Atlantic and shot down one of her assailants. A heavy bombardment off Portland did not quite sink her and, after repairs, she survived a convoy attack by the German pocket battleship, *Admiral Scheer*, in deep waters east of Canada. She later sailed regularly in the notoriously perilous Arctic convoys to north Russia and, on one particular occasion in May 1942, was attacked by five enemy destroyers and multiple aircraft when leading the convoy. Once again, the *Briarwood* came through safely and was ultimately one of the two deep sea Constantine ships to survive the hostilities.

After the war, the company steered away from building ships with the weight and capacity of *Balmoralwood* and thenceforth restricted the size of new orders to vessels of around 3,000 tons. The directors' intention now was to capitalise on the type of trade they had been operating

## SECOND WORLD WAR AND AFTER



In 1937, the donkey boiler in the engine room of the *Kingswood* exploded (*left*) while the ship was moored near Port Pirie in Australia. The issue of liability resulted in landmark legal judgment. The hole was patched and the ship was towed by tug all the way back to England for repair, a journey of 11,000 miles which took five months.

During WW2, all ships were fitted with artillery. Here (*right*), a four-inch gun can be seen fixed to a super-structure over the aft deck of the *Maplewood* and (*below*) the crew of the *Yorkwood* (on which Norman Constantine served) train on the same type of gun.



After WW2, passenger accommodation reached high levels of comfort. Shown *left* is the lounge on the *Lochwood*, built in 1949.

on the St Lawrence River before the war and to create a liner service (i.e. a fleet of cargo ships with passenger capacity that would operate on set routes and according to a defined schedule, rather than on an *ad hoc* basis). To this end, in 1946, Constantine acquired a shipping company based in Glasgow, Whimster and Co, whose fleet was depleted as a result of the war but which had experience in the liner trade, especially in southern European waters. The decade after the war saw the emergence of the Whimster-Constantine Line and Constantine Lines Ltd, the ships for which were fitted with an ever greater emphasis on passenger comfort. A further extension was made in 1947 with the taking over of Norton Lines Ltd and, by the early 1950s, a regular trade had been set up between Glasgow, Bristol, Belfast and Dublin to destinations in southern France, Spain, Italy and the Great Lakes of Canada. Further diversification of the company's interests at this time included the acquisition of freight forwarding and wharfage businesses, together with ship broking and an expansion of ship agency work, all of which were to become central to Constantine's activities over the next twenty-five years.

## 1950s Changing direction

By the mid-1950s a turning point for the company was on the horizon. Both of the joint Managing Directors were into their seventies and consideration had to be given to the succession. The issue of whether management control of a family business should be in the hands of its principal shareholders is always a thorny one and in the case of Constantine was to be much debated over the next half century and beyond. As the retirement of RA and WW Constantine edged ever closer, the problem that loomed was not merely whether or not to select a future leader of the firm from within the family but whether indeed there existed a candidate with the requisite training, experience, worldliness and flair to take on the role. As well as this, there was the potentially disruptive issue of how to rearrange the management structure as a whole in order to accommodate the considerable number of younger, shareholding family members lining up to make their careers in the company. And there was another critical question to be resolved: how to reconfigure departmental organisation in order to oversee the new direction that Constantine would have to take if it was to survive in the modern era.

The company was evolving into three increasingly distinct areas of operation: ships, shipping services, and property. Yet there was no defined structure in place to allow these separate divisions to develop independently while remaining under a united directorial umbrella. The two elderly brothers, on the eve of retirement, were not convening effectively enough to make unanimous decisions about the future direction of their firm. The result was that the company was being pulled in different directions without sufficient consensus and this was beginning to have an effect on wealth creation.

RA Constantine had been a managing director with global vision and grand ideas. He had speculated in Brazil, Australia and Canada, purchased an estate in Scotland, furthered investment in a property portfolio that was to become the lifeblood of the company in years to come and he



## THE LAST OF THE CONSTANTINE SHIPS

(Right) In 1960, the *Eastwood* was launched. It turned out to be the last ship to be built for the company. The Constantine pennant (a black C within a red St. George's cross) is painted on its bow.



(Below) By this time, a new generation was becoming involved in the business. Among those on the quayside at the launch of the *Eastwood* can be seen (left, with glasses) Martin Constantine and his wife Jane; (centre foreground) Joe Barnard and his wife Susan; (centre, in conversation, facing left) John Simson; (talking to him, facing right) thought to be Norman Constantine; (in front of them, with floral dress and bouquet) Dodo Ruffer (wife of personnel manager John Ruffer); (centre right, with white hat) Marie, wife of RA Constantine.



had delegated operational control to some key, shrewdly-appointed individuals. WW Constantine, by contrast, remained firmly devoted to the traditional backbone of the company's interests: Middlesbrough trade and the ships. He held a degree in engineering from Cambridge and had worked at the Middlesbrough office throughout his career, personally implementing elements of ship design and technicalities, maintaining the ships and managing their crews. He had participated actively in Teesside marine life for decades, taking on the roles of Tees Conservancy Commissioner and Chairman of the Tees Pilot Association. His operation of the coaster fleet - transporting coal from the north to power stations in the Thames Estuary, and returning with cement - was in decline but still profitable, whereas Constantine's other shipping enterprises of the 1950s were not, particularly the liners, which were haemorrhaging money at an alarming rate.

RA Constantine's plan for the liner operation was not in itself bad: they would carry cargo through the Great Lakes of Canada in the summer and sail across to do the same in the Mediterranean during winter (here specialising in the movement of tomato pulp from Naples). However, intense competition from the Canadian Pacific Line seriously undermined the project, as did an apparent oversight of the Constantine liners' excessive size - they were too large for the locks and canals that linked the lakes and each had to be shortened at great expense in order to navigate the waterways effectively. Shipping had become a more competitive and difficult industry since the end of the war and the two aging Managing Directors had lost the energy to tackle this kind of trading in the new climate, especially after the disappointment of losing their prestigious new ships in hostilities. It was largely because of this, and the issue of who should succeed, that in 1956 they commissioned the first of two reports from the independent management consultants Urwick, Orr and Partners, the recommendations of which would transform the nature of the company and define its profile for the next forty years.

## **1960s A new generation**

The first step was to appoint members of the younger generation to head the three subdivisions of the group and, to this end, Norman and Joe Constantine (sons of RA Constantine) were allocated to ships and property respectively. Shipping agencies were put in the hands of Joe Barnard, son of Elsie (the elder of RA Constantine's two sisters). Norman had already earned experience working on a Constantine ship back in 1940, and rejoined the firm after finishing his RAF war service. The younger cousins were expected to go through an apprenticeship training in the ranks of the company before qualifying for managerial positions. This applied to Joe Barnard and Joe Constantine as well as to two further young men, Loudie (son of RA Constantine) and Martin (son of WW Constantine) who also joined in the mid-1950s. They did their share of time in various departments, ranging from the liner office in Glasgow, ship broking, trading at the Baltic Exchange, working for co-agencies such as JF Witney in the US, and eventually returning to the company's offices at York House. Three other cousins, Hamo Vernon, Ronald Constantine and, later, James Vernon were also being groomed for a future in the firm; but Hamo was tragically

drowned while on tour aboard a Constantine ship and Ronald decided to opt out at an early stage. James joined in 1966 and, like the others, undertook a training program of work experience in different areas of the firm's activities.

With hindsight it can be seen that there were just too many ambitious young cousins of approximately the same age at the same level at the same time within the company and too few top executive positions to accommodate them. Urwick, Orr and Partners were therefore recalled in 1964 in order to bring about a structural solution to this problem - and to tackle the issue of shipping's ever-declining fortunes. Other family shipping firms were also beginning to flounder and some, who remained in the business for sentimental rather than sound commercial reasons, found the replacement and maintenance costs of their aging fleets crippling. Constantine vessels were newer and better maintained but the younger generation agreed that it would be prudent to wind down the company's involvement in ships while the fleet was still in a condition to be sold for a good sum.

The consultants' report stressed an immediate requirement for dynamic new leadership and a shift of the main operational headquarters from Middlesbrough to London, reflecting the gradual distance being put between the company's new activities (property investment, agency work, freight forwarding) and its traditional roots in the Teesside docks. The head office remained nominally in Middlesbrough, from where the Chairman and Finance Director would operate. RA Constantine had retired as Chairman the previous year and was succeeded by his eldest son Norman, the senior and most experienced of the cousins. RA Constantine's second son, Joe Constantine, was appointed group Managing Director, the position that would effectively define the future direction of the company. It was at this point, 1965-6, that the family of WW Constantine together with Joe Barnard decided to leave the company and their majority shareholding (half the company plus two extra shares) was bought out by the remaining shareholders for cash. Just two branches of the family therefore now retained control of the Constantine businesses: that of RA Constantine and that of his youngest sister, Margarita Vernon. It was a painful episode in the history of both the company and the family but ultimately justified for reasons stated earlier: there had been simply too many shareholding executives in the firm, each with his own ideas, and their number was set to increase still further with the advent of every new generation.

The couple of years immediately following the shareholder split saw the company make its final break with ships. The last remaining vessels were sold off and an 80-year era came to an end – for sound economic reasons. The company was renamed 'Constantine Holdings Ltd' and its history thereafter, until the 1990s, is the story of the two remaining and entirely separate enterprises: property and international services.



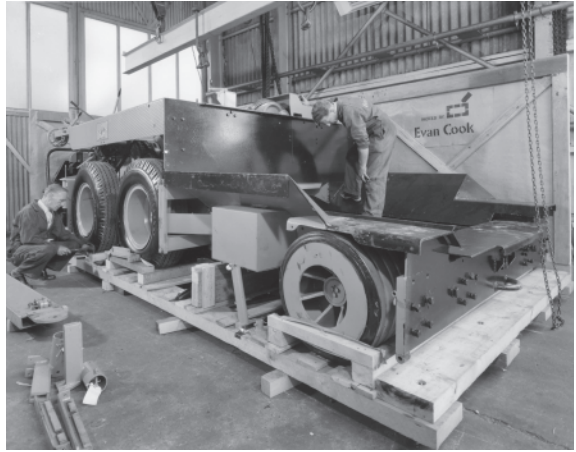
## International Services (until 1992)

The list of subsidiary companies operating within the Constantine group from the 1960s to the early 1990s is long and, to the outsider, rather baffling. Part of the confusion derives from head office's policy of deliberate regional differentiation, interwoven with occasional mergers of splinter organisations that were essentially doing the same job under diverse identities. For all this denominational muddle, there were sound reasons for the policy: the intention was to maintain client and employee goodwill by retaining links to the past and locality (old company names, associated with former ownership and tradition) while at the same time uniting certain strands of the operation as a whole in order to expand the group's market share in a particular industry.

One can divide the activities of Constantine International Services into three main areas: shipping agency work; packing and removals; and freight forwarding. These industries had their roots in the traditional marine commerce upon which the company was founded. Shipping agencies had been operated for many years by Constantine: in the 1950s the company had managed, from York House, Middlesbrough, approximately 300-400 ships per year coming into the River Tees and clients here included international corporations such as Shell, ICI and Tarmac. Constantine also operated a reciprocal arrangement with several overseas agencies, most effectively the Canadian company Saguenay, which was the ship operating branch of ALCAN (the Aluminium Company of Canada). The procedure here involved the transport of bauxite from Jamaica to British Columbia, where the natural ore was processed into aluminium ingots before being shipped to Newcastle. Here the ingots were rolled into aluminium sheets, while the ships that had brought them would be loaded with general cargo for the trip back to the West Indies. This was typical of the circular trading arrangements managed by Constantine in liaison with their overseas partners. A similar area activity was ventured under the auspices of the Baltic Exchange – a marketplace where the shipping lines made contact with cargo suppliers and negotiated mutually agreeable rates. Constantine acted as the brokers for such contacts, generally representing ship owners and seeking out suitable charterers. The most significant ship brokering division of Constantine was Stewart & Esplen, based in London from the 1950s, and their principal client was the Japanese line NYK, one of the largest shipping companies in the world.

After Joe Constantine moved the managerial side of the group south, away from Teesside, an office was set up in a Constantine-owned block next to Fenchurch Street Station, London, to look after the shipping and forwarding divisions. This was placed in the capable hands of Frank Raine, who was assisted by Loudie Constantine and later by James Vernon, the two family members most involved in international services. However, the disparate nature of the enterprise as a whole meant that the subsidiary companies operated independently of one another in towns all over Britain, their locations tied to the nature of their activities; for example, freight forwarding would be concentrated on coastal ports and air freight at regional airports. This level of self-determination on the part of the individual operations was good for personnel morale and the encouragement of initiative but led to a degree of fragmentation. This was to prove a challenge to the controlling capability of central management as time went by.

## INTERNATIONAL SERVICES



Although the ships had been sold in the 1960s, the company retained and developed its packing and freight forwarding businesses. One such subsidiary was Evan Cook, acquired in 1968. Here heavy machinery is being packed for export, possibly to Russia (*above right*). Evan Cook had been on the same site in Peckham, south London since 1896 (*above left*). The site was sold in 2004.

## THE O.K. RANCH

In 1971, the profits from successful property developments in Calgary, Canada were reinvested in a 100,000 acre cattle ranch in the Cariboo, managed by Red Allison (*right*, with his son Bobby). A successful investment when sold in 1980, the ranch also enabled business to be combined with pleasure. Suitably dressed (*below*), the Chairman Norman Constantine pans for gold.



One of the most enduring wings of the Constantine group was that devoted to packing and forwarding. Evan Cook, owned since the 1930s, ran a fleet of trucks and specialised in export packing and domestic removals, both within the United Kingdom and overseas. In the 1970s, Constantine was to expand this division into a major freight forwarding concern, and acquired Wingate & Johnston Ltd (a firm that specialised in the transport of fine art and exhibition items), together with the C. Claridge Ltd group, in Manchester and Liverpool. This latter company ran its own transport fleet, managed commercial vehicle garages and had considerable warehousing facilities. Neale & Wilkinson, meanwhile, specialised in international household removals, and was later merged with Wingate & Johnston. These lorry-based companies reached their peak of profitability in the mid-1970s, when Constantine central office took steps to expand and diversify their activities, perhaps over-stretching capability and certainly not anticipating the future collapse of the freight forwarding industry.

One of the more impressive export operations of Constantine's International Services was undertaken by the subsidiary, Lloyds Machinery Packing, based in Manchester (working in co-ordination with a Constantine sister company, John Stevenson and Sons, based in Bow, London). They specialised in the packing and shipping of large items of industrial machinery from ports such as Hull to the Soviet Union and, to a lesser extent, China. The Russians wanted to purchase entire factories, complete with all components, and also heavy equipment for mining and ground excavation. Individual packed items were enormous - some the size of cottages - and the warehousing required for the assembly of these orders prior to export was necessarily colossal. The most testing skill was ensuring that all this heavy metal machinery was sufficiently protected with plastic so as to survive the extreme Russian weather. Items arriving from Britain were left out in the snow and rain, sometimes for years on end before being unpacked. Woe betide the Manchester foreman at the end of the phone if, after such delays, a spot of rust were to be detected by the government agency that had ordered the shipment. The response in such situations was reputed to be as chilling as the conditions in which the gargantuan machinery had been dumped.

All this took place at the height of the Cold War and the British intelligence services began to take an interest in what might and might not have happened to Constantine's executives during business trips to Russia. Loudie Constantine and his colleagues would routinely be met at the airport in Russia not only by their trading partners but by unintroduced, silent observers, who would be present continually, sometimes sitting on chairs at the ends of hotel corridors, keeping an eye on comings and goings; but there was little to report. When it was the turn of Constantine to reciprocate the hospitality, their Russian counterparts visiting Britain would be treated to events that their minders may have found faintly mystifying, such as a day in a private box at Ascot races.

Having deposited their heavy loads in Leningrad (St Petersburg), the same ships sailed to Archangelsk, where they were loaded with sawn timber, harvested from the plenteous forests of the region. This would be shipped to England to be used as a packing material for the next monster load bound for Russia. It was a good arrangement and a profitable trade until the demise of British manufacturing, at which time the Russians began to buy the very manufacturing machinery that had previously been employed to build their orders. As former Constantine director, Eddie Magee, comments, it was a case of British industry "eating its own seed corn" and everyone involved in

this previously successful export business could see that its days were numbered.

Thereafter, and as a response to market evolution, Constantine endeavoured to participate in the container revolution as a means of continuing with export shipping and forwarding. Working in partnership with the large container ship consortia, OCL and ACT, Constantine subsidiaries such as Stevensons and Containers Express would oversee the forwarding of 20-foot steel containers of general cargo from various parts of the United Kingdom destined, principally, for the US and Australia. Constantine International Trading undertook another venture related to this area of activity setting out to introduce clients around the world to suppliers of specific goods and commodities.

In the late 1970s, the balance sheet for this division made pleasant reading. There was also a lingering sense of loyalty and nostalgia, in that this industry was closely related to Constantine commercial history. However, with such a wide and diverse portfolio of companies under its umbrella, the management structure (directed from group head office in Grafton Street) was spread too thin to allow a sufficient hands-on monitoring of every enterprise. There were also worrying signs of a change in the economic climate. In January 1979, the commercial transport industry was bruised by industrial action – part of the so-called Winter of Discontent. This turned out to be a light blow compared to the general recession that arrived the following year. Recovery brought little respite, because by the early 1980s it had become clear that the market for freight forwarding was on the cusp of dramatic change, due to advancements in technology, specialist equipment, and a general slimming down of the industry. The position of intermediaries – agents acting as an interface between customers and the shipping lines – was becoming more circumscribed and less profitable. Constantine responded by rationalising their international services, merging certain companies and reconfiguring their structure of activities; but this could not alter the inescapable fact that these were ‘sunset industries.’ The point was finally illustrated by the failure of a short-lived partnership with the United Arab Shipping Company. After little more than a year of trading, this powerful and progressive client made the decision to deal direct with its customers rather than through the services of a shipping agent. Shortly after this disappointment, while the subsidiary businesses could still be sold at a profit, a decision was made to find a core enterprise that would ultimately replace the company’s involvement in disparate international and transport services. Wingate & Johnston was spared, because it had continued to perform well by specialising in the movement of fine art; and it continues to prosper today, under the new name of Constantine Ltd. Otherwise, Constantine’s activities in this arena were wound down. A review of employee numbers for the whole period reflects the evolutionary development of the company through the boom and decline of its international services: in 1980, the division employed 1,280 people; by 1993, this had fallen to 284, before rising again thereafter.

A debate now began about what type of business should be acquired to replace the company’s traditional involvement in international services and, while the various options were proposed and considered, the fortunes of the group leaned, not for the first time, on the department that had pulled them safely through times of difficulty in the past: the property division.



## **UK property investment and development (until 1992)**

The history of Constantine's involvement in property is one of consistent success, peppered with occasional triumphs, most notably the acquisition, flotation and sale of Connells estate agents. Credit for the origin of the company's interest in real estate must be given to RA Constantine, whose entrepreneurial instinct for diversity paved the way for the wider vision and adventurous flair of his son, Joe (Managing Director of the group from 1963 to 1985, thereafter Chairman and Chief Executive until his retirement in 1992). But the property division would not have achieved its record of profitability nor enjoyed its finest moments had it not been for the shrewd intellect and practical business sense of a newcomer to the family: John Simson, husband of RA Constantine's daughter, Anne.

The story begins in 1938, when money lent by the Joseph Constantine Steamship Line Ltd could not be redeemed by its borrowers, with the result that the company, almost accidentally, acquired eight properties by foreclosure. The most impressive was Stevinson House, a block of offices in Fenchurch Street, London, but there were also shops and flats in Chelsea and other flats in north London, Richmond and Cheltenham. Up until 1945 these properties were managed by estate agents but thereafter Constantine appointed its own staff, ultimately establishing a subsidiary in 1948, known as the York & London Property Company. Around this time, RA Constantine (along with the Newcastle solicitor WM Pybus and the building firm FG Minter) offered funding to the property developer, Rudolf Palumbo, so that the latter could purchase a building in the London Bridge area and develop a variety of commercial post-war bomb sites. The arrangement stipulated that Constantine would retain an interest in certain buildings after development, together with shares in Palumbo's company, City Acre.

It was to be an uncomfortable partnership. Palumbo was a self-educated, self-made, ambitious and hugely successful tycoon. The son of an Italian emigré, he had started out by running a humble cafe in Lower Thames Street. The Independent newspaper has written of him that he was born with a greasy spoon in his mouth, but made sure his son, Peter (future arts minister, now Lord Palumbo), tasted only silver. In the mid-1950s, Constantine's property division shared offices with a property management subsidiary of Palumbo's known as Rugarth; and at this time, Joe Constantine, who had recently qualified as a Chartered Surveyor, joined the York & London team, taking a seat also on the board of Rugarth. The co-habitation proved untenable, and in 1958 York & London moved premises to a Constantine building in Pelham Court (London SW3), while Joe took an office with his other partner, the builder FG Minter. Palumbo ultimately took action to recover the Constantine-held shares in his property company, though there was a wide difference of opinion as to their value. A satisfactory arrangement was eventually reached and in the course of the split Constantine also acquired properties in St James Court and Lancaster Court.

In 1960, Joe Constantine invited his brother-in-law, John Simson, to join the firm with the specific task of running the property operation from the office at Pelham Court. John came with a good track record and valuable experience of a wider field, having worked for Shell in South America and South Africa. He and his wife, Anne, were by then living in London and he had

become a partner in Urwick, Orr & Partners, the firm of management consultants. Throughout his 40-year career with Constantine, John contributed strong management disciplines to planning, strategy and implementation within the company and he was to be a very effective foil to Joe Constantine's naturally more opportunistic approach.

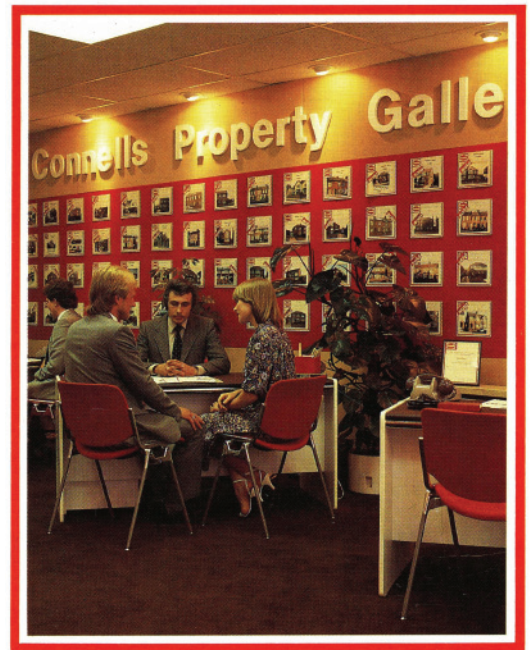
John Simson's first responsibility at Constantine was to oversee the completion of some residential projects jointly undertaken with FG Minter (including 150 houses in Londonderry, some flats in Eastbourne, and Derwent House, a block of flats in London). Thereafter, he began to plan for a solid future base of activity, raising long term mortgage finance on existing properties in order to increase investment, the result of which was the purchase of a number of industrial properties in south eastern parts of England.

The post-war boom for housing development was now reaching its zenith and Constantine decided to seek out opportunities for larger scale building projects, particularly housing estates. To this end, John Simson formed a partnership with the experienced building firm, Croudace, headed by enterprising developer, Jack Brotherton-Ratcliffe. Out of this union a new company, Summit Homes, was created. Croudace was to provide the requisite technical and planning expertise, while Constantine acted as land prospectors, construction co-ordinators and sales managers. Using these resources, an entire project could be built, site managed and marketed without the need for outside contractors or staff. The operation was divided geographically into housing estates north of London (Bedfordshire, Hertfordshire, Essex), and those south (Surrey, Sussex and Kent) and much of John Simson's energies were taken up in the constant search for appropriate new development land. Difficulties arose because of competition from large and established companies that were active in the same geographical areas. The building firm, Wimpey, was a significant rival, especially in the northerly of the two sectors, and was profiting from a collaboration with the estate agents, Connells; indeed, it was in the hope that Connells might lend comparable assistance to Summit in the search for new sites that this agency first came to the attention of Constantine's property division. It was to be an introduction that would pave the way to one of the genuine coups of Constantine company history in years to come.

Summit Homes continued to perform well for two decades, at its peak achieving a turnover of £10 million and profits of £1 million. But it did not last. In the late 1980s, along with several other equivalent companies, Summit Homes fell victim to the collapse in residential land prices and the company was wound up in 1989.



During the post-war decades, Constantine expanded its property interests into residential development, such as Lancaster Gate in London (*above*). Leading this was John Simson (*below, second left*), supported by Peter Cope (sitting, *centre*, surrounded by the rest of the property team). In order to come by more development sites, the company acquired in 1969 a controlling interest in Connells Estate Agents. This proved to be one of the company's most profitable ventures when, in 1984, Connells was floated on the London Stock Exchange.



## Connells – a magnificent coup

In his role as principal site finder for Summit Homes, John Simson had regarded Wimpey's happy arrangement with Connells enviously from afar, convinced of the vital role played by estate agents in the procurement of land for housing developers. Therefore, when the news reached him that Larry Connell, the company's founder, was planning to retire and perhaps sell his business, John scented an opportunity. Connells was an expanding agency based in Luton, at that time managing seven branches in the Bedfordshire, Buckinghamshire, Hertfordshire belt immediately north of London. An introduction to Mr Connell was arranged courtesy of the York & London Co's oil supplier, Prince Vsevolode Ivanovich (who also happened to be a great grandson of Tsar Nicholas I, a nephew of King Alexander of Yugoslavia, and the last Romanov to have been born on Russian soil).

Larry Connell turned out to be a man of refined tastes. He had built up his business slowly since the mid-1930s and enjoyed prospecting for new land on horseback while out with the local hunt. John Simson wined and dined Connell at the Connaught from 1966 for a period of nearly three years until an agreement was eventually reached whereby Constantine bought a 71% controlling share of the agency for the sum of £150,000.

The story of the next fifteen years for Connells was one of expansion and transformation. In 1969, estate agency was an unfashionable industry, largely overlooked as a vehicle of wealth creation and, with a few exceptions, run by individual operators from a single office. Once acquired by Constantine, and on the back of the property boom, Connells began to open more branches and acquired other established agencies, with the result that by 1977 a further 16 offices were operating under their flag. This growing number of branches allowed for staff circulation and promotion opportunities, which meant that experienced personnel were retained and overall efficiency improved. In the later 1970s the company diversified by offering mortgage and insurance broking services for residential purchasers and simultaneously developed an autonomous commercial property division. Suddenly, estate agency was perceived in a new light, with Constantine's subsidiary Connells in the vanguard. Banking institutions were taking note of the major chains and beginning to realise the enormous benefits of securing a niche identity within the field of property finance. Thus began the rush for building societies, banks and insurance companies to acquire estate agencies. Although this had the effect of limiting Connells' own ability to expand in a now fashionable market, it hugely raised the value of the operation as a whole.

Thus it was that in 1984 steps were taken to float Connells on the London Stock Exchange (having first demerged from Constantine, in order to maximise benefits for shareholders while not affecting the net asset value of the Constantine group as a whole). By this time Connells had 29 branches and employed over 250 staff. Since acquisition in 1969, annual profits for the company had grown from £70,000 to £1,508,000, on a turnover, by 1983, of £5,157,000. Family shareholders did not intend to flood the market with shares and sold only a small portion of the company, the largest investor being the Legal & General Assurance Society, which acquired 15 per cent. Within a few years of the flotation, in the late 1980s, there was a collapse in the



residential property market and a subsequent devaluation of Connells' share price, which led to the possibility of Legal & General acquiring a majority interest in Connells at a bargain price. So in 1990, the Board of Connells announced that it would terminate its tied insurance arrangement with Legal & General, thus opening the door to approaches from other financial institutions hungry to take up the lucrative tie. After a good deal of publicity and competing offers, Scottish Widows put in a strong bid and Connells was sold for the sum of £48.3 million, a tremendous result by any standards. John Simson, the chief architect of the deal, remained as Chairman of Connells for a further two years.

## **1958 – 1993**

### **Property investment and development in North America**

During this whole period when Constantine was involved with property projects in Britain (agencies, development, investment and management), it was simultaneously conducting a parallel enterprise on the other side of the Atlantic. This was the company's Canadian property venture, which at times brought great returns, but was fuelled largely by speculation and a small dose of romanticism on the part of the Chairman and directors. Nevertheless it was a colourful episode and one which brought much enjoyment to the executives involved in its creation.

The Canadian wing of the Constantine group's property division was incorporated in 1958 under the name of the London Pacific Investment Company (LPI). A Canadian colleague, associated with Constantine's shipping interests in the area, introduced the then Chairman, RA Constantine, (along with three partners) to the notion of purchasing and developing an office block property in Kitimat, British Columbia. The site was subsequently developed, let, and eventually sold in 1962, after which the proceeds were reinvested in two retail properties on 7th Avenue, Calgary, with great potential for redevelopment. The agent in charge of realising the Calgary project was David Squarey, an old preparatory school friend of Joe Constantine's. Joe made the bold decision to invest, and it was John Simson's part to negotiate the eventual sale price for the development. All three deserve credit for the success of the Calgary investment, which was sold in 1970 for \$2.2million, at the time a record price for property in that locality; and it was with a view to recreating this coup that Joe Constantine followed Squarey's advice to invest in a larger project in Vancouver. This consisted of eight separate, neighbouring properties which, when taken together, offered an exceptional office development site in the heart of the city. However, acquisition of all eight parcels of land proved to be a lengthy and increasingly expensive undertaking. In the end, they had to settle for just seven, but only after Squarey's health failed and he had to retire. Joe Constantine and John Simson, hurrying to the rescue, managed to achieve planning consent for the site as it was but decided to sell at that stage rather than commence development without the presence of David Squarey.

Meanwhile, Constantine had embarked on an entirely different property venture in Canada, again, on the back of profits made from the sale of the Calgary developments; and it was radically

different from anything so far undertaken by this multi-faceted former shipping company. Some might say that a complete lack of experience in the worlds of livestock, farming and the beef commodity market might make the purchase of cattle ranch with 100,000 acres of grazing seem slightly reckless. However, this was precisely the venture proposed by Joe Constantine as a means of diversifying the company's property portfolio, again on the advice of David Squarey; and in many ways the project bore fruit, though not all of it financial. The idea to invest in a ranch came about in 1971 when Squarey entertained Joe Constantine and John Simson at a rural lodge in the British Columbia countryside. The chief cowboy at this establishment - a rugged, experienced cattle man called Red Allison - immediately impressed the Constantine directors with his ranching expertise, with the result that they were persuaded to rent an airplane so as to inspect various alternative properties with a view to buying. They selected the OK Ranch, near Clinton in the Cariboo, British Columbia, and Red Allison was placed in charge, along with his sons. The investment in such a large acreage was good for the Constantine group's profile in the territory, and it had great recreational benefits for company executives entertained there, such as riding holidays and wild fowling. The ranching element did not make money, but the value of the land itself grew considerably, so that by the time it was sold (much to the British directors' sentimental regret) in 1980, the original decision to invest capital in the project had been justified.

After the death of David Squarey, a new manager for Constantine interests in western Canada was found in the person of Les Mabbott, a former Alberta government employee. His major undertaking, in the wake of the Vancouver sale, was to build from scratch two office buildings in Edmonton, Alberta, with a view to leasing them to local government. The first of these, Essex Building, was successful and eventually sold for a good profit, but the second failed to lease. Two subsequent shopping centre developments also failed, largely because of the 1981-2 collapse in oil prices. The effect of this industrial landslide was catastrophic for property investors, and it sent the London Pacific operation in Canada into terminal decline. Joe Constantine, at this point, spied a new opportunity and decided to reinvest funds in a development in Mission Valley, San Diego – a modern, glass-fronted office block, known as Centerville. At the time, this area of California was fast expanding and looked to be a property developer's dream location. However, economic conditions could not justify the huge numbers of new buildings that were arriving simultaneously onto the property market and Constantine was fortunate, in the circumstances, to sell its impressive new development for a reasonable profit to Mr Johnson, a member of the same family that owned the pharmaceutical firm Johnson & Johnson. By this time, Nigel Constantine (son of the retiring Chairman, Norman Constantine) had joined the firm and had taken control of the Californian enterprise. Other industrial developments in the San Diego and Los Angeles area were likewise eventually sold and by 1993 the company's North American interests were wound down. A side effect of the collapse in the properties' values would have brought some consolation to Constantine's longstanding and canny finance director, Roy Wattis (whose advice for caution in the transatlantic adventure was not always heeded): Nigel Constantine was able to use their drop in value as a legitimate shelter against certain British tax liabilities.

All the while during the 1960s, '70s, and on into the '80s, while Connells and Canada were progressing, the group had continued to manage, buy and sell properties in England, including hundreds of upmarket central London flats in significant buildings such as Shrewsbury House and

Pelham Court (both SW3). This activity was controlled through the main property holding division of Constantine, the London & Cleveland Property Investment Company. Credit for a good deal of the success of the operation belongs Peter Cope who, during 40 years of service, comprehensively and meticulously looked after the practical management of the property portfolio. The sale of individual flats became increasingly lucrative thanks to a policy of selling long term leases but, because of changes in the market, it was impossible to reinvest funds in equivalent properties. In terms of acquisition, the emphasis gradually turned towards commercial, rather than residential, sites.

In 1970 Stevinson House, one of the company's original investments from the 1930s, was sold for the impressive sum of £2.68 million, the proceeds of which were used to take over the Northern & London Investment Trust, together with its portfolio of properties. In the decade thereafter, London & Cleveland oversaw the development of many industrial and commercial developments, amongst which were a factory in Croydon and shop in Brighton. Investments were made in Constantine's traditional geographical area of activity (the northerly belt around London, and the south east), as well as purchases for development and resale further afield, including shops in Wrexham, Llandudno, Dumfries and a shopping mall in Nottingham. This policy of disposing of flats on long leases and reinvesting in industrial or retail properties was continued into the 1990s and beyond.

## **The Modern Era**

A new epoch in the history of Constantine began in 1992. In that year, John Simson succeeded Joe Constantine as Chairman and Chief Executive and he immediately initiated a re-evaluation of the company's role and axis of activities in contemporary commerce. The present era has been characterised by the arrival of fresh faces in senior executive positions (family and otherwise), together with some significant breaks with tradition, and a complete rationalisation of the company structure. The result is that Constantine has been transformed in order to meet the challenges of the modern world, while still retaining the benefits of its longevity and single family ownership.

The process of reinvention was initiated at the time when many of the international service businesses, together with the property division's interests in North America, had passed their peak and gone into decline. Simultaneously, at the start of the 1990s, the British property market was groaning at the bottom end of a cyclical downturn and Constantine's housing development schemes, such as Summit Homes, had floundered. The company's Board came to the conclusion that they should seek out and invest in a new core business, which would take the place of the disparate transport, forwarding and agency operations of the past and which would be partly financed by the sale of property. The plan was also to reorganise the company management structure so as to focus on a principal enterprise, with property and fine art transport henceforth as secondary interests. To this end, suggestions for a type of business to be purchased were debated long and thoroughly: the non-fashion retail industry and residential homes for the elderly were

## THE THIRD AND FOURTH GENERATION



A dinner was held in London in January 1996 to mark the passing of the business from the third to the fourth generation of the Constantine family.

*Back row from left: David Constantine (Director 1996-2003), Nigel Constantine (Director 1990 to today and Chief Executive 1996-2008), John Simson (Director from 1962, Chief Executive 1992-1996, Chairman 1992-2001), Jonathan Boyd (Director 1996-2003), Alan McWalter (Director from 1994 and Chairman 2001 to today), Eddie Magee (Director 1986 - 2001), Nigel Prescott (Director from 1996 and Chief Executive 2008 to today).*

*Front row from left: Norman Constantine (Chairman 1963-1985), Joe Constantine (Chief Executive 1963-1992 and Chairman 1985-1992), Loudie Constantine (Director 1963-1996), James Vernon (Director 1977-1996).*



both proposed. However, the Board came down in favour of Elddis Caravans – a manufacturer of caravans and motorhomes, based in Consett, County Durham. It was a bold departure from Constantine tradition, and appeared at first sight to be a sound investment: Elddis had shown four years of consistently good profits, despite the recession, and had been gradually increasing its market share of the industry.

However, the two years following acquisition saw a sharp decline in profits for Elddis (which in 1997 would be renamed, the Explorer Group). A slight rally in the middle of the decade was followed by a further drop in fortunes after the purchase of two more brands (Compass and Coachman) in an attempt to widen the group's market share. Too many units were now being produced, profit margins on sales were narrowing; the market as a whole was slumping; and not enough focus was being directed at improving the product itself. The situation was taken in hand by Nigel Prescott, a recently arrived young director (and great grandson of Joseph Constantine), who activated a radical change of management at Explorer and sought ways to improve the design of the product. By 2003 Explorer's fortunes had turned around, profits had increased and the company continued to prosper until the general economic collapse of 2009.

Alongside the policy to modulate Constantine's area of commercial activity in the early 1990s, steps were taken to rejuvenate and slim down its central executive. A stage had been reached in the company's history – perhaps not unlike the moment of re-evaluation in the 1950s – when a dynamic, fresh approach was required, best achieved by handing over succession to a younger generation. The issue of uncoupling ownership and managerial concerns was also raised, as it had been in the consultants' reports of the 1950s, and it was suggested that some of the non-executive and older shareholding directors might give way to a new generation of family and non-family executives. This rejuvenation was completed by 1996, when Nigel Constantine replaced John Simson as Chief Executive, by which stage James Vernon, Norman, Joe and Loudie Constantine had also retired from the Board. Younger family directors were now assimilated, including Nigel Prescott, David Constantine (son of Loudie), and Jonathan Boyd (Joe Constantine's son-in-law); and a non-family director was appointed: Alan McWalter, at the time marketing director of Woolworth plc and later marketing director of Marks & Spencer plc.

John Simson remained as Chairman before retiring in 2001 and was succeeded by Alan McWalter, the first non-family member to become Chairman of the firm. This was a significant milestone, and entirely beneficial, in that it brought to the heart of the business an individual with wide commercial experience and a first class directorial track record. By this stage, David Constantine and Jonathan Boyd had also departed, and the central full-time executive was reduced to the two individuals who, between them, have guided the fortunes of the company to the present time: Nigel Constantine (Chief Executive from 1996 to 2008, thereafter Finance and Investment Director) and Nigel Prescott (a director from 1996 who succeeded as Chief Executive in 2008). This rationalisation of head office – which included a move of premises from Grafton Street, London, to new offices in Godalming, Surrey – brought great financial savings as well as increased efficiency in the machinery of management. Another development that contributed significantly to the reshaping of the company in the last decade was the restructuring of the shareholder base, following the 2003 decision of the families of Joe and Loudie Constantine to sell out of the firm,

a move that had faint resonance of the parallel incident that took place in 1966.

In the years when the prime focus of attention within the group was turned towards the fortunes of the new core business, Constantine retained an interest in its more traditional trading pursuits through the workings of two subsidiaries, Wingate & Johnston (fine art transport and storage) and Evan Cook (removals, packing and warehousing). These businesses were retained in the early 1990s, even though it was decided to withdraw from similar or related activities, and the emphasis, thenceforward, was to be focused solely on fine art. In 2001 the two were rebranded under the name Constantine Ltd. Three years later Constantine Ltd moved from their premises in Peckham to a warehouse half a mile away in Bermondsey, previously occupied by the National Maritime Museum. This site was more than doubled in size when a neighbouring property was acquired in 2004.

In what might be seen as a partial return to cargo and transport services, Constantine has expanded its logistics division by the acquisition and development of three further subsidiaries. Acquired in 2005 and based in Southampton and Chicago, Peters & May specialises in the international transport of yachts. A sister company, P&M Global Logistics, specialises in Humanitarian Aid logistics. Another, Simtex International, is focused on the transport of Hazardous Goods, such as commercial explosives, medical equipment and military vehicle armour. A fifth company, CEC, provides courier services in southern England. The success of these five logistics enterprises, all rooted in Constantine's traditional area of speciality, have diluted the group's dependence on the fortunes of a single central trading enterprise and provide an appropriate balance against cyclical downturns in the company's third major area of interest: its property portfolio.

The British property market was in decline in 1990-1, at which time Constantine's Board decided to cease all property development and trading and concentrate instead purely on investment. The policy thenceforward was to purchase principally retail and industrial properties (rather than residential) and to scale down the portfolio as a whole to make it a secondary area of area of activity that would complement the new core business and spread the risk of future market fluctuations. The outlook for the property division improved considerably as property values increased during the 1990s and this culminated in two excellent real estate sales, both in 2004: the original Elddis site in Consett and the former Evan Cook headquarters in Peckham. The result of these two coups was to reinvigorate the Board's property ambitions.

These were unquestionably good years for Constantine. All three divisions (caravan manufacturing, logistics and property) were performing robustly, benefitting from strong management and supported by a restructured shareholding body. The Chairman wrote in his 2003 report that the company was financially healthier than ever, that net profits were over £6 million (compared to £2 million the previous year), and that net assets had grown in the year by fifty per cent, to £30 million. And so it continued, with ever greater prospects for development and expansion, until the general economic downturn of 2009.

## Constantine Group today

During the course of its 125 year history, Constantine has successfully re-invented itself several times. Having begun solely as a ship-owning company, it developed into ship-owning and shipping services, later becoming a shipping services and property company, and ultimately evolving into its present incarnation as a property, manufacturing and logistics company. This capacity for reinvention has been complemented by a reorganisation of the shareholder base and a rejuvenation of management through the epochs and generations: in 1922 passing from Joseph Constantine to his two sons, RA Constantine and WW Constantine; in the 1960s passing to the children of RA Constantine and Margarita Vernon; in the 1990s to Nigel Constantine (grandson of RA Constantine) and Nigel Prescott (grandson of Margarita Vernon). Credit for creating profit should not go solely to these family members. Often, the drivers of the business were the teams of capable and energetic managers who found in Constantine the opportunity to develop their entrepreneurial skills. Crucially, Constantine's ability to evolve with the times has given rise to a stable and creative operating environment in which these key individuals have been able to concentrate on wealth creation, without being held back by the kinds of feuds which typically cause family businesses to fail.

Alongside this ability to re-invent itself, Constantine has made a virtue of diversification, defying the recent trend in commerce towards focusing on a single activity. For the last 75 years, Constantine has been a mini-conglomerate and it remains so today. A business structure of this sort is rare nowadays, almost a curiosity; but in diversity there is strength. Regardless of general economic conditions, individual businesses have their own cycles of retrenchment, consolidation and growth. Under the umbrella of Constantine, each operating business has at times been supported by the others – sometimes to help a particular subsidiary grow rapidly through the provision of funds, sometimes to ensure its survival through lean periods – and this mutual support of the parts has upheld the wellbeing of the group as a whole. The benefits of diversification are being well demonstrated at the present time. Despite some commercial disappointments, Constantine has emerged from the recent recession resilient, strong and well-positioned to develop still further. Importantly, since they have not seen the value of their investment destroyed, the shareholders are able to take such downturns in their stride and to continue to support Constantine's activities whole-heartedly.

The third characteristic of Constantine's long-standing success has been its partnership with its managers and employees: the owners have trusted the managers to run the subsidiary operating companies without exercising undue central control. Strategy is determined by the Board of Constantine and the Boards of its subsidiaries by means of systematic forward planning of the major commercial enterprises. The implementation of those strategies is the prerogative of the management teams, who are encouraged to act on their own initiative, and this results in an environment of creative collaboration. The company's employees are the lifeblood of the businesses and Constantine pays tribute to them all. The goodwill generated has resulted in staff loyalty and length of service within the group that is well above the average – a good number of employees have been with Constantine for over 40 years. This has provided a wealth of business



## CONSTANTINE TODAY



Constantine today has investments in manufacturing, property and logistics. Elddis is a manufacturer of motorhomes (*top right*) and caravans at its factory in Consett (*top left*). Most of Constantine Land's properties are commercial or industrial units, similar to this warehouse in Aldridge, Birmingham (*right*). Constantine Ltd specialises in the transport and storage of art for museums and private collectors (*below left*, moving an outside painting from Battle Abbey and, *below right*, moving the Gold Coach for HM The Queen's Golden Jubilee in 2002). Peters & May is the world's leading shipper of yachts, whether by sea (*below left*) or air (*below right*, an America's Cup yacht being loaded into a cargo aeroplane).





knowledge and experience which is of great long-term value.

The current executive team maintains an ambitious forward-looking strategy. Nigel Prescott and Nigel Constantine were joined in 2008 by Dominic Akers-Douglas, formerly of Morgan Stanley. Confident in the support of the shareholders, they are able to plan for the long term, their inquisitive attitude to business opportunities tempered by respect for the traditions of a 125-year-old family company that has survived many a crisis and change of direction. The remarkable longevity of a financial organisation such as Constantine does not come about by accident: entrepreneurial courage and flair married to sound and systematic planning, implemented through a creative collaboration with the employees, has generated significant profits for long periods; and the ability of Constantine to re-invent itself has kept the company prosperous at times when formerly profitable enterprises have been in decline.

The present directors are justly proud that they are conserving a mature body of wealth and an old family institution. They are equally aware that evergreen success demands unremitting enterprise and vigilance, not complacency or nostalgia. The reward for such enterprise and vigilance is, and will continue to be, the confidence and support of the shareholders, who gratefully acknowledge a simple business axiom: that continued prosperity can ultimately be achieved only through the vision and good judgment of the individuals in charge at any particular time.

## Appendix

### Robert Constantine and his antecedents

Robert Constantine was father of the company's founder, Joseph Constantine. His family hailed from the Yorkshire West Riding villages of Haworth and Stanbury. Their backyard countryside was that breathtaking moorland wilderness immortalised in the Brontë novels. Their lives were tied to the rearing of sheep and the production of wool, and continued to be so until one of their number pulled himself into the margins of mechanised industry. This was Nathan Constantine, who was baptised in Haworth in 1768 and ultimately buried at the same church, though the intervening years saw him follow a path of opportunity to Bradford, the nearby heartland of the nation's woollen mills. It is difficult to know how Nathan achieved the transition. Perhaps because he was fortunate enough to enjoy a long life, while many of his contemporaries died young of tuberculosis (like the Brontë sisters in his home village). Or maybe one of his three wives brought with her a tidy sum. All we know for sure is that Nathan moved from windswept Haworth to one of the most polluted industrial centres in England, in order to work in cloth manufacturing; and that his son, an earlier Joseph, continued in the same vein, working as a flax spinner, and rising eventually to the role of book keeper in a Westmorland flax mill. This Joseph's four sons would have been brought up with an understanding of mill machinery, and it was they who received the real benefits of a family employed at the fringe of the industrial revolution: John became an engineer at the flax mill, Miles an engine fitter, another Joseph was a cashier for the railways, and Robert, born in 1825, aforementioned, also trained as an engineer. These were young men on the threshold of an exciting future, albeit an unpredictable one. Poverty was never far away, nor were prospects for the wider family improved by the success of just one branch. Records show that many close Constantine relatives remained in humble occupations in the valleys and moors of the West Riding, and little can be known of their lives other than the briefest of entries in the parish registers and national census.

The immense north European engineering project to which Robert Constantine dedicated much of his working life, provided, amongst other achievements, a link from the North Sea to the Baltic. The completed project was given the name Flensburg, Husum & Töning Railway Co (also known as the Royal Danish Railway), and it was incorporated in 1854. Further stations were added to the network later in the decade, together with a railway link to wharves in the industrial port of Flensburg and the North Schleswig Railway in the 1860s. The latter was undertaken by the Danish Government, though the locomotives (and, presumably, the engineering expertise required for their operation and maintenance) remained British. It would not be too farfetched to assume, therefore, that the salary of a superintendent in this enterprise was generous and that this was the reason Robert stayed in northern Europe, despite the political uncertainty of the area, until the latter years of the century, after which he returned to join his children in England.

Middlesbrough would not have been radically different in atmosphere, at the time, to Flensburg (where Robert Constantine's children had been born), which was also a rapidly expanding centre of commerce, with strong links to the marine industry and ship building. The

Stockton and Darlington Railway extended to the Teesside docks, which had the effect of turning Middlesbrough into a major commercial port; and the town's local iron ore deposits had given rise to a booming iron and steel industry that in time was to define the culture of the entire area. Robert had spent much of his career working on railways and bridges, and would have looked with professional admiration at the immense, innovative structures being manufactured in Middlesbrough. Some of the British Empire's most enduring industrial landmarks were constructed here and eventually shipped, rivet by rivet, to be reassembled, like immense Meccano models, in imperial territories across the globe. These included the Sydney Harbour Bridge and the Howrah Bridge in Calcutta, both of which still bear the names of their Middlesbrough creators, stamped into the steelwork.

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