

EXTRAORDINARY ACHIEVEMENTS

**DIRECTORS
OF THE YEAR**

The Directors of the Year are not necessarily household names, but they are remarkable people who demonstrate all that is best in business.

Their backgrounds might not be similar, and what has influenced them can differ, but they are very much alike in terms of their core characteristics.

Each of them demonstrates a clear desire to succeed and an ability to overcome obstacles. They set defined goals which are based on the future prosperity of their companies; personal gain is only a consequence of those endeavours, not the motivating factor, and their personal achievements tend to be understated.

That clarity of vision is coupled with an ability to refine their company's strengths, to keep focused on the market, with an understanding that it's a continuous process because what works today won't necessarily be effective tomorrow.

The Directors of the Year are identified by a research programme, first applied twenty-one years ago, which measures the performance and track-record of directors in the south against the specific criteria outlined above.

There can be no nominations made by any individual or organisation, and the Directors of the Year are

not aware that they have even been considered until they receive written notification of their award.

The interviews which follow, in alphabetic order, provide an insight into the careers and thinking of the 2010-2011 recipients.

The Directors of the Year awards are presented by Deloitte, one of the leading professional services firms providing audit, tax, consulting, and corporate finance services. Deloitte LLP is the UK member firm of Deloitte Touche Tohmatsu, an organisation of some seventy member firms with 165,000 people in some 150 countries.

“**A**s a teenager in the late sixties, Roger Allard had a Saturday job at a Tottenham Court Road travel agents. Most Sundays he was having lunch in Spain - flights there were free for employees on that particular day of the week because the aircraft had plenty of spare seats. By the time he was eighteen he had flown to Majorca 100 times.

After college, at the age of seventeen he applied to join Vista Travel full-time. “I went to work in my old school uniform to start with because I didn’t have a suit,” he recalls. The company was swiftly sold to Warner Holidays and then Ladbrokes. It was a year later, while he was working for a Spanish travel company in the middle of the three-day week that Allard and six of his colleagues decided to set up Owners Abroad, initially to sell unused seats on charter flights to people who were travelling independently to destinations such as Malaga and Alicante which weren’t well served by scheduled airlines.

When the company was launched in 1973 it was somewhat dismissively described by The Guardian as a ‘bucket shop selling surplus airline tickets at knock-down prices.’ But he helped to develop the business to become the country’s



Roger Allard
Director of the Year
Leisure and Tourism

A number of entrepreneurs have transformed the holiday industry. But while the economic boom and bust cycle eventually resulted in high-profile casualties such as Freddie Laker and Harry Goodman, one name is synonymous with consistently combining initiative with success.

For someone who has spent much of his working life with aircraft, founder and chairman of All Leisure Group plc, Roger Allard, could be said to have a grounded view of his career.

“I’ve had some luck,” he says, “but that comes from how you have positioned yourself - and then you need to be able to engineer the situation.”

second largest package tour operator, with the Unlisted Securities Market and then a full listing en route. Allard also started an airline, ironically to de-risk the business. “If a charter airline had gone bust on us, then we would have been in trouble,” he explains.

The trouble with the package holiday business was the proverbial tale of two seasons. If a company made £2million profit during the summer, it would hope to lose a fraction less than that in the winter. What Allard did was to switch the planes to Canada during the winter to fly their holidaymakers to Florida, Mexico and the Caribbean.

In 1988 Allard was appointed MD, and two years later acquired ailing Redwing Holidays from British Airways, which included brands such as Sovereign, Enterprise, and SunMed. “BA paid us £6million to take it away, because closure would have been more costly as well as the negative publicity,” he explains.

Owners Abroad were selling three-million round-trips a year, 50% on their own aircraft when Iraq invaded Kuwait. “What got us through the Gulf War? International Leisure Group, Intasun, the UK’s second largest tour operator going bust, organising the repatriation of their 30,000 customers stranded

overseas, contracting more aircraft to meet the demand at the end of the war and because of the reduction in capacity because of the demise of ILG,” says Allard. “In the travel trade, there’s always something unexpected to deal with. Who could have predicted that flights would be grounded everywhere in the UK and much of Europe because of volcanic ash for example. Nothing fazes you in this business.”

Not every competitor could say the same. Intersun was the biggest to collapse as a consequence of the hostilities, and Allard, as vice-chairman of the holiday companies’ trade association had the responsibility of repatriating their 30,000 stranded customers.

What happened next was that Thomson Holidays started a price war. Which resulted in the share price of both Owners Abroad and Airtours dropping. Thomson were part of Thomson Corporation and their share price wasn’t affected. This led to a conversation with David Crossland, CEO of Airtours because Allard was convinced a merger was in their best interests. “We were stronger in aviation, they had the edge in tour operation, so it would have represented good value for shareholders,” says Allard. But instead, Crossland launched a hostile takeover bid. The board of Owners Abroad decided to fight it. “I followed the party line and we defeated the £290million bid,” he explains,



Roger Allard receives his award from Graham Pickett of Deloitte

“but I felt it was time, after twenty years, to move on.” After he left, the company changed name to First Choice Holidays. “When I started, there were seven of us,” recalls Allard. “When I left there were more than 5500 employees.”

Aged forty, after a six months time-out, he started All Leisure Group, a business involved mainly in charter planes which he sold to the Irish airline Transaer. A year later, after involving himself in leisure interests such as restaurants, hotels, and bars - restrictive covenants prevented the travel trade - he was offered back the Voyages of Discovery subsidiary which specialised (then) in student school cruises. “It was an irony, because when I was a kid, the school offered a cruise but my parents couldn’t afford the £700,” he muses. “Now I was buying the company for £1.”

He ended up back with the All Leisure name and floated what was now a group of cruise brands on AIM in 2007.

“Ships and planes are not too dissimilar,” says Allard (from a financial and operational

perspective obviously). “They both represent a high fixed-cost asset and utilisation is key.” There is, however, a profound difference, which is why Allard has been acquiring rather than hiring cruise ships. “A Boeing 757 is a 757 is a 757 - they’re essentially the same,” he says. “But with cruise liners, even sister ships are different., with their own individual characteristics. With an aeroplane, for the passenger it’s about getting to and from the holiday. With cruising, the ship is the holiday. If you don’t own the ships, you aren’t really going to invest in improvements and it’s harder to deliver consistency.”

Today the group has four brands (and trading divisions) - Voyages of Discovery (now for grown-ups), Discover Egypt, Hebridean Island Cruises, and the iconic Swan Hellenic. The USP Allard has developed is to focus on people who have been on cruises before but want to ‘look and learn’ - and have the disposable income to do it.

He’s also been doing more repatriation work, this time bringing back 100,000 Exel

customers in just two weeks. “I spent £23million in ten days,” he says. “Not my own money of course, but I did it under budget. I’m a great believer that if you have a challenge in front of you, then try to prepare for it the best you can. But with a repatriation, you haven’t got that luxury.”

“Tour operators tend to expand too much, over-trade, and then come to grief. It’s profitability I’m interested in, not size. Without profit, how can you re-invest? When I was younger I wanted the business to be the biggest, but now it’s about giving the customer the experience of a lifetime - that’s the culture which empowers staff, conditions the way they think and act, and the company gets repeat business. We’re not run by accountants who would take the goodnight chocolate off the pillow in the cabins. If you want to make a meaningful cost saving, it can be done without affecting the customer experience. If the ships go a little slower, there’s a reduction in fuel consumption.”

Allard has achieved both his fixed wing and helicopter licences - “just to prove to myself that I could do it.” And while he owns half of a boat in Majorca, utilisation is the antithesis of how it works in the day job. “I’ve been on it once in the last three years,” he says ruefully.



Edwin Bessant
Director of the Year
Health and Life Sciences

There is a curious symmetry to the life and times of Edwin Bessant. The co-founder of the Ceuta Healthcare Group, the world’s largest independent company which ‘fosters’ health and beauty brands for product manufacturers, was brought up by his aunt.

At the age of fifteen-and-a-half, after his aunt, a headmistress, had determined he would become a teacher, Edwin Bessant joined the navy. Three months later he decided to go to college, to do his GCSEs and then a PE diploma which actually would have enabled him to teach the subject.

Instead he joined British Drug Houses as a production planner, before he felt compelled to don a uniform again, this time joining the police. He left nine months later. “I

guess I had been influenced by watching too much Z-Cars on television,” he suggests.

At the age of twenty-two he managed to get an interview with Cadbury’s. “I researched all I could about the company and studied interview techniques so I wouldn’t appear as Joe Ordinary,” he explains. He was taken on as a management trainee in sales and marketing - usually the preserve of the graduate in-take). He spent three months at the company college at Bourneville and then three more calling on CTNs (newsagents to the outside world), which gave him his first insight into merchandising.

Then he was lured by a recruitment agency to join Wilkinson Sword - “the chance to live out of hotels, with slightly more money and a Ford Cortina” - where he impressed enough to work on key accounts.

Perhaps the first defining moment in terms of what Bessant would go on to achieve was his appointment to the national accounts team set up by Whitehall Laboratories (Anadin was a key brand). “The parent company, Wyeth, was the largest healthcare company in the world at the time, and the seventh most profitable corporate,” he recalls. “We use their principles of financial management here at Ceuta.”

By now in his mid-thirties, Bessant was promoted by the UK board to director of trade marketing for the UK and Europe and was given

the responsibility for setting up the team. The deputy he appointed, Annette D'Abreo, would go on to join Bessant as co-founder of Ceuta (she's deputy managing director).

When Bessant felt he needed some formalised management training, the company agreed to put him through an MBA. Then at the eleventh hour they decided that they would put him through a fast-track programme in the group instead, which meant he spend time in marketing, finance, logistics at Wyeth companies all around Europe. He wrote twelve 200-page reports analysing trade channel developments and political issues affecting healthcare reforms, as well as looking to identify pan-European brand potential and addressing the US perception of Europe as one single market.

"The company was earmarking my next move, but in my own mind I never felt I was working to full capacity," he recalls. "I felt I could achieve more outside of the corporate environment."

Meanwhile, Wyeth had acquired Lederle (and later would be consumed by Pfizer) as consolidation took hold, and Bessant believed that the process would lead to more brands being outsourced in terms of business development and marketing.

"After an acquisition, a company would find that it had too many brands to actively manage and promote," explains Bessant, "so it would be convenient for them to prioritise and hand the lower tier to a third party. In-house the brands would have less focus and attention; the third-party would treat them as

if they were tier one. Companies were also finding that having their own representation calling on pharmacies and national accounts was costly, so sharing that through a syndicated option was seen to be more prudent."

It's fair to say that Wyeth were incredulous when he announced his intention to start such a service in 1995. "They kept asking why I was intent on gambling with my career," recalls Bessant. "I dismissed it as negativity, but I knew that really they were being caring. They just couldn't understand that someone could be prepared to step off the corporate ladder and start something new. I was leaving security and salary behind me, but I had ambition. And if it went wrong, if Wyeth valued me that much, I could always find a way back.

"I didn't want to be clandestine about it, so I met my CEO and explained what I was going to do. He was disappointed, but he understood. From the day I made the decision, I've never looked back once. I have a philosophical mind-set. If there are problems, just recognise what the issues are, but don't dwell on them - just find the solution."

To supplement the government start-up loan of £100,000, Bessant went through a whole bunch of un-maxed credit cards. "I remember that first day in our new offices," he smiles. "It was a great feeling, even though we didn't have a client! Annette and I wanted a name which reflects our marketplace, and with a slight adjustment to the order of the letters, Ceuta came out of pharmaceutical."

The first brand to be signed

up was Movelat, a muscular pain medicine which had switched from prescription to over-the-counter. While competitors would in effect be sales operations, Ceuta took on responsibilities for managing the accounts and 'brand fostering'. By year three, the company was in profit.

Consolidated full accounts show that pre-tax profits in the last financial year topped £3.2million 'ebitda'. Another indication of size is that the group carries £80million of stock in its warehouse.

Today the repertoire has broadened to healthcare and beauty products, with Ceuta responsible for a number of brands owned by global companies such as Procter & Gamble, Bayer Consumer, Sanofi Avensis, Hermesetas, and Unilever. "We treat the brands we manage, such as Camay, Brut, Mentadent, Fisherman's Friend, Pond's, Milton, Dextro, Kwai, Zantec, Zirtek as if they were our own," says Bessant. "In Boots for example, we're got more than sixty brands.

In addition, Ceuta have some brands of their own. Explains Bessant: "The Shield soap brand was coming to us but the owners decided to sell it instead. We're outsourcers but if the right brand is for sale at the right price, we wouldn't ignore it.

With CeutaMed (prescribed medicines), Ceuta Healthfoods, Ceuta Animal Health Services, Ceuta Capability Group (a global consultancy business), Bessant has diversified, although a better description would be that he's applied a successful modus operandi to similar,

if not related, sectors. Ceuta Healthcare International has outsource service providers in more than eighty-five countries across every continent, and is robust enough (Ceuta has done the due diligence and provides all the co-ordination) to have Procter & Gamble as a client. What Bessant is doing now is to work with trade attaches to bring new brands into the UK.

Ceuta also has a joint-venture with Day Lewis, Europe's largest independent pharmacy multiple group (162 pharmacies in the UK}; between them they own a successful on-line pharmacy and drug store called The Healthcounter.com.

Ceuta is responsible for the commercial development and for taking the brand global. "Manufacturers are supporting this new trade channel development," says Bessant, "because it gives them access to new consumers around the world who do not live near a township but have access to the internet and a postal service."

Then, when the Best Top 500 Companies to Work For report in The Sunday Times referred to the leadership skills training provided by Ceuta's in-house department (they also produce training DVDs on motivation), Bessant decided to attract outside business under the New Life Training brand. Ceuta also have silver status Investors in People accreditation.

What Bessant has demonstrated from early on is an

ability to see more of the picture. Three years in, he agreed to sell a 10% stake in the company to 3i. "Our auditors said we didn't really need it, but I said the investment represented a great endorsement," he explains. "Originally the venture capitalists wanted to invest more and buy up to 40% but I pulled out at the heads of agreement stage - it would have meant the business was too highly leveraged, and it didn't need to be. We couldn't fund enough suitable brands to take on, so there wouldn't have been any point in the deal. From day one of setting up the business, I've always had the mindset that I work for Ceuta, so that means my focus has been on what is best for the company rather than for me personally. I've still got a mortgage, and my money is in the business."

Ceuta went on to buy out the stake that 3i did take in the company and gave 7<half>% of it to the management team.

"What I have is a sense of urgency," explains Bessant. "I hate having to ask the same question twice. I don't want to hear that the person is still waiting for someone to get back to them." That shouldn't be confused with being abrupt. "I can't turn on programmes such as The Apprentice," says Bessant. "It's brutal, old-school business."

"We operate on the basis of management by smart objectives. Every year our senior people have an away-day to out forward what they consider to be the three key leadership characteristics. At the end of the day we summarise them into twelve characteristics, which have come from our thought



Edwin Bessant (left) with Richard Light of Deloitte

processes, not a textbook. I dislike plagiarism. You can learn from what people have done before, but that not a substitution for new ideas and innovation. It means that every year we can see whether we've learnt and developed.

"Last year I went to a Bournemouth Symphony fund-raiser for people who used to play an instrument. As a teenager I had been in an amateur orchestra, but I hadn't picked up a violin since I was nineteen. Playing in an orchestra was one of the most significant landmarks in my life, being part of an integrated team, knowing what I was contributing to the complete piece.

"I can't possibly manage all the companies in the group, so I need to have good people in my orchestra. I give them vision and direction as the conductor, but I take their counsel. Pick your leaders and give them the space and finance to deliver."



Mark Cashmore

Director of the Year
Business Services

When effectively he was promoted twice in a day, Mark Cashmore was being lined up for the most challenging time of his life.

He realised that growth - arguably survival - would not be from further consolidation of smaller firms in his sector but from winning significant business from his two major competitors.

The result? For Smiths News plc and their chief executive, exactly that - a result.

A natural path to a good university" is how Mark Cashmore describes Aylesbury Grammar School. "My dad was keen that I went on to Oxbridge but I chose Lancaster because I liked the university," he recalls. "My original intention was to read French but changed to a degree in History. At that point, as you've probably guessed, I didn't have a clue of course as to what I was going to do, but I got a job as a sales rep with a company car for Pernod Ricard, then just called Ricard.

"I loved sales, talking to people, engaging with them, building relationships. I remember sharing a flat with two friends; it was the only one with two working optics! I just thrived on sales. I was young and enjoying myself. I wasn't thinking about career or direction."

He moved from booze to betting. United News & Media were launching through their Extel subsidiary the first generation of computer-based information screens at the 'bookies'. "It was a new concept, a big price, with a significant commitment to take the service for three years, so it was tough sell," says Cashmore.

That said, he must have done well, because he was promoted to regional manager and his first experience of being responsible for a team. "I had very little formal training, but my talent was communication. Too many sales people are promoted because of their ability to fill the order book, not because of their people management skills," he admits, "but I found that I had them as well."

Then United lost its lucrative race-course contract, and Cashmore started looking for other jobs. A headhunter lined him up with a magazine distributor, which also happened to be a subsidiary of United. When the parent company found out, they tried to stop his redundancy payment.

Appointed national sales manager, Cashmore was responsible for five regional managers and twenty-eights sales reps. "The whole vibrancy of printed media - touching,

enjoying the product, getting it to the customer: I've never lost that, and I suspect that's why I've been in the industry for more than twenty-five years," he says.

After being promoted to international director - a board position - which he "thoroughly enjoyed because I was being stretched - United News & Media made two acquisitions before being consolidated itself by EMAP. As their sales director, he was responsible for dealing with both the retail and wholesale sides of WH Smith.

"Then in 1999," he recalls, "I got a call to ask if I'd like to consider coming to work for WH Smith. It was a seminal moment. Here I was, on the board of a company, happy with my lot. The offer wasn't a board position, but I could see I would have better prospects in the medium to long term in what was a bigger company. The other consideration was having to uproot the family."

He joined WH Smith News, the wholesale operation, as sales and marketing manager. "At the time our wholesale newspaper and magazine business was a big organisation but I wouldn't have described it as lean and mean," he muses. Contract renewals with the major publishers came up once every five years, so it was a big responsibility.

But what the directors of WH Smith Group put together with a major supermarket was a strategy which in effect, would see retailers decide which wholesalers they used, not the publishers. It would mean, said critics, that the supermarkets and major chains would be able

to procure and price product in a way which would put the independent newsagents at a competitive disadvantage. Regardless of the commercial attraction of the proposal to the instigators, it was sufficiently inflammatory to result in questions in the House. The proposal was dropped, and while the botched attempt at change didn't materially affect the company's market leadership position - in no small way because contracts hadn't come up for renewal at this juncture - relationships with publishers were "at an all-time low".

The whole WH Smith News board was fired, and the new MD, Brendan Fitzmaurice promoted Cashmore to his new team as commercial director. "He taught me a lot about the dynamics of managing a team made up of senior people who would not just defer to you because of your job title, says Cashmore, whose brief was to re-build relationships so that the company could put itself in a better position for the next round of contract renewals.

In March 2006 he got a call from group CEO Kate Swann. He recalls: "She said that Brendan had decided to retire, and that she wanted me to run the business. Then she paused and said the main board was thinking of de-merging the retail and wholesale businesses, and if that happened, she would want me to be the CEO of the separately floated wholesale company. So potentially it wasn't just one step up, but two."

Within three months, the de-merger had been announced.

A necessity, says Cashmore. "I think increasingly retailers would have become more uneasy that we were part of a company which was in competition with them. That would have fed through to the publishers. Being independent means we are not seen as being aligned to the needs of only one major retailer, which wouldn't have happened if we were still directly linked to WH Smith."

Since the de-merger, Cashmore has overseen a £20million reduction in cost. The starting point had been a £23million investment in IT in 1999 to facilitate one marketing centre, one office for national accounts, and four regional call centres. "Before, those activities happened in each of our twenty-five distribution hubs," he explains, "so you can see how the investment not only enabled us to take out cost but removed inconsistency so there wasn't any variation in standards as a consequence of geography.

"Managing efficiency is not the same as cutting costs. The latter is achieved by the former. We need to be the most efficient and the best at service delivery because that has to underpin our strategy. And the way we do it is to invest in both because that takes cost out in a sustainable way."

But Cashmore recognised the need to drive the top line, and his strategy was to build market share. There wasn't much opportunity to achieve that by further consolidation of independent wholesalers. And the three big players - Smiths News, Menzies, and

Dawsons - had won contracts from most of the large independents such as Solent News, Gillespies, and Kembles.

“I realised that as all three of us needed to grow, it would mean taking business away from each other, and the next round of contract renewals was coming up,” he says. “Our strategy? To invest in the most sustainable route to market which would then deliver in the best service for the publisher and the retailer at a competitive cost.”

So partly as a consequence of investing to reduce cost, Smiths News won more contracts than its two rivals - “a huge amount,” says Cashmore - and increased its market share by 15% to more than 55%.

What Smiths News had gained was £<half>billion of new business on an annualised basis. “I can look everyone in the eye and say that our tenders were not price led,” says Cashmore. “We were successful as a consequence of our strategy, because we

could deliver a competitive price coupled with operational efficiency, continued investment and sustainable performance.”

Of course there was going to be a loser. Dawson Holdings had to put their newspaper and magazine distribution operation - their core business - into administration, but not before trying to invoke, unsuccessfully, the powers of the Office of Fair Trading.

“That brought with it an unintended consequence,” says Cashmore. “We thought we had eighteen months to put in new infrastructure for the contracts we had gained from them. Then we had to buy the assets from the administrators in just six weeks - twenty-two of their depots, 2000 of their staff, and 1200 of their vans. We had to run their head office in parallel with ours and managed to integrate everything nine months later.

“This is a high volume, low margin business, distributing 2.5billion newspapers and

2billion magazines a year. The internet and the iPad are the latest competition, but sales are steady. There isn't double-digit growth but we're not about to disappear over the edge of a cliff either. But we do need to find new revenue streams.”

“What the Dawson experience made us realise is that we could succeed with an acquisition of a business where we are in a position to be a better parent. We bought Bertrams, the book wholesaler and library supplier out of the Woolworths administration. It wasn't broken; just starved of money. Three years before, Woolworth had paid £41million for the business. We acquired it for £12.5million.”

Cashmore isn't fazed by electronic publishing and its predicted impact. “We're a nation of habitual purchasers,” he says. “Am I saying that twenty-year-olds will buy as many newspapers and magazines as their parents? Has that ever been the case, even before the internet? Wherever you draw the line, there will always be people who prefer to have printed media. There are 4million magazines devoted to TV listings sold in this country every week, even though the information can be found in every newspaper and is freely available on-line, and via Sky Plus.

“Publishers have an interest in the printed media because that's where their profit is. With the internet, the consumer is used to getting content for nothing. Are we complacent? Of course not. Do we have a diversified, sustainable business? Yes, we do.”



Mark Cashmore (left) with Andrew Bond of Deloitte



Peter Harrison
Director of the Year
Retail

What Peter Harrison has managed to establish in one of the most polarised sectors of retail is a brand which is perceived as being both quality and price competitive. Over the last twenty years, Furniture Village has grown to some forty stores with a turnover nearing £quarter>billion, and is now the largest privately-owned furniture company in the country.

What attracted Peter Harrison to his first job, as a management trainee at the retail group UDS was an advertisement which mentioned opportunities worldwide (part of their business was operating shops on cruise ships). They sent him to Clapham Junction - the Arding & Hobbs department store to be precise.

At thirty-one, he was a store director at Bromley as well as being responsible for marketing all the stores under the group's Allders banner.

Then Hanson acquired them. His management style? "Lasers came out of his fingertips and knocked you flying," smiles Harrison. Later he joined the furniture retailer Gillows as marketing and development director, and when ASDA acquired the business they asked Harrison if he wanted to be MD of the group's furniture division. His reaction? "I remember being in the car with Gillows' merchandising director David Imrie on the way to a meeting with a supplier," he says, "and we were talking our ideas about furniture retailing. I just happened to say do you fancy owning your own business, and he said yes."

When Harrison discovered that the commercial arm of Cadogan Estates owned a manufacturer of hand-made furniture, he persuaded them to put in a £300,000 investment to start Furniture Village.

Harrison's concept was to create in effect a furniture department store, a 'village' of niche departments, which in the original business plan had some, let's say interesting names - such as Dining Inn, Sitting Pretty and Leather Lane.

The first Furniture Village store opened in Abingdon in 1989. Then came Guildford. In the early days, the name Cadogan would have given the institutional landlords confidence.

In 2001, twelve years after the launch of the business, Cadogan exited in a £25million deal. Then in 2007, another deal converted all the mezzanine

and equity finance into senior debt, David Imrie retired, and Harrison's stake increased to 65%. All of the board directors have bought in.

"I never had visions of grandeur, to dominate the market. I just knew that in this sector, the customer had been poorly served and that we could do better," muses Harrison. "It was said by pundits at the time I started the business that if the retail furniture industry had a motto then it would have been 'set the lowest standards you can and struggle to meet them'.

"It isn't just the customer who benefits from good service. We've got over 750 employees including all our distribution personnel, and staff turnover is less than 10% compared to the usual rate of 40% in retail in general. My belief is that you pay people well; you don't short change them, and you'll get paid back many times over. I like seeing people getting on. For instance, eight years ago we employed a sales consultant who became store manager and is now a regional manager. Over 70% of our management is home-grown."

Every Friday Harrison hand writes a note to staff which is faxed to each store in which he "says hi and what's going on". Each week he'll phone half the stores, and he'll visit two or three a week unannounced "just so I can catch them doing it right."

That doesn't happen by chance. Furniture Village invested in a 3000sqft Academy of Learning and Development to train

new recruits and demonstrate new products. “The week-long induction includes product and systems training, but also concentrates on cultural issues of honesty, integrity, and loyalty,” stresses Harrison.

“The biggest difference with Furniture Village is that our people aren’t pushy. Every customer is acknowledged within two minutes, but not pounced on. After five or so minutes, we’ll approach the customer to see if we can help, often with the question ‘have you been to Furniture Village before?’ We have seven steps which lead to what we call the ‘awesome experience’, the sale. The customer isn’t pushed into anything. At the end of the steps, we’ll actually ask the customer for the order if it is appropriate.”

He bought the name World of Leather from the administrators

because he could see it fitting into the ‘village’. He decided not to roll out the London Bed Company as a stand-alone concept, although there’s still one “very successful” outlet as a concession at Selfridge’s. Harrison wisely trialled an up-market shift by opening The London Furniture Company rather than betting the group.

And Harrison’s management style? “It’s not right if your people are frightened or anxious,” he says. “People don’t respond through fear. If something is wrong, tell them you’re disappointed rather than verbally beating them up. Better still, catch them doing it right. It works every time.”



Peter Harrison (left) with Stuart Burnhope of Deloitte

While Jonathan Holmes was studying law at the University of Warwick he worked two days a week in London for a firm which organised computer exhibitions. Their show in Paris coincided with his end-of-year exams - and he chose, as he describes it, the business option. “It was clear to me that in the future it would be preferable to employ lawyers rather than be one,” he says.

He joined Thomson Financial Services, looking after the commercial side (advertising and subscriptions) of a new commercial property newsletter which he expanded to a portfolio of newsletters and a training division for financial derivatives.

Then in 1995 he joined the International Securities Market Association, or ISMA (not to be muddled with the International Stress Management Association, also known as ISMA, although on reflection, the members of the former could have use of their counterparts). His task was to commercialise the data held by the Swiss-based market regulator, which could be used by companies for analysis.

“It was a time of fine dining and nice hotels, all in the cause of promoting new business,” he smiles. “But the regulatory environment is frustrating; there’s no potential to be innovative, and everything had to go through the lawyers. I’ve always believed that a business has to be responsive to what the clients want and to move with that rather to the pace of its back-office. The lifestyle was great, but it wasn’t enough for me.



Jonathan Holmes

**Director of the Year
Real Estate and Construction**

Proof that innovation in the National Health Service can come from the buildings as well as the procedures which take place within them.

What Ashley House does is to provide health and social care buildings for primary health trusts, GPs, and local authorities. But it's the thinking behind them which makes the company distinctive.

On Jonathan Holmes' watch as CEO, the company has not only found new ways for buildings to be procured and managed, but has come up with new concepts, such as the health equivalent of a business park.

“So I began talking to friends about what to do next when out of the blue, I had a call from dad who said he wanted to retire from the construction company he'd set up which specialised in the healthcare sector. It became clear that of the three directors, having one intending to retire and another one thinking about it would make it difficult to sell

the business. Pretty much I'd never thought about working with dad, although we get on fantastically, always have done. But I could see Ashley House had to grow and that it needed a strong capital base.”

Using his contacts, Holmes put together a small group of investors, and within three months of him joining the board, his father was able to retire. The make up of the shareholders register meant that Ashley House was run as if it was a public company even before it was floated.

“At the core of our business is the ability to deliver what the NHS requires from its estate without the risk,” explains Holmes. We're supporting the NHS by finding options for them to consider. In the past we would have responded to their estate strategy; now we can be working out that strategy for them, and to do that means having an understanding of what the NHS does in the buildings!

“What we can do is to take estate out of public ownership with a joint venture, which releases capital for the service provider and enables state-of-the-art buildings to be provided, which in turn deliver better care and reduce costs. The funding comes from the sale of surplus property and savings from a better managed estate.

“Working with the NHS means we can't have an absolutely fixed model. In the early days, GPs would own their own buildings and we would provide them on a fixed price design and build basis. Just as I joined, there

was a change in the rules which meant that GPs couldn't set up property companies to recover the VAT, so either we had to adapt or the pipeline would shrivel. What we did was to set up little property companies of our own which could address the VAT implications.

“We can provide the facilities for healthcare under one roof. The GP can send a patient upstairs for a physio appointment, or along the corridor for an x-ray, next to which could be a theatre for minor procedures. There might also be a dental surgery on the premises.”

Ashley House managed to get onto the NHS LIFT programme, becoming the private sector partner in seven of the NHS LIFT companies which have the exclusive right to deliver and manage larger projects for the PCTs in question for some sixteen years to come. There are more than forty-five in the UK, but Ashley House is involved in more of them than any other private sector company.

One of the drivers for LIFT was the need to reduce hospital waiting lists to meet government targets. Having more patients treated in the GPs' premises would stop them going onto the lists in the first place, but bigger premises were necessary to accommodate the additional services, such as x-rays and minor surgery that GPs would have to provide. The problem was that PFI contractors weren't interested in small, individual projects. The answer? Batch them up under LIFT.



Jonathan Holmes (left) with Jason Davies of Deloitte

The deal is that the LIFT company owns the building and rents it to the primary care trust for twenty-five years, after which time it reverts to public ownership. But apart from the seven NHS LIFTs where Ashley House is involved, hasn't the scheme prevented the company from winning the kind of contracts it has in the past, precisely because they've been parceled up for another private sector provider?

"There is plurality of provision in the NHS, and their estates side is no different," says Holmes. "The LIFT company will be the dominant provider in a particular area, but it won't be the only one. We're working on propositions which would be of interest, such as our ultimate goal of having health and social care together on a 'health park'; bringing together the services of those two agencies under one roof will be of growing importance with an ageing population. Possibly key worker housing, a care home, pharmacy, an opticians could be included in the development.

"Being involved in a well-performing LIFT means that it is more visible that Ashley House delivers. A LIFT company also provides us with access to additional markets related to the health sector. We were able to talk to Harrow Council for example to create three centres for adults with learning difficulties which we designed and built for the LIFT company."

Holmes has taken the company onto OFEX, which became PLUS, and then floated on AIM in 2007. "My thinking" he says, "behind the initial placing, the rationale, was to allow our investors to see some value in their shares, to raise capital, incentivise staff, and in a changing market to enable clients to see a stronger, transparent company.

"In the last three years we've gained ISO accreditations for quality management and for environmental management. My thinking is that we can use them effectively to deliver; they're not a restraint.

"The key to our work is

understanding that at their heart of what they do, our clients want to make people's lives better and to achieve that they are working within a vast array of regulations. It is a real frustration when they want to do something, and in trying to deliver it we discover a new hoop has been introduced which means to get through it we have to reverse back through the previous three.

"I've probably surprised myself that I'm still here, because when I joined Ashley House, at the time I didn't think I would want to manage a large number of people, but actually it's great fun. I enjoy the dynamics of communicating and evolving how we do it.

"In my previous work I knew nothing about trading derivatives, but my role was to make sure that a specific service was delivered. I need to be able to understand what the client wants to do and to be able to package it. I have qualified people here who will deliver it. My job is to enable them to deliver.

"For me it's about having a strong team. I know how I want things to turn out and it's the team which will enable that to happen, because it's the team which delivers the strategy."



Eric Hutchinson
Director of the Year
Technology

“The difference between success and failure can be the finest of lines, and having been up and down the roller-coaster a few times, I have seen that the increment between the two is very close.”

In fact, Eric Hutchinson, chief financial officer of Spirent plc, couldn't exaggerate his experience if he wanted to.

“My background to being a chief financial officer is a little odd,” he cedes. “I'm an arts graduate - I read history at Leicester then Trinity College, Oxford for my post-grad - but my thesis was on nuclear power deployment in post-war Britain. I met the official historian for the industry and her knowledge was immense, but she couldn't share too much because a lot of it was under the Official Secrets Act.

“I joined the strategic studies group at the Institute of International Affairs at Oxford University, and every week there would be an open seminar

attended by American, French, Israeli, Iraqi graduates and the odd Brit. The debates were a rehearsal for every future world conflict, and these were to be our future diplomats.

“I parked my research because I had become interested in going into business and thought that an accountancy qualification would be the best route. My wife, a medical research scientist had the chance of work in Sussex, so I found a job as a cost accountant with Bowthorpe plc in Crawley. They'd just acquired a PCB business, this would have been in the mid 1980s, and I helped them with the integration.

“Then I worked for the group in France and the US, and I had the opportunity to travel to forty-three different countries. We had started to make a series of acquisitions, with the philosophy of moving up the value chain by buying into niche technology.”

In 1987 Hutchinson was appointed chief accountant, and was handed responsibility for group IT as well as continuing his involvement in business development.

Later, when he wanted to accelerate his career and thought a higher profile company could be a better showcase, the Bowthorpe board persuaded him to stay.

“The key motivator for me is that while I am essentially the finance guy, I live the product and the customer,” says Hutchinson. “Everything we were producing would make a difference. It wasn't just a fashionable consumer item

for pleasure, it held buildings together or made vehicles safer - I felt I was involved in something worthwhile.

“At that stage I saw people in my position at other companies moving into general management, and it didn't seem to be the best option for me. I was part of a business development team, looking ahead, while their roles in general management involved them in the nitty-gritty, day-to-day operations. Interestingly, most of them became MDs of divisional companies, but that was it. I turned down the job Bowthorpe offered me of running their operation in Long Island, because I like being part of the team which is setting the destiny of the total business. I was also enjoying exposure to the City where I was involved in capital raising.”

Bowthorpe promoted him to Head of Corporate Accounting, a job title which gave Hutchinson the opportunity to make of it what he will.

“I had six accountants to do the reporting, six involved in treasury, four in tax, and we employed four accountants, because at the time we were buying and selling companies like nobody's business,” he recalls. “We'd acquire a niche business, grow it, then sell it on. At the peak, I was involved in twenty transactions in a year; in all I've done more than a hundred.”

In the mid 1990s, with the group involved in a diverse range of activities from nylon moulding to emissions

monitoring equipment, Nicholas Brookes succeeded chief executive John Whitehead who became non-exec chairman.

Hutchinson's first task was to help compartmentalise the disparate subsidiaries into five divisions. "It was a huge strategic review to see where we should place the capital of the business to get an exceptional return.

It was in 1999 that a business was acquired which produced systems to test internet protocol devices. Arguably it was the catalyst for the re-invention of the group, which decided to focus on the telecoms and digital market and sell off what was then its other core activities.

Hutchinson was part of the team which was reviewing target acquisitions - with £365million of borrowings, the group, he says, "went shopping."

"There's a scene in a TV comedy programme where someone is walking along the corridor with people literally hanging on to him and firing questions," muses Hutchinson. "I remember that happening to me. I was working all the hours under the sun, and more."

The group became a FTSE100 company with a £7.4billion market cap, and Hutchinson was about to have the opportunity to step up to the board.

"The previous FD had been in place for eighteen years," he explains. "Colin McCarthy had the knack of being able to monitor the bigger picture and knew where to home in on a problem, the equivalent of an early warning system. He worked from eight in the

morning to eight at night.

"A couple of people were brought in and the finance director's role was split between us. I suppose the board thought it amusing to see which of us would emerge, and I had never pushed for it, which is probably the reason why they went through the process. But I knew I was the right pair of hands.

His first board meeting as finance director was in January 2000, and he recalls it vividly: "It was in Honolulu because we'd bought a company out there, and everyone was dressed in Hawaiian shirts, shorts, and flip-flops - because that's what you do out there.

Later that year, the group had renamed itself Spirent, after the name of its communications division, and in December, Hutchinson completed the biggest acquisition, a £1.6billion purchase of a US company in network marketing. By that time though, fourth-quarter sales had begun to slow. "Not many other people spotted it until the first quarter of 2001," he suggests, "and then they went into denial believing it was just a temporary correction."

Nobody was left in any doubt when Marconi - another group which had ditched its traditional industrial and defence related activities for telecoms and the internet - showed signs of popping its corporate clogs. Confidence in Spirent, placed in the same bracket by investors and the banks, evaporated. They'd missed the vital difference between the two. "If we liken

the telecoms and internet markets as the goldrush," says Hutchinson, "we were supplying the equivalent of the picks and shovels with our test equipment; Marconi were involved in the actual prospecting."

Not that the City would have made much of the differentiation at the time. On October 10th 2002, not a date Hutchinson says he can forget, a Deutsche Bank analyst declared that Spirent would breach its debt covenants with its five US-based private placement lenders and twelve banks. The share price, which had reached £7, collapsed to less than 6p; market cap dropped to £45million. While financial institutions decided they couldn't justify their lending position and just wanted to bale out of telecoms, Hutchinson was taking a different temperature reading. "I borrowed against the house to buy more stock," he says. "When the market cap dropped to £45million, what I should have done is to have bought the company."

Meanwhile, he was having to make immediate adjustments to his role: "We had ceased being a mergers and acquisitions machine, and I was having to make difficult decisions which involved making friends redundant. Then on top of that, we had two sets of lenders fighting themselves as much as the company."

But what Spirent produced was the ultimate rabbit-out-of-the-hat. Its share in a German joint-venture, acquired for £142,000 some twenty years before, was sold for £88million. "That was

enough to calm everybody down,” says Hutchinson, “which meant we could demonstrate the fact that our business was moving in the right direction, that is was generating cash.”

What defines Hutchinson’s approach to the role of finance director is that in 2003, just as Marconi required a £4.7billion restructuring just to stay in the game, he was willingly signing off funding to develop a new generation of Spirent’s major product lines; especially as the financial return wouldn’t be apparent for another three years.

“The key to doing the job of finance director well is to be close to the operating companies so you know which of the technical areas to back,” he says. “You gain that knowledge

not just from formal meetings but during conversations by the water cooler. We had best-in-class test tools but it was clear to me for example that we needed to have one software platform. I could have taken the view that we should delay the decision to keep the lenders off our backs until we were producing tolerable results, but I passionately believe in the technology we are able to produce and I knew that if we didn’t make the investment, we wouldn’t have a long-term future.

“Our major shareholders had been with us for more than ten years. They understood what we were about, that while not all the acquisitions were covered in glory, the group was sound.”

In the financial year ending 2009, turnover was north of

£275million, with pre-tax profits of £54million. To quote the corporate statement, Spirent work behind the scenes to enable the world to communicate faster, better, and more often with the provision of lab systems to evaluate the performance of new technologies. In addition, Spirent provides the tools for service management and field testing to improve troubleshooting, and helps government and the corporate sector to secure and manage their networks.

“California is the centre of our operations, where CEO Bill Burns is based,” explains Hutchinson, “and I’ll be away from the office here in the UK for a week or a fortnight every month.”

For someone who has been at the sharper end of technology for most of his life, maybe it shouldn’t be a surprise that the Hutchinson home is a wattle and daub Tudor farmhouse, and that he has a passion for classic cars (he owns an Aston Martin DB4 and a Jaguar SS100. He’s also fascinated by sailing. “Even though you might be moving at all of nine miles an hour, it’s one of the few sports which you could describe as thrilling,” he suggests. And in keeping with the vintage vehicles, he has a couple of traditional rig and keel cruisers from the Norfolk Broads.



Eric Hutchinson (left) with Andrew Bond of Deloitte

Although Tony Laithwaite left education with a degree in geography (a third, he points out) a rather more significant influence was his holiday job in France working at a co-operative-run winery.

The idea of a 'proper' nine-to-five full-time job appalled him. "I had a couple of interviews, but didn't create much of an impression at Grants of St James," he recalls. "My geography dissertation was on wine, and I presented it at the interview, but the chap basically batted it away."

And then he said something which maybe was the catalyst for Laithwaite the entrepreneur. "The chap suggested that maybe my ambition should be to run an off-licence branch," Laithwaite recalls. "My motivation was anger. I was going to show him. I think most entrepreneurs, at some crucial time, have had someone laugh at them.

"I started a business because I had to prove myself. I liked the wine world, but I didn't want to live in France. Everyone told me that you can't make money out of wine, and very few did."

From an industrial unit on Slough Trading Estate, Laithwaite would take a Ford Transit over to France, Italy, and Spain. "There was room for 100 cases with space left for me to sleep in it," he recalls. "I use to open the back of the van and do wine tastings." His first sale came when his



Tony Laithwaite Director of the Year Lifetime Achievement Award

It's said that Julius Caesar brought over the first vines, but arguably Tony Laithwaite should be credited with introducing wine (big time) to the United Kingdom. The company he founded is the creator of the wine club phenomenon, creating a market at a time when the supermarkets were showing little interest.

father persuaded a mate at the golf club to take a case.

"Instinctively I wanted to sell to the public rather than being an agent," says Laithwaite. "Having lots of customers seemed better than relying on one or two." His direct marketing campaign started with opening the local telephone directory at a random letter and sending a sales letter to the first 100 names on a random page. He actually achieved a 2% response. The first sale? "I sold four cases to a Roger Denny - a sociable guy because he told quite a few other people."

"The wine club wasn't strictly

speaking my idea," cedes Laithwaite. "I'd written to The Sunday Times thanking them for their expose of people making fraudulent wine, and mentioned that my wines came from independent producers. After they printed it, I got 2000 replies. One of my customers who read my letter got in touch to say that he knew Harry Evans, the editor at the time, and suggested that I should get in touch with him with the idea of the paper running a special offer.

"I had no idea how much demand there would be. The Sunday Times told me their usual response, optimistically we doubled it, and sold it all. We did another offer - and sold it all again.

"The customer who suggested the offer in the first place said we should put together a proposal for a wine club for The Sunday Times. By this time my wife Barbara was involved in the business and we launched the club the following year in 1973. Having seen the success of what he'd pushed for, the customer persuaded us to sell him 20% of the company, for not much money; £10,000.

"As we were setting up wine clubs for other organisations, he wanted to control our business. Then fortunately he suddenly needed money in a hurry. I got him to sell his interest in the company back to us for the £10,000 he paid originally."

The next big break was setting up an affinity club for

Barclaycard. “It was fortuitous; it just happened,” says Laithwaite. “We banked with Barclays; we met; they agreed to it.”

Meanwhile, Laithwaite’s father, who was high up in British Aluminium, asked one of the merchant bankers who acted for that company, Bill Simmonds, to keep an eye on his son. “I’ll always have fond memories of him,” muses Laithwaite. “At a time in the eighties when it seemed that every company with potential was going public, he always said to me why do you need to go the City; they’ll eat you and your business.”

Laithwaite applied some very specific rules. “My wife Barbara is the daughter of an old-fashioned Scottish accountant, so we weren’t interested in borrowing money,” he explains. “In the early days, the French co-operative I used to work for in the holidays helped us to be cash positive by giving us generous credit for their product. But we decided that we shouldn’t grow by more than 20% a year or it would be unmanageable, and that we shouldn’t have any one account whose size could have a material impact on our stability.”

That meant taking at least one brave decision. “We were selling to M&S and suddenly realised that if they pulled the plug it would wreck us,” he says.

“I’ve always had this eggs-in-one-basket thing,” avers Laithwaite. “We had built a business with lots of different customers and suppliers, we weren’t beholden to the bank, but having only one country as a marketplace was risky.

“What happened was that an Australian entrepreneur, who is still a great friend, came over and asked if we would sell him our affinity club model for him to do back home. The deal was that we’d be his European wine supplier, but as it turned out, he didn’t really sell any European wines. Westpac Bank was his equivalent of The Sunday Times for us. Then he started to look at affinity club opportunities elsewhere in the world, and that made us realise that the model would travel anywhere.

“We decided to look for a direct marketing expert in the US, which is where it all started, and in Chicago we met someone who didn’t want a job but was looking to do a deal. He had

the ability to deliver wines to different states, which was an important consideration because each one has its own rules about importers, wholesalers and retailers. He set up a business which we supplied, and ten years later we bought him out.”

But in the meantime, Laithwaite’s company - Direct Wines - had to be completely re-structured. Nothing to do with business performance. In a cataclysmic year, Barbara suffered a brain haemorrhage and Tony a heart attack.

“The cardiologist said I should sell up and go down to the south of France,” muses Laithwaite. “I said that’s where I spend a fair bit of my time on business anyway. We could have sold, but I knew that the business still had potential. Barbara and I had to pull back though, and that’s hard for an entrepreneur, but because of what had happened to us, we had no choice.”

They brought in new executive directors who in fifteen years grew the turnover from £15million to £250million. “So there were no grounds for complaint,” says Laithwaite, “although there were times when

I thought I'd have done things differently. But what I felt is that the business hadn't evolved much. The board had focused on what we were already good at and ramped it up effectively.

"An entrepreneur is constantly looking at new ideas. I sometimes wish I could stop. I can wake up at four in the morning with some thoughts about the business, and I have to get up and write them down. I went through a phase when the MD wouldn't let me near the levers. So I thought if I can't play here, I'll start some new things up elsewhere."

Such as The Beer Club of

Britain (his middle son has subsequently set up his own micro-brewery). Laithwaite's eldest son has a vineyard near Marlow, and Barbara is the co-owner of a vineyard in the Cotswolds. Their youngest son is working in the Direct Wines business, in marketing.

According to Laithwaite, Australia is the most advanced nation in wine production, but, he says, "the wineries have been gobbling each other, and it's depressing. Four big groups now have 90% of the market, which is ridiculous, and two big retailers are making most of the sales.

But when the consolidators get

bigger, new independent wineries spring up - the big players can't stop them - and we can provide an outlet for them. The problem for the independents is route to market. They can sell to independent retailers, to us, and to Majestic Wines in the UK, and that's about all there is."

'Us' though is more than affinity clubs and mail order/internet sales. It was in 1980 that Laithwaite opened his first retail outlet (now there are eleven, including 5000sqft alongside Vinopolis in London). "We tried franchising at first, but didn't know how, so we just opened a little shop here and there. It gives us the opportunity to talk to customers face-to-face, because with a mail order business they can be quite remote. But it's not our intention to chase after Majestic Wine.

"The crucial thing for our business, any business, is to keep the ideas coming. We could, for example, have a single buying team for all the affinity clubs, which would make cost savings but it would be at the expense of energy levels."



Tony Laithwaite receives his Lifetime Achievement Award from Graham Pickett of Deloitte



**David
Shemmans**
Director of the Year
Engineering

“Work smarter not just harder, although I don’t know anyone who hasn’t flogged their guts out to succeed.” David Shemmans, chief executive of Ricardo plc, has proven the point. It’s precisely because he got the global engineering development consultancy to do the former that it was able to survive the recession - more than that, prosper - despite the collapse of the automotive sector in which it made its name.

After his degree at UMIST in electronics, David Shemmans went into Marconi Instruments where he was designing microwave measuring equipment. But what he struggled with was the rigid 0830-1630 time culture, with everyone winding down for the weekend on a Friday. He left to join TheTechnology Partnership, then a spin off from PA Consulting, and then in its second year.

What a difference. “It was a superb culture - no set working hours, we just got on with what we had to do,” he recalls. “I was involved in designing electronics to help power consumer products, from telephones to hybrid cars. There was a real can-do feel to the place, and the company gave us the time to be creative. For me, it pushed a lot of buttons, and I hold that company in the highest regard. The experience made me realise that I could make a difference, and that for a technology company to succeed it not only has to bring in good people but it has to give them space.”

When TTP gained the contract to produce the electronics for a hybrid electric vehicle to be built for Los Angeles city council, Shemmans was delighted to spend a year under the dashboard. After those twelve months, he emerged convinced that he could do better than the “milk float” technology being perpetuated. Shemmans designed an electric drive system, and set up a company with two colleagues

to produce it as a joint venture with TTP and PowerGen. Called Wavedriver, it designed and built electric buses for San Paulo - Shemmans commissioned Ricardo to design the gearbox), as well as an electric version of the Ford Ranger pick-up truck for the New York Gas & Electric Company. “For fleet operators,” he explains, “we offered low maintenance; for bus operators, lower running costs and a smoother ride for their passengers. In the early 1990s, nobody had really focused on CO2 emissions.”

Staff numbers went from three to seventy, but then came the unexpected. “One day PowerGen just got in touch to say they were getting rid of their non-core activities,” recalls Shemmans. “I had no idea what that meant for our future, but it didn’t sound good. But every time that a prospective purchaser came to look around as a suitor, the staff made it very clear to me that they wouldn’t be staying to work for them. I put in a bid for an MBO, but PowerGen just wanted it to be gone, so

I had to make the decision to close the business down.

“I did it within time and to budget, and the amazing thing was that at weekends, when I would be in getting things sorted out, members of staff, secretaries not just engineers would arrive to help. Why? Because the culture of the company was theirs.

“As the company closed, we arranged a dinner for the fifty people who were with us to the end. All but one had a job to go to when we switched the lights off for the last time.”

At Wavedriver, Shemmans had been able to study and then graduate from Harvard Business School. The company agreed if he committed to staying eighteen months before starting the course. By that time, the joint-venture partners had decided on closure, but still honoured their commitment.

“What did Harvard teach me? It really was life changing,” says Shemmans. “It made me realise that I had a responsibility to exploit what I could do, to put it to good use. The course was six days a week for six weeks, working from seven in the morning to midnight. I remember the part about restructuring companies when we were suddenly hit with an

ethics course. This taught me to be analytical and decisive but humanely, conscious of the impact on people.”

He didn’t know it at the time, but this management tenet was something he was going to have to apply.

Meanwhile, he was about to accept a directorship at a company when Ricardo offered me a job in sales. “I sat in bed on a Sunday morning trying to rationalise why I was attracted to a position with less money, which was a management position, not a directorship, and which meant I would have to relocate the family,” he recalls. “But I just sensed that with Ricardo I would have the better career. At the interview with Rodney Westhead, the CEO, there was something about the guy; he seemed to be taking a special interest in me.”

One of his first moves as senior business development manager was to write to BMW to suggest Ricardo could help them with test facilities for the development of their new Mini project - just as the German car-maker was about to announce it was parting company with Rover. “Great idea but bad timing I thought,” says Shemmans, “but then BMW replied to say they liked my proposal, and that they wanted to

work with us to finish the design and calibration of their engines and transmission. It was a five-year contract and the biggest project in the UK for Ricardo.

“Mark Garrett, now Ricardo’s chief operating officer, turned my ideas into reality for the Mini project. He made it work, and it was a lesson to me in the value of having good people around you.

“Then one Tuesday morning in December 2003 Rodney called me in and asked if I would run the UK operation for Ricardo. I replied yes, and he said good, take over in two days time. On the Friday, my daughter was born, and Christmas was coming in two weeks.”

That was the good news. As soon as he took up his new position, Shemmans realised that the numbers meant he had to put on his Harvard hard hat to get the business back into profit. Two hundred jobs had to go. Remembering the ethics course, Shemmans delayed the announcement until after the holiday: “I didn’t want to destroy Christmas for the families concerned.”

In 2005 Rodney Whitehead announced he was to retire. “I asked if I could throw my hat in the ring,” recalls Shemmans, then thirty-nine. “I wanted



David Shemmans (left) with Graham Pickett of Deloitte

to go through the process so that when the chance came up again, I'd know what to expect. At the time, I'd only been MD of the UK operations for eighteen months, and at my age they'd be skipping a generation. Rodney said that the board would like me to do that, and so I went through the interviews and my chat with the chairman without any pressure.

"Then I was told that the board had decided that I would be the preferred in-house candidate, and I thought that was job done, I'd get a pat on the back for going through the process so well, and that my position as MD would be safe. It would be completely wrong to say that I didn't take it seriously, but I didn't think I was going to be considered as a candidate."

Until he was told that he was now on a shortlist of two. Shemmans was in a discussion with his team when he took

the call from the chairman - and was told he'd got the job. "I said thank you, I'll get straight back to you," recalls Shemmans. "There was a pause, and he said 'you don't sound very excited'. I'm in the middle of a meeting, I replied, conscious that my appointment probably should become known through the proper channels!"

In fact, Shemmans had to fly back part through his holiday for the announcement. He was greeted with a "what are you doing here" chorus from colleagues - until the news was given.

"There's no other job in the company like being CEO of a quoted company," says Shemmans. "You have to be able to cover every base, from foreign exchange risk to governance issues, being able to speak the language of both engineer and institutional shareholder.

"My passion is for the business,

but I wouldn't be described as a petrol-head. People here will talk about stratified combustion for example, and while I know what it is, I get more excited by seeing a car on the road and knowing that we've been part of it."

Ricardo, of course, was (is) the touchstone for automotive engineering design, but even though nobody had even hinted at the kind of global recession which would decimate spending, Shemmans was busy nailing the company's colours to more masts. Diversification came from convincing the company that it was about engineering design and innovation, and that its core skill could be applied to achieve things in sectors other than automotive.

"A wind farm is a made up of gearboxes on sticks," says Shemmans. "People here took an interest in the concept, they were prepared to suspend their technical disbelief that they could be involved in anything but automotive because they could see the engineering challenge and their generation is more environmentally conscious. We started with a couple of enthusiasts and wrapped a team around them."

Outside of work, Arsenal has his support, but ski-ing is his pursuit, shared by the family. He learnt when he was eight; his three children, now sixteen, eleven, and six all started when they were three. His only concern is with the eldest. "He's gone over to the darkside," Shemmans explains. "Snowboarding."

"My legacy? That I've broadened the playing field for

Ricardo and we have such quality of engineers that I wouldn't be good enough to do their job," he asserts. "Apart from growth, one of the reasons for the diversification into areas such as power generation, clean energy, maritime, the rail industry, is that not having dependence on one sector, automotive, means I have been able to reduce the risk of having to go through the headcount reduction which I had to before. I realised then that people's lives depend on the decisions that you make as chief executive."

"If a company is going to move in a new direction, then the CEO has got to create the right environment for that to happen." Barry Smith pauses. "But that sounds sterile," he says. "Really it's about making employees confident about what they are being asked to do so they can respond and be supportive. Belief is the essence of a CEO's role."

"It should matter to a company that its employees are proud of it, that they want the business to be successful. Fundamentally, insurance is a service industry and how people deal with people is the real issue. Unless the people who work here are successful, how can we be as a company?"

"The changes in our market are very evident. Brokers are now more involved with commercial lines because the evidence is that the personal side, car and house, is being bought from other sources. I didn't think the aggregators would have had so much impact so quickly with their internet price comparison sites. What happened very quickly is that the customer suddenly had a lot of choice,



Barry Smith
Director of the Year
Financial Services

When Barry Smith was appointed chief executive of Fortis Insurance, now rebranded Ageas, he inherited a successful company. "Usually when a new CEO joins there are problem to sort out or there's the need to re-energise the business," he suggests. "But we were in a nice position - I had the luxury of being able to focus on what we had to do next to grow the company to be a more influential insurer. If there was an issue to address it was a positive one - how to build on the norms and standards of the organisation."

All of which is true, but also serves as a perfect example of self-deprecation. Since he took over, premium income and profits have doubled as in less than ten years, the company has developed from a single channel, one-line insurer (private cars) to a top ten UK insurer for household, vans, and travel. As well as becoming the affinity partner for some of the biggest brands in the High Street, such as John Lewis, the Post Office, Tesco.

And the company hasn't bought that growth by focusing on low rates. "Strength of advocacy" is how Smith describes the mantra.

so one of the things we did was to work hard with the broker to introduce new products. It's important, because in the last few years there has been a huge homogenisation of insurance products, so the differentiators became price, compounded by the aggregators, and service.

"Our approach to product and customer service recognises that we need brokers to want their customers to be with Ageas because it's important to a broker that their customers are looked after. Otherwise, why would they go to a broker?"

"What we are creating is a resilient culture which gives us both strength and differentiation. That gives us the platform to look at target markets where logically we have the ability to provide a superior performance."

And Smith believes that starts with the call centre, and by the way the 'customer's' very first contact is managed. "By definition, if someone is phoning to make a claim, they've not had a very good experience recently," he suggests, "so we have to recognise that and ensure the way the call is handled in a way which eases the customer's trauma.

"We know for example, that if a lady in her eighties, living alone, calls, it could take two or three times longer than usual, but we have to adjust the way we work to

ensure that she is looked after."

The Ageas approach really makes a difference when it comes to gaining affinity partners. It's essential that a brand which customers trust enough to buy a product extension from (insurance from a charity or a supermarket) has a partner which isn't going to have a negative effect on that relationship.

Actually that's not it, says Smith. "Our involvement has to be a re-enforcement of their brand values," he asserts. "We're looking after our customers' customers."

And that takes us back to the call centres, all in the UK, which, says Smith, are focused on meeting customer need. Now that would sound like corporate-speak at its most banal - until the Ageas modus operandi is revealed. "The operators don't have time deadlines to complete a conversation," he explains. "There isn't a set number of calls they have to handle in an hour. And that makes a tangible difference.

"I can remember an operator was taking a call about a claim from someone who was clearly upset and sounded unwell when the line went dead. Our operator phoned back, but couldn't get a reply. So she took it upon herself to phone for an ambulance and explained the situation

to the emergency services."

It isn't an isolated example. "There have been a number of times when customers have lost loved ones, often in tragic circumstances, and they write to us for dealing with their claim," Smith recalls. "It might have been cathartic, but it doesn't lessen how we looked after them."

"Because we don't measure the performance of staff by the number of calls they take per hour, it doesn't mean there isn't a managed structure or process in place. But it means the operator has the time to find out the customer's real needs and concerns; is the most pressing issue relating to the theft of a car that the owner needs to get to the airport for a holiday, so the rest of the claim can be sorted out later. What we do is the customer service equivalent of the medical triage."

Smith came to Fortis from being operations director then executive director at AA Insurance, leaving in 1999 to become a director of AXA Insurance plc. In July 2009 he was elected president of the Chartered Insurance Institute. After the banking division of Fortis was sold to BNP Paribas, the group, now solely an international insurance business (Smith is a member of the global management committee)



Barry Smith (left) with Jon Bell of Deloitte

changed name to Ageas.

“The directors see everyone in the company twice a year,” he says, “and by everyone, I mean everyone, in small groups to talk about the direction of the company and to discuss the issues. A company can’t use words like openness and honesty unless it practises them internally. And what matters to Ageas is emphasised at those meetings.

“Then you’ve got to let people do their jobs, because otherwise management gets in the way. It’s important that people want to come to work. They don’t sit at their desks not wanting to deliver good service, so the company has to make sure the environment is right for them to provide it.

“That doesn’t mean we’re soft and gooey. I’d describe it as having clarity of purpose, understanding our markets and how to achieve in them, and an

absolute desire to look at how we can do better. We also react to events from a customer’s point of view. So from the outset we said we would pay claims relating to the volcanic ash which disrupted flights and holidays. We were able to make the decision, and very quickly, because our ethos told us that is what the customer would expect from us, and we don’t want to create an atmosphere of uncertainty for the customer.

“Can you attribute new business to a specific company culture? I think a CEO should have the confidence and belief that if the customer is looked after properly it does make a difference.

“The key is knowing where to focus our energies. If we thought we could do everything tomorrow, then it would all fragment. The approach has to be progressive, evolutionary.”

And it can still be big. Ageas has taken a 50.1% stake in Tesco Insurance in a deal lasting until at least 2015, which will add 1.5million more motor and household ‘customers’ to the company’s existing 7million.

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OF THE YEAR**

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