

A game of two halves

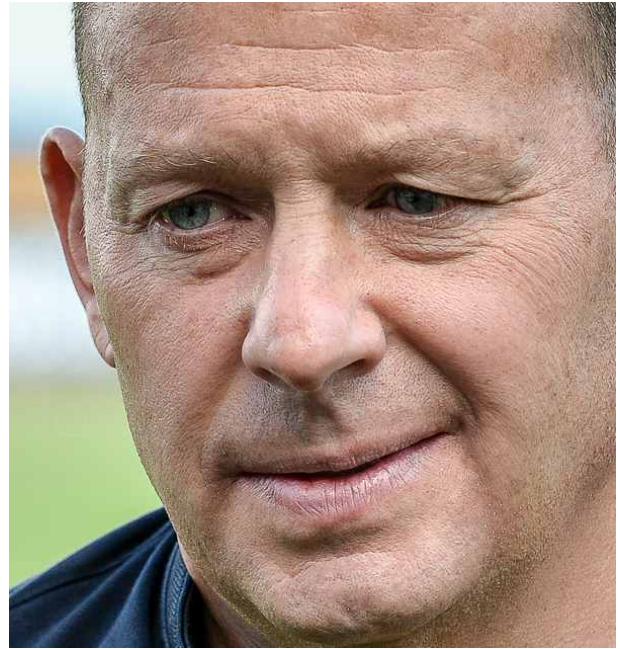
By William Leith

IN 1998 Mark Goldberg was worth £40 million - not bad for a south London dentist's son. Then, at the age of 35, he fulfilled his greatest ambition - he bought Crystal Palace, the team he had loved since he was a boy. But within 18 months everything had gone catastrophically wrong, and by the end of 1999, Goldberg was bankrupt.

Riches and rags: Mark Goldberg went from millionaire to bankrupt and is now trying to make a new fortune

The £40 million had evaporated, and he was millions more in debt. His creditors were closing in. He lost his villa in Marbella, his assets, his shares, his cash, his reputation - and Crystal Palace. His marriage was on the rocks. What went wrong? Some people would say that the terrible world of football, with its byzantine finances and its dangerous egos, had destroyed him. Others would say that he destroyed himself.

How do you flush away £40 million? This is the first question you want to ask Mark Goldberg. The second is: how do you make £40 million in the first place? When we meet, he is sitting behind a desk in a glass-walled office in Bromley, south London, looking at a computer screen, trying to make another fortune. He walks across the room and shakes my hand. He is short, slight and definitely fit. As a young man, he was a good footballer, potentially a professional. He is almost, but not quite, bald; the hair on the top of his head is cropped to a fuzz. He wears an immaculate dark suit, a beautiful crisp shirt, a lovely tie. If I were bankrupt, I would want to dress like this.



We sit down at a table. Goldberg has an air of stoicism; he sits very still, looking ahead with a fixed, dreamy gaze. When I ask him to describe his life, he pauses for a moment, and says, 'I've sought great success. I've experienced great success. I've also experienced taking very large risks, and I've experienced the occasions when the risks turned into a success. Large risks can often result in a greater fall. I have seen extremes. I have built a business from scratch from a desk with a phone into a £200-million company. And on one occasion I took more than £20 million, and invested it all into a very high-risk project. Which failed.'

Goldberg went bankrupt so quickly that even things he'd given people when he was the 617th richest man in the country - gifts of money and property - had to be taken away from those people. Having been crushed, he is now facing up to the fact that he might be crushed some more. The creditors are still closing in. He has made an offer, and is waiting to see if it will be accepted - or if, instead, his final assets will be confiscated, including the house in which he lives with his wife (though no longer, he tells me, 'as man and wife') and children.

'There were certain creditors,' he says, 'who didn't want the money back over a period of time; they just wanted me to learn my lesson and be a bankrupt. another £600.'

They didn't want to believe that I could rebuild myself and pay them back. But I don't want to get into that.' Now, he is 'having a go'. His optimism is enough to bring tears to your eyes. Goldberg made his first fortune in the recruitment business, and his new venture, TV Jobshop, is in the same vein. As a bankrupt, he is not allowed to be a director of the company, although you get the sense, here in his big office, that he is in charge. 'I'm sales and marketing,' he says. 'I suppose I'm sales and marketing manager at the moment. I don't direct the business. I drive the business. I can't cough without the board approving.'

'I've always believed that I remembered how I built my last vehicle,' he says. 'And although all my money had gone, and although the public perception of me as a businessman had been to a certain extent? uh, destroyed,' says Goldberg, 'I haven't forgotten how I built that previous vehicle. They can't take that away from me. They can take my money, they can take away all my material things, but as long as I have my health, they can't take away my knowledge of how I built what I built.'

As a boy, Goldberg was full of plans and money-making schemes. He bought fruit and vegetables wholesale and sold them off market stalls; he bought a job lot of picture frames and 'sold them out of the boot of my mum's Mini'. He bought and sold cars, too, but without much success. 'I bought them because I liked them, rather than because they were good cars. I remember buying a BMW 2002, the old model, with the little round back lights - I think I spent £400 and ended up needing a completely new reconditioned engine, which cost another £600.'

I think in the end I had to give it away.' This was an experience he would have again in life, on a much larger scale. At 18 Goldberg won a soccer scholarship to the College of William and Mary in Williamsburg, Virginia, but dropped out because of a recurring hamstring injury. When he arrived back in England in 1983, he says, 'I looked at myself. I was angry with myself for wasting precious time.' While he'd been away, some of his friends had done well in the City. Goldberg found a temporary job in a recruitment agency near Victoria Station in London, and realised that information technology (IT) recruitment was the coming thing. Companies who needed computer programmers would pay £3,000 to an agency as a finder's fee. 'But,' says Goldberg, 'no one knew much about computer software, and the jobs were going straight in the bin.'

This was when he had his £40 million idea - he would specialise in IT recruitment. Knowing that companies all over London needed to install and constantly update computer systems, Goldberg found the people to do it. Typically, he paid these 'contractors' £1,000 a week, and charged his client £1,200, so every contractor he could place made him £200 a week. By 1986 he had 25 contractors, making him £20,000 a month. He was 23. Then he had another idea - 'I could train five others to do the same as me. I felt that if I trained six others I wouldn't be quite as effective, and if I trained four, I wouldn't be maximising my profits.' Soon another lightbulb flashed. 'I could train those five people to each train five others.' Goldberg had found a niche, and constructed a pyramid. And so he made his £40 million.

It took him 15 years to do this; it took him 18 months to lose it. How, exactly, do you lose £40 million? In December 1997 Mark Goldberg had £3 million worth of shares in Crystal Palace, a seat on the board, and was an active, enthusiastic director of the club. Having had immense success in his own business, he believed that his input might bring similar success to Crystal Palace, one of the smaller teams in the Premiership.

As a director, he thought big - he was instrumental in the purchase of two Italian players, Attilio Lombardo and Michele Padovano, from the Italian giant Juventus. He'd also made it clear that if Ron Noades, the owner and chairman of Crystal Palace, was prepared to sell the club, he wanted to buy it. He had, he declared, worked out a 'five-year plan' which would culminate in greatness. Under Goldberg, Crystal Palace would compete in Europe alongside such teams as Manchester United and Arsenal.

In January 1998 Noades, who was not known for his generosity, agreed to sell the club at what many people considered a grossly inflated price - £23 million. Goldberg agreed to buy. He wanted to get in quickly and install Terry Venables as manager. Venables had managed Crystal Palace in the late Seventies - the 'golden years', when Palace shot up from the lowly Third Division to the First Division; it was at this time that Palace got into Goldberg's blood. Now, more golden years beckoned. Goldberg was confident. As well as Venables, Goldberg had his eye on Paul Gascoigne. Perhaps he could sign Gazza! That would bring the crowds in. Gascoigne was contracted to Glasgow Rangers at the time, and Venables was on the other side of the world, managing the Australian national team.

Meanwhile Crystal Palace, with a manager and players who believed they might be replaced at any moment, were dropping down the League. Goldberg pressed on aggressively. His original idea was to buy Crystal Palace with a consortium of investors, but the investors began to get cold feet - Crystal Palace was looking less and less like a safe bet. Goldberg was undeterred. Buying Crystal Palace, he told the press, was 'like playing a game of poker with Ron Noades'. Noades kept making stipulations - he wanted, for instance, to retain the lease on the stadium. In February Noades agreed to take £27 million in installments over a five-year period. Of Terry Venables - who refused to talk to Goldberg until the negotiations were complete - Goldberg said, 'To my mind, he's the only man who can give the team the confidence they need.'

You could almost smell the whiff of bridges being burnt. Meanwhile, the team was dropping dangerously close to the relegation zone. Steve Coppell, Crystal Palace's manager at the time, says that the players greeted him every morning with the same question: 'You're still here, then?' What was Goldberg's state of mind? He had been caught up in a spiral of enthusiasm. He was almost - but not quite - the chairman of Crystal Palace. He was chairman-elect. He was like an actor waiting in the wings who suddenly charges on to the stage, even though it is not yet time for his scene. When his potential investors finally dropped out, he stepped down as managing director of his recruitment company in order to sell as many of his shares as possible.

Consortium be damned - he'd buy Crystal Palace on his own. For Goldberg, there was no question of turning back. After a series of meetings, he finally persuaded Terry Venables to join the club as manager. But Venables made Goldberg pay through the nose: in a letter from the chief executive, Jim McAvoy, which was leaked at the time, it was claimed that Venables wanted £750,000 a year after tax, as well as various perks, including a £650,000 house, a £500,000 interest-free unsecured loan, a Mercedes, a £20,000 relocation fee, and pension benefits. Venables reputedly charged Goldberg £135,000 to meet him in the first place. Sitting at his desk in his new offices in Bromley, Goldberg says, 'At the time, my plan wasn't quite as foolish as it ended up appearing to be.'

He believes that he was taking a calculated risk. Crystal Palace might have been worth only £20 million but, with Goldberg and Venables at the helm, he might have doubled his money by the end of the 'five-year plan',

with appearances in the Champions League, increased sponsorship money, revenue from satellite television broadcasts and merchandise, and bigger crowds. This was Goldberg's vision: famous manager, famous players, members of the public wearing Crystal Palace shirts as leisure items. Crystal Palace would become the Arsenal of south London.

'Yes, I paid silly money for the club,' Goldberg tells me. 'But what would Palace have been worth if I'd succeeded? Forty or 50 million. I would have doubled my money and enjoyed the fulfilment of a lifelong dream. So it wasn't quite as stupid as it ended up being.' After all, he had made a fortune of his own. 'I really believed', he continues, 'that with my experience in generating sales? that I wouldn't have a problem. I had a lot of belief in what I could do.'

Gazza never came. The chairman of Glasgow Rangers, David Murray, expressed his anger that 'confidential talks between us were relayed to every newspaper, radio and television station'. On the pitch, things were going from bad to worse for Palace. Relegation looked almost certain. 'I've pulled off Houdini escapes in the past, and this will be one of those,' Goldberg announced. In April Crystal Palace played Manchester United, needing at least a draw to keep them in the Premiership. United won 3-0, with goals from Scholes, Butt and Cole. Palace were down! Out of the Premiership League, Palace would lose millions: £3.5 million of Sky TV cash, £280,000 of Carling sponsorship, £182,000 in overseas broadcasting rights, £33,000 of radio revenue, and £24,541 for every Match of the Day show. On top of this, the crowds would shrink.

Merchandise would stay on the shelves. During the 1997-1998 season, Goldberg says, Crystal Palace took £14 million, with an outlay of £7.5 million. In the 1998-1999 season, post-relegation, the club would take only £6 million. Nevertheless, on 6 June 1998 Goldberg finally paid out £23.8 million for Crystal Palace. He was elated. His boyhood dream had come true. The next morning, he told the press, 'My voice has gone because I've been singing "Terry Venables' blue and red army" all night.' Ebullient, he added, 'I've heard that a Brazilian called Ronaldo is a good player so I'll have a look at him during the World Cup and we'll take things from there.' (At the time, Ronaldo was worth about £25 million.)

Ron Noades, who had lent Goldberg £5 million to complete his deal, declared that he thought Goldberg had been 'stupid'.

Noades's exact words were, 'He wet his knickers about buying the place.' Goldberg shrugged this off. 'To be honest,' he said, 'if Ron hadn't thought it was a stupid deal, he wouldn't have sold, would he?' Unfortunately others thought it was a stupid deal, too. Investors refused to back a club they suspected was on its way out - and without Goldberg at the helm, the value of shares in his recruitment business began to slide. Everything, Goldberg tells me, began to go wrong. 'My financial cushion fell apart. The value of my shares dropped from £10 million to £2.5 million. And the only thing I was left with was the hope that Terry Venables could get us back up to the Premiership within the first year. So, from the day I took the club over, to a certain extent I was fighting a losing battle.'

But the new season was a nightmare. Goldberg had inherited £9 million of debt. The team couldn't win. The players began to whinge; the team's star striker, England under-21 international Matt Jansen, said, 'Mark is clearly struggling. He has got to sort it out.' Terry Venables was shocked at the lack of money available for buying new players. Goldberg knew he had to take bigger and bigger risks. He bought a stake in an Australian club, Northern Spirit, which he described as 'the Manchester United of Australia', and flew there to look for new players. 'We are desperate for results,' he said. Meanwhile, his own lawyers were suing him for £400,000, their fee for helping Goldberg buy Crystal Palace.

Desperate, Goldberg began to sell some of his best players. He sold Jansen to Blackburn Rovers, and, against Terry Venables's advice, he sold Paul Warhurst to Bolton Wanderers. With a 40-man squad and a monthly wage bill of £500,000, Goldberg was being forced into an invidious position - he needed to sell good players in order to pay the wages of less good players. Goldberg admitted that he would not be able to pay Venables's salary for another year, and in January 1999 Venables walked out. 'I was a sucker,' Goldberg declared, 'I have made a mistake.'

Now things really began to fall apart. Goldberg was publicly humiliated; 5,000 'Goldberg Out' placards were manufactured by a group of protesting fans, and distributed at Selhurst Park, the Crystal Palace stadium. He found himself having to pay the players' wages out of his own pocket. Millions of pounds in debt, Crystal Palace went into administration.

Goldberg defaulted on a £67,000-a-month loan repayment to Ron Noades; Noades sued. Goldberg tells me, 'I recognised that I was in freefall.

I'd taken the biggest risk of my life so far, and it might have worked, but it wasn't working, and it wasn't going to work. So I had to face up to it.' Bankruptcy beckoned.

What does a man do in this situation? Amazingly, Goldberg remained positive. 'I decided that the only way to cope with this situation, with the fact that I'd left my family in such a mess, was to create a new vehicle. I remembered where every component of the old vehicle went. Every brick of that house. And I knew I could build it all up again.' He took his family to his house in Spain for a ten-day break - the creditors had yet to take the villa away - and came up with the idea for TV Jobshop. 'As soon as I had thought of the concept,' he says, 'as soon as I believed in the concept, I had a new lease of life. I was a new person. Although I knew I was on my way down into bankruptcy, I was born again. I was able to portray that to my close family, and they all believed in it. It gave them hope.'

So will he ever make a second fortune? His new project, TV Jobshop, sounds like a good idea - he's developed a website which automatically matches job applicants to job offers; by cutting out the paperwork, he believes he can undercut the market, and charge clients less for placing employees. He also broadcasts trade-related television programmes on his own satellite channel, where he sells advertising space. He has a salary of £50,000 and a company car. 'I'm back to being mobile,' he tells me. The company has already attracted £5 million of investment; Goldberg's backers are lending him money to buy out his bankruptcy. The question is: will his creditors agree to the deal? He's not sure.

Later, Goldberg and I travel by train from Bromley station to Victoria. He is meeting a client, hoping for a deal. We travel second class. 'I still have a great passion for Crystal Palace,' he tells me. 'It's not something that you can get out of your system. It's in the blood.' Does he go to watch the team? 'I watch the results every week. I find it difficult to go to the ground at the moment. I'm still a little bit sensitive.' Would he become involved with the club again? 'If I had my way again,' he says, 'then I would do things very differently. But... I wouldn't rule out being involved in the future.'

We step off the train, and shake hands. Goldberg walks towards the Underground station, towards the ticket machines. Does he ever wonder, I think, what might have happened if Paul Scholes hadn't scored that goal, knocking Crystal Palace out of the Premiership? Does he wish that Nicky Butt had missed? That Andy Cole had twisted an ankle? Increasing his stride, he puts his hand into his pocket for change.