

# Mads Klifoth of Audiovector

by Alan Sircom

**W**hen last we spoke to Audiovector's CEO Mads Klifoth, he hinted about the company moving from its home in the centre of Copenhagen to a larger premises just on the outskirts of the Danish capital. The new factory and office complex, in the suburb of Skovlunde is considerably larger and lighter than the company's old dockside base, but such is the continued success of Audiovector, it's already close to capacity.

In one of the rare moments in 2021 when international COVID-19 restrictions allowed for travel, we visited Audiovector's new premises in action. In accordance with local COVID-19 practices at that time, the factory itself was relatively lightly staffed and the usual close-up photos of people making things were off the radar. But we spoke candidly to Mads Klifoth about the changes, the father to son handover of the company and more.

**AS: There has been a shift in the company, since Ole stepped away from the big chair. Was that change easy?**

**MK:** I'll be honest, he was not going to let go. No, no, never. And the difficulty in that was it was brutal for everyone. A company can't work with two bosses; if you have offices next to each other, one of you must take the boss position and that's not easy because the old bull is still strong. He still knows how to run his company, but that might not be best for the company if times are changing.

There was a power struggle. Not in the 'the locks have changed overnight' sense because we've all seen that happen in companies as well. And it's just that's a terrible scenario. I mean, it's cruel. I think we



learned that we are both very good at forgiving; you have to accept that we all make mistakes. Even the older generation make mistakes, yes, but mostly the young generation because we've got a whole new bunch of mistakes to learn. It doesn't matter whether they are the same mistakes or a whole new set; they're still mistakes. But what Ole did was that he didn't speak about my mistakes after I made them. No "you did that or you did that"... he just never did that. He forgave and moved on.

And ultimately it all works better as a result. Ole is happier than ever, concentrating on designs that go right back to the early days of Audiovector that we hope you'll see this year. We're happier as a family too, which is good when you live just 300m apart! But I'm grateful it's now in the past. It wasn't ►

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► an easy thing for Ole to do, because it's in a way, I suppose it's almost like you saying, actually, "I'll take your baby from you". And it takes strength to see that I'll do a good job and have him watch my back. But the gratefulness is not that I succeeded. I'm grateful that we have this. He's happy. He's enjoying designing products again. He's economically free. He has grandkids. Yeah, it's all good.

### **This must have impacted on the team, too?**

I had to change everyone in production. I can understand that because I was packing boxes when they started working here and I was a small teenager

when I met many of them for the first time. I wasn't going to be their boss.

But others... no. We've had people working with us for years and they are just as awesome as ever! And we've got great new people too!

### **Is the Audiovector transition complete?**

It's been a very long process, but now we ►

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- ▶ have such a good team and they are each the boss of their own area. We have a very flat hierarchy here.

#### **Audiovector has grown fast. How?**

A lot is due to loyalty. If you do right by people – whether they are vendors or music lovers – they will do right by you. And I think that sort of loyalty is a significant part of why people buy from a brand. We’ve always developed that trust in people who deal with Audiovector and had great, great loyalty as a result. But as the brand has grown there’s a second generation, and in fact those good relationships have become much better and more important for us. I don’t think we could have grown as fast if we didn’t maintain that relationship with those we have worked with for a long time and build that same relationship with new friends. When it comes to forging new friendships and relationships in business, you must like people first! Otherwise, you are playing the corporate game, and people can spot the difference.

I mean, we’re in the business of making entertainment, so we’re probably going to be that kind of person. But I think because you can get a few companies where they are so engineer-led that it seems like there’s no humans there. It’s an industry that relies on friends, working relationships, friendly relationships.

#### **There’s a temptation to speak to venture capitalists to aid growth. You didn’t. Why not?**

I think you have to remain a financially independent company and be family owned whenever possible. Because if you’re not, you’re going to be speaking to the money people and at one point you are going to hear them saying, “Can we just do this to make

us more money?” That’s where the slippery slope starts, and it’s easy for a company to lose its way soon after.

For example: We can decide that one year we only grow six percent. But if you do that with shareholders, yeah... they want 12%. Then if you don’t meet those demands they will start complaining and say, “how is it that you’re running your company?”

As we aren’t beholden to investors, we can grow the company a little bit at a time, maintain rather than expand wildly. That doesn’t mean taking your foot off the gas pedal, just doing things... at the right pace for the industry.

#### **Are you worried about the future?**

I’m not too worried because of that flat hierarchy; we can listen, we can sit down and we sometimes disagree with each other’s ideas. But that’s OK, in fact it’s what’s needed now. For example, if maybe I understand younger people better and other members of the team understand the needs of our traditional customers and we find a solution that suits everyone.

#### **Is the upgrade scheme still popular?**

In most places, yes. Not so much in others. Some places (like the UK, for example) everyone prefers to trade up. Fortunately, because people know there’s an upgrade path even for older Audiovectors, the second-hand market for our loudspeakers is very good, and you can quite easily get 40%, 50% or more of the original cost for a pair of five-year-old speakers. That gives the company a credibility and gives owners a safe feeling with the product that they have. It’s a little like owning a Rolex. Yes, OK, I know, that’s a bit different, as many Rolexes will be worth more money than you paid for them if you wait 10 years.

I mean, you’re not going to make money out of a second hand audio product, unless maybe you are a second-hand dealer or have something rare; that being said, some of our special finish models are beginning to go up in value.

#### **Can you give some examples**

Sure! We have an R6 on display here. Its enclosure is from 1997 and it’s a Danish hand-crafted cabinet. A Swedish customer owned them. He never had them in sunlight, never polished them with anything apart from a good cloth. They are just... wow. But he wanted a pair of loudspeakers in white. We gave him a upgraded pair of white R6, kept his ones and upgraded them ourselves because yeah, they are beautiful. However, he could have brought those R6 up to a standard that is every bit a 2022 loudspeaker if he’d kept the speakers and upgraded them. And they get a new five-year warranty. That gives people a real sense of satisfaction and reassurance in the loudspeakers. +