

Doing the right thing
Stuart Rose on trust,
cooperation and
commercial success

Own goals
Making the best of the
corporate bucket list

Old head, young shoulders
Reaping the benefits of
youth and experience

Piling on the pressure

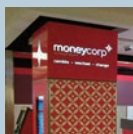
Can cost-cutting go too far?



2

INS & OUTS

Bridgepoint investments and exits across Europe

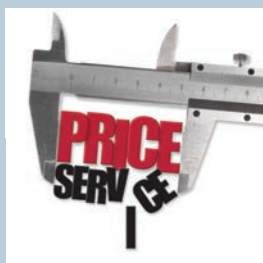


4

BUSINESS TRENDS

How low can you go?

Low-cost enterprises are making hay, but do consumers really put price above everything?



10

TALKING POINT

Generation game

Can businesses benefit from combining the experience of age and the enthusiasm of youth?



24

FACE TO FACE

The quiet revolutionary

Foncia's François Davy gives power to the people – and it works



16

IN MY OPINION

Good works

Stuart Rose suggests that ethical behaviour can and should deliver commercial advantage



28

MANAGEMENT FOCUS

Beyond the pail

How to make the best of the CEO bucket list

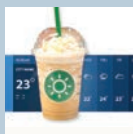


20

MARKET INSIGHT

Neighbourhood watch

Big data and local knowledge: natural enemies or ideal partners?



32

SECTOR ANALYSIS

Exporting knowledge

How European businesses are sending their know-how overseas



36

LAST WORD

Game over

Infantile, ridiculous and oddly compelling: Katie Roiphe explores social network "challenges"



Service makes a comeback

At a time when all we seem to hear about is the constant pressure on businesses to drive prices even lower, service is making a comeback. Why? Because customers want a mix of price and service; often, they will not countenance bad service at all and will pay a higher price to be treated well. It is not just consumers who are changing their purchasing patterns; business buyers are also heading in a new direction. Read “How low can you go?” on page 4 to find out how price, traditionally a key factor driving decisions in the B2B sector, is being eclipsed by “customer experience”.

“Si jeunesse savait, si vieillesse pouvait,” goes the French expression, and the debate continues about the supposed lack of experience of the young and energy of the old. In “Generation game” on page 10, we find out why it’s unwise for companies to ignore employees at either end of the age spectrum.

Big data’s promise of hidden knowledge and customer insight is seductive, but, as “Neighbourhood watch” on page 20 explains, local knowledge is also valuable. Knowing how to combine data technology and local knowledge can be a powerful tool for any business. After all, in an increasingly joined-up business world, individuals want to feel connected.

Are commercial success and doing good mutually exclusive? Not according to leading retailer Stuart Rose, who is a member of Bridgepoint’s advisory board. He sums it up neatly: “The ‘business of business is business’ just doesn’t hold true any more.” On page 16, find out what he thinks businesses need to be doing – and why doing the right thing is not only morally better but commercially advantageous, too.

The so-called “bucket list” phenomenon is increasingly popular in the corporate world, where it is used to inspire CEOs and employees alike. “Beyond the pail” on page 28 examines why a bucket list forces you to think about where you are and where you need to go, and why CEOs are applying the bucket list to their businesses.

Elsewhere, we report on the latest investments and divestments in Bridgepoint’s portfolio of businesses and profile the CEO of one of these – François Davy of Foncia (page 24).

Since our last issue we have acquired foreign exchange specialist Moneycorp and Phlexglobal, a software and support services business in the global clinical research market.

We have also had notable success in realising investments: private wealth manager Quilter Cheviot, with assets of £16 billion under management, was sold to Old Mutual plc in a £585 million transaction; and SPTS Technologies was sold to Nasdaq-listed Orbotech in a \$365 million transaction. Our smaller buyout fund, Bridgepoint Development Capital, has had three important realisations: Pulsant, the IT services provider to the UK SME market to Oak Hill Partners; Energy Solutions Group to SSE plc; and Hallmark Hotels to Topland.

I hope that you enjoy this issue. We always welcome feedback ■



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is managing partner of Bridgepoint

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Follow the money

Foreign exchange specialist Moneycorp has been acquired by Bridgepoint in a deal valuing the business at £212 million.

Moneycorp is one of the largest players in its field. Active in the foreign exchange (FX) markets since 1979, the group operates a substantial bureau de change business, with 10 shops and 61 airport sites, including a strong presence at Heathrow and Gatwick. However, it also has a fully integrated online payments and telephone platform, serving small businesses and high-net-worth individuals.

This sector is growing fast. The UK international payments market is expected to grow by 11 per cent per annum as customers switch away from banks and turn increasingly to specialist providers.

Moneycorp is primarily based in the UK, but it is also starting to expand internationally. In 2013, it handled over £10 billion of

currency trades, gross income rose almost 50 per cent to £97.2 million and it acquired Thomas Cook's corporate FX business.

Bridgepoint partner Stephen Green says: "The FX market for SMEs is changing and offers much to go for. Moneycorp is an exciting opportunity to back a talented management team with a fast-growing UK business and significant international development potential." ■



A mutually beneficial exit for Quilter Cheviot

Bridgepoint has sold UK private wealth manager Quilter Cheviot to financial services group Old Mutual in a transaction totalling £585 million.

The deal achieved a money multiple of 3.1x and an IRR of 55 per cent.

Originally acquired in 2011, Quilter expanded significantly under Bridgepoint's ownership, buying

discretionary investment firm Cheviot for £95 million and more than doubling assets under management from £7.6 billion to £16 billion.

Bridgepoint partner Michael Black says: "The step change in scale over the past three years has more than doubled profitability and assets under management and

has generated significant inflows of new business."

Quilter Cheviot chief executive Martin Baines agrees, commenting: "Our business flourished under Bridgepoint ownership and we were able to pursue our growth strategy and build strength, depth and scale." ■



Nasdaq firm buys SPTS Technologies Group

SPTS Technologies Group, a leading manufacturer of specialised equipment for the microelectronic industry, has been sold to Nasdaq-listed Orbotech Ltd for \$365 million.

The sale comes three years after Bridgepoint acquired SPTS, which produces equipment used



to deposit and remove materials from semiconducting wafers. With manufacturing facilities in Wales and California, the group operates in 19 countries worldwide.

Under Bridgepoint's ownership, SPTS has become a leading supplier in the fast-growing Advanced Packaging sector, which improves

circuit-board efficiency. The group is also involved in the manufacture of ultra-small mechanical sensors (MEMS) used in smartphones, tablet computers and games consoles.

Over the past three years, SPTS has also secured more than 50 new customers, and this year is expected to generate revenues of approximately \$180 million ■

Bridgepoint buys into £700 million clinical research market

Phlexglobal, a support-services specialist in the global clinical research market, has been acquired by Bridgepoint Development Capital (BDC) for £42 million.

The company is a specialist in Trial Master File (TMF) software and services, working with pharmaceutical, biotech and clinical research organisations across the world.

Required by law, a TMF is a collection of all the essential documents created during a clinical trial. Phlexglobal caters for all TMF requirements, from fully outsourced technology-enabled solutions to a range of ancillary services.

The addressable market is worth an estimated £700 million annually and is forecast to grow by five per cent per annum over the next five years.



"An increasing proportion of the industry is expected to be outsourced, and Phlexglobal is

well placed to benefit," says BDC partner Alan Payne ■

Topland snaps up Hallmark Hotels

Regional UK hotel group Hallmark Hotels has been sold by Bridgepoint Development Capital to real estate group Topland.

Hallmark was established in 2007 to buy underperforming

hotels. Today, the group has a portfolio of eight four-star hotels around the UK, with 600 staff and more than 700 rooms.

In 2013, it delivered a turnover of £20.2 million ■

Smart sale for energy group

Bridgepoint Development Capital (BDC) has sold smart-energy business Energy Solutions Group (ESG) to UK-listed SSE for £66 million, with the potential for a further £6 million payment if agreed targets are achieved.

ESG is a UK leader in the support and implementation of intelligent Building Energy Management Systems (BEMS), a computer-based system that controls a building's mechanical and

electrical equipment so that the site is both comfortable and energy-efficient. ESG also specialises in remote energy monitoring, metering, energy analytics and bespoke software solutions.

The company was acquired in December 2010 at an enterprise value of £36 million, since when it

has become the largest privately owned player in the BEMS market, with revenues in the past year of more than £50 million ■



Pulsant sold

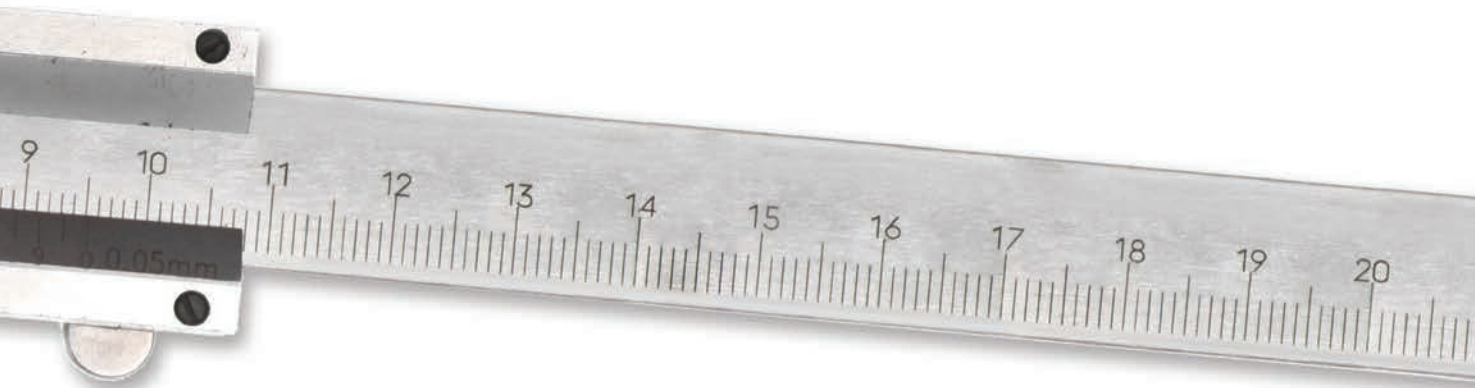
Bridgepoint Development Capital (BDC) has exited Pulsant, which provides IT services to SMEs in the UK.

Pulsant was created in October 2010 when BDC acquired Lumison, introduced a new CEO and embarked on a strategy to create a "one-stop shop" IT services supplier for the UK SME market. Rebranded Pulsant, the company made three further acquisitions and now offers a wide range of IT services ■





How low can you go?



Businesses are under constant pressure to drive prices ever lower. But is there a risk of alienating customers by focusing on cost at the expense of service?

In the golden age of aviation, when glamorous Pan Am stewardesses were the supermodels of their day, there was just one class of travel: expensive.

Fifty years ago, flying was only for the very wealthy. A long-haul trip might cost more than some people earned in a year but, for those who could afford it, jetting around the world was an elegant and luxurious experience.

Our new, egalitarian age of air travel – made possible by the introduction of package holidays and the arrival of budget airlines – has opened up the skies to all. But as the cost has fallen, so the old allure has faded. The business model of budget airlines is based on packing planes as full as possible and stripping service down to the most basic levels. There is precious little glamour associated with flying these days but passengers have flocked to low-cost carriers such as Ryanair, Wizz Air and easyJet in their millions.



With a few taps on a smartphone, shoppers can compare the prices of anything – from holidays to cars, TVs to T-shirts”

It's the same story throughout the consumer industry, from “fast fashion” and discount grocery stores to pound and euro shops and cut-price travel websites.

March of the discounters

In hotels, the French group Accor, with its budget brand Ibis, is now Europe's largest hotels group. Sir Stelios Haji-Ioannou, one of the pioneers of budget airlines, has also entered the market, hoping to replicate his easyJet success with a no-frills hotel brand, easyHotel.

The internet has revolutionised the way that we shop; with a few taps on a smartphone, shoppers can compare the prices of anything – from holidays to cars, TVs to T-shirts. Competition has further intensified with the rise of Amazon, which started as an online bookshop but now sells everything from music and films to electronics, furniture and even food.

Some of the fiercest price-cutting has been seen in the grocery sector. The so-called “hard discounters” – Aldi and Lidl – have long dominated their domestic German market, where they have a combined share of more than 40 per cent. Now they are exporting their



no-frills format to the UK and the rest of Europe, where they have been making significant inroads. In the UK, for example, Aldi's sales have been surging at the rate of more than 30 per cent and, by the end of the summer, its market share had reached a record 4.8 per cent – just a whisker away from Waitrose's 4.9 per cent.

In the fashion industry, one of the runaway success stories in recent years has been Primark, the retail chain that offers fast fashion at rock-bottom prices. Primark's low-cost approach has propelled it to the forefront of the high street, where it has snatched market share from established retailers such as Marks & Spencer.

With annual sales now topping £4 billion, Primark is an increasingly powerful force in the fashion world and it aims to repeat its UK success in the rest of Europe. It already has 35 stores in Spain and in the past few years has moved into France, Germany,



Bargain stores are increasingly attracting better-off consumers. Poundland says that more than one-fifth of its shoppers are now in the higher-earning AB demographic”



Portugal, the Netherlands, Belgium and Austria.

The ultimate price-cutters are perhaps the pound and euro shops, which are modelled on the dollar stores of the United States. Like the grocery discounters, their numbers have soared in recent years, led by TEDI in Germany, which has more than 1,400 shops throughout Europe, and Poundland in the UK, which was valued at £750 million when it floated on the London stock market earlier this year.

Offering a limited range of products, all priced at £1 or €1, these bargain stores are increasingly attracting better-off consumers – a trend also seen at Aldi and Lidl. Poundland, for example, says that more than one-

believes Kamel Mellahi, professor of strategic management at Warwick Business School.

“Discounters such as Aldi and Lidl have reached a point where they can’t cut prices any further,” he says. Indeed, the discounters are now adding premium lines to cater for the wealthier shopper, as well as for those who simply care about price.

Intriguingly, research from the UK Institute of Customer Service puts the proportion of those influenced by price alone, even if it means compromising on quality and service, at just 15 per cent. The majority of customers – 60 per cent – want a mix of price and service, while 24 per cent say that service is their prime concern and that they are willing to pay a premium for it.

The success of low-cost operators may seem to belie this research; but it may be that people are prepared to put up with discomfort some of the time, as long as they do not have to suffer in every consumer experience. And some people will not countenance bad service under any circumstances.

Differing priorities

“In the case of Ryanair, Aldi and other discounters, there may well be some disgruntled customers who do not accept the inconvenience or basic service and quality,” says Mellahi. “Most cost-conscious customers will tolerate these to obtain the goods at the prices they can more comfortably afford, but consumers are not a homogeneous group – we all want different things.”

Nonetheless, it is clear that the price transparency of the internet has brought about dramatic



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fifth of its shoppers are now in the higher-earning AB demographic.

But even pound shops can be undercut in the endless quest for ever-lower prices. Last summer, residents of the seaside town of Torquay in Devon watched with astonishment as the local Poundland waged war with the rival 99p store, pushing prices down to 97p, then 93p, 92p and, finally 90p.

Rock bottom

So how low can prices go? In some sectors, such as grocery, they’ve already reached the bottom,



changes in buying behaviour. And the web is not just changing consumers' purchasing patterns, but those of business buyers, too.

According to *Global Survey, B2B is the New B2C* – research from the business technology and services firm Avanade – the B2B buying process is following patterns first seen in B2C, with buyers now mimicking consumers' shopping behaviour.

Gone are the days when a B2B buyer would be working largely in the dark, with dusty pricing directories and phone calls to potential suppliers as their sole source of information. "Business buyers are shopping at work like they do at home," according to Avanade. "They are proactively informing themselves about enterprise products and services in wide-ranging marketplaces of peer customers, industry experts and, of course, salespeople."

Customer experience

However, the survey also found that price, which is traditionally a key factor driving decisions in the B2B sector, is now being eclipsed by the "customer experience". Indeed, the survey reports buyers willing to pay up to 30 per cent more for a superior experience. More than half of those surveyed – 56 per cent – said that they had paid more for a product in the last six months because the customer experience was better than other, less expensive options.

While the discount supermarkets and pound shops continue to gain market share, there have recently been significant signs of a consumer backlash against



Price, which is traditionally a key factor driving decisions in the B2B sector, is now being eclipsed by the 'customer experience'. Buyers are willing to pay up to 30 per cent more for a superior experience"

budget airlines, notably Ryanair. Run by the combative Michael O'Leary, the Irish low-cost carrier has become notorious for its cavalier attitude towards customer service, and for O'Leary's offensive tirades against the airline's own passengers.

Ryanair's fares are low, but competing on price alone is not enough, according to Richard Lloyd, executive director of *Which?*. Ryanair was voted the worst company for customer service in the organisation's 2013 survey of 100 companies, and nearly nine in 10 of those polled – 86 per cent – said that they would leave a brand that treated them poorly.

"Some companies clearly need to do more to retain their customers than by competing on brand awareness or price alone, even if they are cheaper than their competition," says Lloyd. "It is in every company's best interests to provide good customer service and place consumers at the heart of their business."

In the digital era, consumers are increasingly using social media to go public with their complaints. Online petitions and calls for the boycotting of companies are now common on Twitter and Facebook, and businesses are being forced to pay attention.

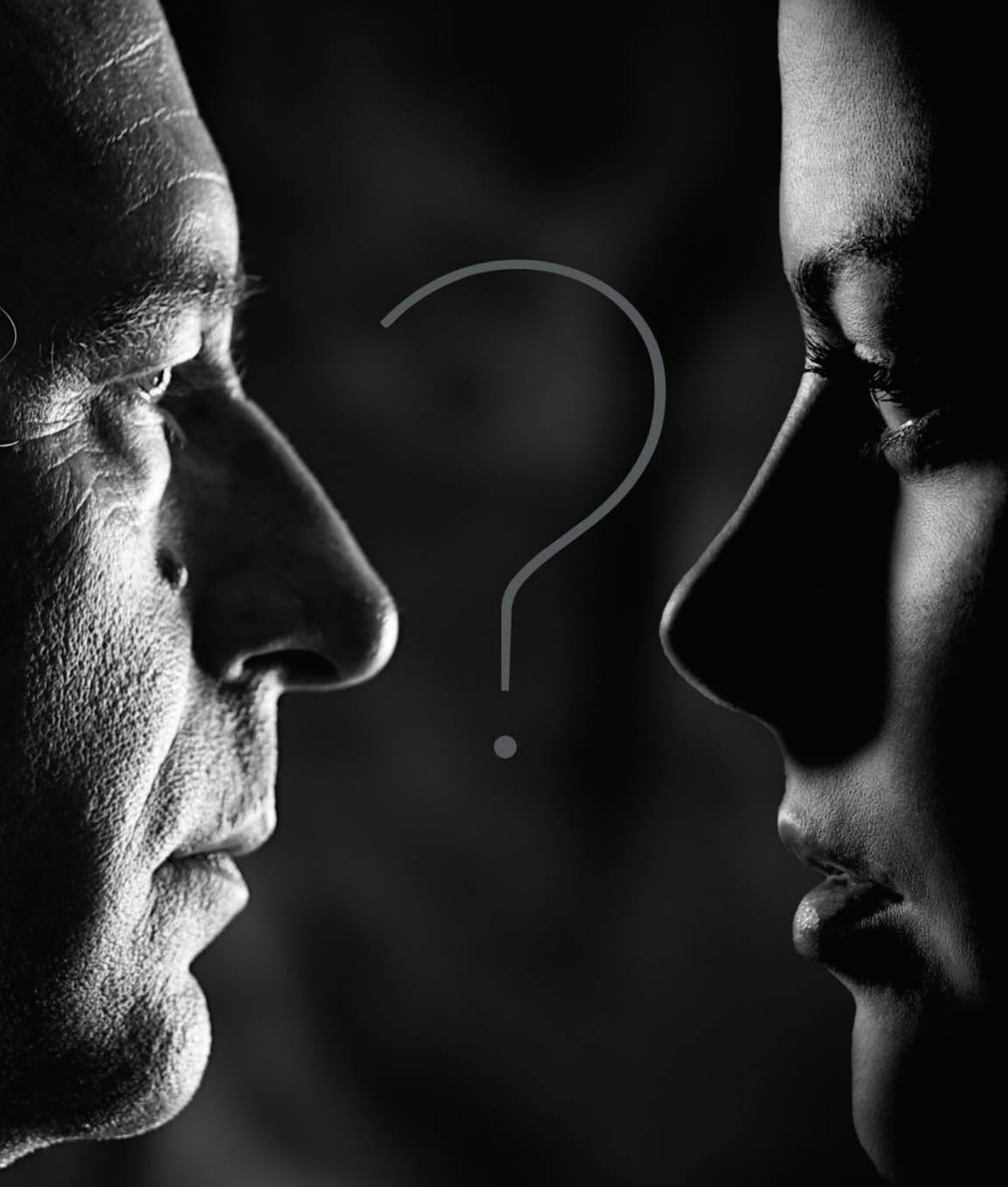
Both Starbucks and Amazon have suffered sales slowdowns in their UK operations in the past couple of years amid calls for boycotts of their products in protest at how little tax they pay.

And Ryanair's relentless pursuit of low costs and minimal customer service has finally taken its toll, with the airline suffering its first fall in profits in five years over the 12 months to March 2014.

After a stormy shareholder meeting, at which investors told of verbal attacks at dinner parties over their involvement with the airline, the abrasive O'Leary promised that the airline would change its ways. Faced by competition from its arch rival easyJet, Ryanair has introduced allocated seating, simplified its website, allowed passengers to carry a second small piece of hand luggage and even launched a Business Plus service.

In the end, of course, we do tend to get what we pay for. Everyone likes a bargain and consumers are generally happy to lower their expectations along with the price. However, we are also prepared to splash out on luxuries, as long as we get the premium quality and service to go with them.

What consumers hate most of all, whether they are shopping at Primark or Prada, is the idea that they are being ripped off ■



Generation game

It is often said that the young lack experience and older people lack energy.

But does this opinion still hold true in today's workplace, or is it time to think again?



Companies around the world have typically applied a “Goldilocks” principle to hiring: the perfect member of staff is neither too old nor too young, but somewhere right in the middle.

“A human resources cliché holds that people on the extremes of the demographic spectrum come with significant drawbacks,” says Gary Burtless, a labour economist at US think tank the Brookings Institution. “The concern is that young

workers lack experience while older employees run out of energy and drive. As a result, both have often had a harder time finding or holding on to jobs.”

But economists point to encouraging signs that such ageist prejudices are starting to change. So far, it appears to be greying workers who are benefiting most. Over the past two years, there has been a 25 per cent surge in the number of managers working into their sixties, according to recent data from the UK Office for National Statistics.

What’s more, instead of being short-changed by employers, this age cohort received larger pay rises than its younger peers – with salaries rising by six per cent between 2011 and 2013 compared with an average of 3.8 per cent for the workforce as a whole.

The picture is mirrored in the US and Europe. “The traditional German notion was that workers should be put out to pasture as young as 55, with generous pensions,” says Eric Thode, a senior expert at the Bertelsmann Stiftung Foundation. “The idea was that they should make way for the next generation, so they were offered generous pensions to retire.”

“

The opportunity to mentor new recruits can help maintain the enthusiasm of older workers for their jobs. They are also less likely to view each other as rivals, so you don’t tend to see as much destructive conflict”

Stephen Sweet, professor, Ithaca College

Coming to maturity

With skills shortages and an ageing population, however, that has been changing. The latest research from EU agency Eurofound revealed that around 10 per cent of people aged 65 to 69 remain in the European workforce, up from 8.7 per cent in 2007.

Across the Atlantic, too, companies are coming to appreciate the appeal of more mature workers. Men between 60 and 74 now earn a fifth more than

the average worker, a study by the Brookings Institution showed.

“That alone provides some evidence that more senior employees are more productive and valued,” says Burtless. “The notion that a greying workforce means lower efficiency has not been supported by the evidence.”

In particular, companies appear eager to hold on to workers with doctorates and professional degrees. In the US, around two-thirds of men and 50 per cent of women with such higher qualifications continue to work through their sixties.

By contrast, those with lower levels of education are more likely to drop out of the workforce. Just 30 per cent of students whose education ended with high school are still economically active after 62.

A lifetime's experience

So what value are these elite, professional workers bringing to their employers? Stephen Sweet, a professor at Ithaca College, New York believes that even if older workers sometimes lack the ambition and drive of fresh graduates, their lifetime of experience more than compensates.

“After so many years in a company or industry, these employees typically bring enormous institutional knowledge to bear,” he says. “They will often have a large number of contacts and will know whom to call and who will be responsive. They will know what has been tried before and failed. That means far less wasteful duplication.”

Another big advantage of grey-haired staff is that they are far more likely to have been socialised to work well in teams. “If you think about the education process, it

typically rewards individual efforts,” says Sweet. “After 30 years operating in companies, people become accustomed to operating well in groups and also leading them.”

Then there is the simple fact of reliability. “Surveys do seem to show that older workers have higher attendance rates and punctuality,” says Burtless. “That can be vital for the smooth running of a company.”

Traditional notions that this comes at the cost of creativity are also misguided, says Phil Lenowitz, a senior advisor on human resources for the US's National Institutes of Health (NIH), a government research laboratory.

“The scientists we employ to cure diseases very often achieve their biggest breakthroughs later in life after decades of work,” he argues. One notable example, he says, is Dr Neal Young, who continues to produce pioneering work on aplastic anaemia, a disease that shuts down the bone marrow's ability to make blood cells.

“Despite graduating 47 years ago, Dr Young has lost none of his imagination or verve,” says Lenowitz. “Almost half of our scientists are over 50 years old, and a tenth have passed their 65th birthday,” he says. “It is simply not true that people lose their ability to think outside the box as they age.”

Related to this, older workers bring a wealth of accumulated knowledge about their industry or subject matter. “Many companies in Germany are waking up to the idea that it is extremely wasteful to lose the library of information stored in the heads of the longest-serving staff,” says Thode. “This

“Almost half of our scientists are over 50 years old and a tenth have passed their 65th birthday. It is simply not true that people lose their ability to think outside the box as they age”

**Phil Lenowitz, senior HR advisor,
National Institutes of Health**

can be a massive asset for those companies that ensure that experienced workers are fully appreciated and used."

All of these "soft" and intellectual skills are at a premium in a modern economy, says Burtless. "The value of pure brawn has been declining," he says. "Fewer high-end jobs demand the kind of physical strength that only the young can bring. The abilities that older people can bring are ever more important."

Youth woes

The rising fortunes of the old can be contrasted with the problems faced by many younger workers. The youth unemployment rate in rich nations was 16 per cent in 2012 – about twice the rate of joblessness in the entire population – according to figures from

the Organisation for Economic Co-operation and Development (OECD). Even taking into account the number of young people choosing to remain longer in education or training, the rate of involuntary economic inactivity was about 13 per cent. In Spain, the youth unemployment rate is a massive 40 per cent.

"Of course, in some industries such as banking or technology, new graduates can be at a distinct advantage," says Mark Calabria, a financial services expert at the Cato Institute in Washington DC. "Investment banks such as Goldman Sachs can afford to wait years for employees to reach peak productivity, really understand the business and foster contacts. They want bright new things that they can mould." But in many other sectors, hiring staff straight out



of university is sacrificed when times get tough.

"Youngsters are often at the sharp and pointy end of ageism," says Thode. "There is a sense that hiring the young is more of a long-term investment than a short-term productivity boost."

There is more than a grain of truth to some of the worries about younger workers. Many can be flighty, often attempting several jobs before settling on a definite career path. That can mean that employers end up wasting resources on training and supervision.

Energy boost

Nevertheless, unless a company is in dire financial straits, shunning the younger generation can be short-sighted. A recent survey by the UK Commission for Employment and Skills found that employers prized the ease with which young people could be moulded, their enthusiasm and their willingness to learn. And UK employers are far from alone in feeling this way.

"What you get from the young is a big burst of energy," says Lenowitz at the NIH. "The enthusiasm that our new



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Many companies in Germany are waking up to the idea that it is extremely wasteful to lose the library of information stored in the heads of the longest-serving staff”

Eric Thode, senior expert, Bertelsmann Stiftung



graduates bring permeates the whole institution and has an impact on our work far beyond what these researchers actually produce themselves.” The infusion of curiosity has a reinvigorating effect on more senior workers too, Lenowitz adds.

Multigenerational teams

There are considerable advantages to multigenerational teams. “In some ways, old and young workers can work with each other extremely well, complementing each other nicely,” says Sweet. “The opportunity to mentor new recruits can help to maintain the enthusiasm of older workers for their jobs. They are also less likely to view each other as rivals, so you don’t tend to see as much destructive conflict.”

In terms of scheduling, too, employing staff in different age categories can make life much easier. “We often notice that workers start to want a different kind of work-life balance after around 50,” says Sweet.

“They lose interest in jobs that require 50 hours a week and run throughout the year. Instead, older workers often prefer positions that are more flexible.” And he adds

that younger workers are well-placed to fill in the gaps, since they tend to be more willing to work long or irregular hours.

Of course, there are also variations in the employability of young people around the world. The high levels of employment among the under-24s in Germany, Austria and Switzerland suggest that young citizens of these countries are more appealing to companies than their peers elsewhere in the world.

In Germany, for example, the level of joblessness among the young actually fell after the 2008 financial crisis – from 10.4 per cent in 2008 to 8.1 per cent in 2012, just half the OECD average.

The apprentices

“The common link here is that all of these countries have very strong apprenticeship traditions,” says Stefano Scarpetta, head of employment analysis at the OECD.

“By the time they have finished formal studies, these young people have quite a lot of experience in a work environment. That also equips them with more of the team skills that young people in other nations often lack.” Despite these variations, even in

Germany less experienced workers are still more likely to be jobless than older peers.

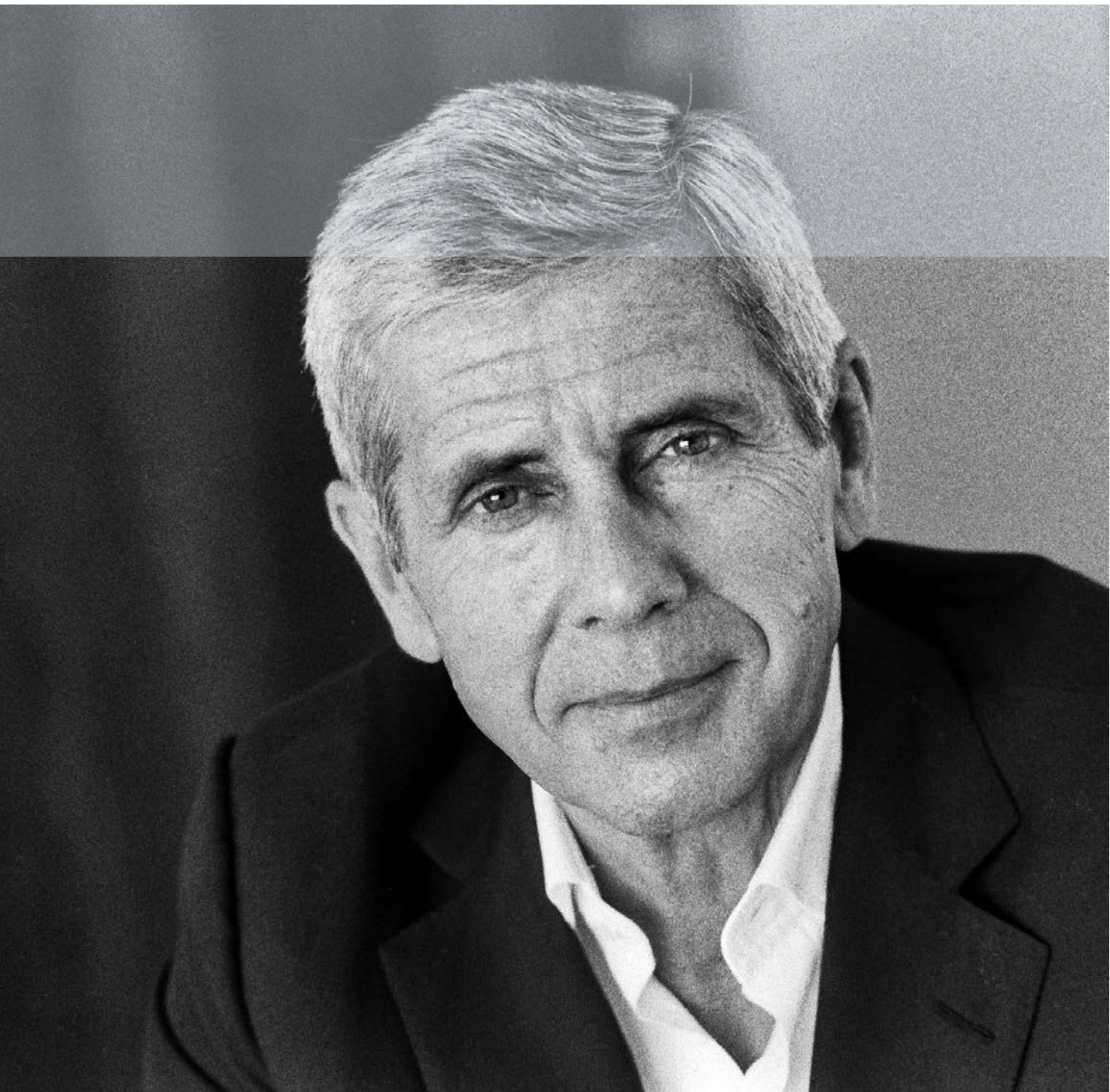
Hiring managers are likely to continue to prefer the perceived stability offered by middle-aged workers – who are thought to combine many of the best traits of young and older workers, with fewer of the deficiencies.

Still, academics and economists seem to be demonstrating that bosses would be unwise to neglect the merits of workers at either extreme of the demographic spectrum.

The degree of ageist discrimination directed against more senior workers appears to be on the wane, judging by statistics showing higher participation rates and rising pay. Recent graduates and school-leavers are far more likely to suffer from the negative stereotype of callow youth.

The evidence increasingly suggests that the healthiest and most productive workforce is one that brings together all age groups.

The French saying “If youth only knew, if age only could” is one that human resources managers should almost certainly consign to the scrapheap ■



Good works

Commercial success and doing good used to be seen as mutually exclusive.

Stuart Rose suggests that this should no longer be the case, arguing that doing the right thing is not only morally better but also commercially advantageous.

In 2006, I was in an airport looking for a book. Without much thought, I picked up *An Inconvenient Truth* by Al Gore. It contained some shocking and incontrovertible facts.

Back then, as CEO of Marks & Spencer, I felt that these facts could not be ignored. So I rented the film based on Gore's book and showed it to my 100 most senior members of staff. Their response was so overwhelming that, less than a year later, we crafted "Plan A", designed to reduce the company's carbon footprint, source responsibly, reduce waste and help staff and customers to live healthier lifestyles.

It was a bold move – not least because I said we would invest £200 million in it over five years, without passing a penny on to the consumer. Many stakeholders were unimpressed at first. But we were confident that Plan A would not just make us a more sustainable business, it would make us more profitable, too.

And so it proved. Within three years, an Ernst & Young audit showed that Plan A had added £50 million to our bottom line. We were winning with investors, customers and suppliers.

Leaders' obligations

Some company management teams may find that surprising. Some may think that they couldn't follow suit. But I think that business leaders have a moral, financial and commercial obligation to make sustainability part of their day jobs.

They need to understand that pursuing a sustainable agenda can make a difference to them personally, to their businesses and to their commercial success.

In other words, this is not something to ponder idly on a Saturday afternoon. It needs to be an integral part of the working week. Yes, in the old days, the mantra was always "The business of business is business". But that simply does not hold true any more.

Even if we take climate change out of the equation, it is almost universally accepted that there will be more than eight billion people on this planet by 2030. As such, scientists predict that we will need 50 per cent more food, 50 per cent more energy and

30 per cent more water. It's described as the "perfect storm", but I believe that businesses can and must help to alleviate it. We have to cooperate with governments, NGOs and even with each other to tackle some of the problems that the world is facing.

That probably sounds like anathema to most CEOs. We have been trained to compete ruthlessly with one another – particularly in retail. But some issues are just too big to take on alone. And no single company or business leader has the intellectual firepower, the financial firepower or the general wherewithal to do all the jobs that need to be done. So we do need to

“

In the old days, the mantra was always 'The business of business is business'. But that simply does not hold true any more”

work together – not in everything, obviously, but in certain key areas.

If two of our biggest supermarket chains cooperated on food recycling, for example, who would lose out? Nobody. The companies themselves would benefit; investors would approve of it; and customers would be agnostic at worst, delighted at best. There are so many predefined prejudices that threaten progress, but it is time to break down those barriers and recognise that the world has changed.

Trust and cooperation

These days, there are two words that business really must heed: trust and cooperation.

That may sound woolly but I truly believe it. And I am confident that if businesses work together on the issues that are too big to solve alone, and gain their stakeholders' trust along the way, they will not only be better companies, but also more commercially successful.

Trust is in short supply today. Most people were brought up to trust people in authority. But in recent years, that trust has been eroded. Business is caught up in that net. Ever since the financial crisis, it has been demonised in certain circles. Clearly, this is not a good position to be in. But now there is an opportunity to change behaviour, change the management mindset, create a more sustainable environment and improve the bottom line along the way.

Out of the top 100 financial institutions in the world, 60 are companies not countries, so business is uniquely positioned to drive change – it does not have to be painful. In fact, it should be exciting, challenging and even fun.



“ We want the world to be a better place, but we don't want it to cost us money and we don't want to be disadvantaged ”

And the point is that a lot of people get it. They understand that we need to think more creatively about how we buy stuff, how we sell stuff and how we use the world's natural resources.

When Marks & Spencer began the Plan A initiative, we wanted our suppliers to buy into the concept. But they were so diverse, both in terms of sector and geography, that it was quite a challenge to communicate with them all. So we started an open website, where suppliers could see what others were doing, exchange information and learn from their peers. Within a few weeks, one of our biggest chicken suppliers in Norfolk said that he had seen that

a bra supplier in Sri Lanka was recycling water using a particularly clever method that he was going to adopt.

He would never have found out about it without the open-access supplier website. This sort of information exchange involves trust and cooperation, but it is easy to do, costs little and produces tangible commercial benefits.

I think we need more of that kind of thinking, more innovation, more creativity and more acceptance of what is really happening in the world and what will happen if we carry on as normal.

It is not hard to understand. Kids are taught about sustainability at school, so the need to

use less water, switch off the lights and recycle is almost ingrained in them. Older people can inform themselves on the internet, and every day there is something new – be it 300,000 people marching on New York ahead of the UN Climate Summit, or François Hollande pledging \$1 billion to a climate-change fund for poor countries.

In China, too, people are waking up to the danger of denial. Young people in China care. When they look out of the window and see smog, it's a pretty graphic reminder of what's happening to their country. And they don't want to leave a legacy of destruction for their children. So they are agitating for change – and the government is responding.

Rampant consumerism

Clearly, this is not an easy situation. We live in a rampantly consumerist society. Consumers want to buy more; businesses want to sell more. Everyone wants more than they have and more than they need.

We want the world to be a better place, but we don't want it to cost us money and we don't want to be disadvantaged.

People want to wear cotton T-shirts, even though cotton is one of the dirtiest crops in the world. They want their clothes to be dyed pretty colours, even though dyeing is a hugely water-intensive process. They want to eat whatever they can afford.

We shouldn't stop them. But we can educate people – consumers, producers, retailers and investors. Communication is vital. It has already had a major impact but there is so much more that can and should be done.

On the food front, wastage in the UK has gone down by

about 10 per cent since the recession – not because people are eating less, but because they are buying better.

Wastage could be reduced a lot more and supermarkets can play a part by cutting back on the number of two-for-one offers, which often just encourage people to buy more than they need. In clothing, recycling needs to be encouraged. Everyone likes new clothes, but giving back the old ones could have a significant impact on overall usage of materials.

Innovation is essential, too. New methods are coming in to dye clothes using minimal amounts of water. Some of the best minds in the world are looking at ways to be smarter about sustainability – and I am optimistic that their work will bear fruit.

But business has to take a lead, and those CEOs who don't care about peer pressure, don't listen to consumers calling for change and don't bother to inform themselves about what is going on do not, frankly, deserve to be chief executives.

Their companies may do well for a while, but in the long term they will be exposed. Even Walmart, which is corporate America incarnate, has completely converted to the benefits of sustainability, and it has three million employees and suppliers all over the world. If that giant of consumerism can get with the programme, there is no excuse for the rest of the business world.

So I believe that businesses have a huge opportunity here – an opportunity to be in the vanguard of change, gain stakeholders' trust, differentiate themselves from the pack, drive profitable growth – and make the world a better place.

It's time to get started ■



“Some of the best minds in the world are looking at ways to be smarter about sustainability. But business has to take a lead, and those CEOs who don't care about peer pressure, don't listen to consumers calling for change and don't bother to inform themselves about what is going on do not, frankly, deserve to be chief executives”



Neighbourhood watch

Local knowledge can be extremely valuable, and small businesses have thrived on it for years. Now, large companies are trying to replicate the personal touch using data analytics.

The siren song of Big Data, with its promise of unprecedented knowledge and customer understanding, is seductive. It is unsurprising that businesses – from corner shops to multinationals – are falling for this new beast's charms, eager to exploit the latest technology in their quest for growth.

But it remains unclear whether the explosion in IT capability delivers unprecedented success or simply engulfs companies in a sea of meaningless figures and formulae. To sceptics, algorithms and software that crunch reams of numbers can seem abstract and impersonal. Enthusiasts, however, say that IT can help to create an individually tailored experience for specific audiences.

Dr Olly Downs, chief technology officer at analytics firm Globys, believes that any type of business can benefit from using data science. "There's a place for data in any business that wants to grow, expand and be successful," he says. "Technology has come a long way and data can now be used by all types of businesses, big and small. Their competitors are doing it, so companies that aren't put themselves at a disadvantage."

The numbers speak volumes. The worldwide market for

Big Data is projected to reach \$30 billion this year, and to more than double – to \$76 billion – by 2020, according to consulting firm Signals and Systems Telecom. But simply using data is not enough; it needs to be exploited.

Exploiting Big Data

Supermarket chain Tesco, one of the earliest to pioneer Big Data, began collecting customer data via its loyalty programme, Clubcard, as early as the 1990s. Now, this card provides details on two-thirds of all shopping baskets at Tesco.

However, the food retailer had to draw on the resources of customer-science specialist Dunnhumby to maximise the benefits of this knowledge. Together, they broke customers down into different groups, tailoring mailshots and vouchers to each group. At that point, Tesco saw its coupon redemption rate skyrocket from three per cent to 70 per cent. The group also used the data it collected to launch new product lines, such as Tesco Healthy Living for health-conscious customers and Tesco Value for the price-sensitive.

Coffee giant Starbucks also tries to engage more productively with customers through data. It uses an in-house mapping and

business-intelligence platform known as Atlas to target local promotions.

In the southern US, Starbucks uses demographic information about the number of local smartphone owners in order to target its app-based discounts. In Memphis, Tennessee, for example, it has used weather forecasts to predict when temperatures would surge, and timed a local promotion of its icy blended Frappuccino beverages to coincide with a heatwave in the area.

The company is also taking advantage of data on local patterns to implement its Starbucks Evenings programme, which adds beer and wine to menus in certain stores after 4pm. To establish the best stores in which to pioneer the initiative, Starbucks looked for areas with high local spending patterns and large numbers of people who drink wine away from home.

Online businesses also use data to help customers on a local basis. PetrolPrices.com collects data on fuel prices throughout the UK via fuel-card users, registering what type of fuel has been purchased and how much it cost with every transaction. The site uses this information to update its database of 10,961 petrol stations, providing



“Fromagerie Céneri in Cannes noticed that there was a local hankering for more traditional French cheese, and attributes its success to providing for local palates and feelings of cultural pride”

a staggering 8,000 updates every day. Users can then input their postcode or town to find the lowest petrol price in their area.

Even IT's most avid supporters acknowledge that, used in isolation, advanced technology is an insufficient substitute for local knowledge. Starbucks used Atlas to determine where to open branches in China, but that would not have worked without information provided by local partners on the ground.

Local heroes

One way that businesses can forge connections with local consumers is to source unique local products. They can also attract custom simply by investing in local communities.

Fromagerie Céneri in Cannes, France, is one of only two cheese-mongers left in the resort town. It faces an uphill battle in a country where EU regulations have reduced the prevalence of raw-milk cheeses and facilitated the ascent of large manufacturers

which import cheap milk in bulk. Ninety-eight per cent of the cheeses stocked by owner Hervé Céneri are made with raw milk, and many are sourced from nearby producers such as Sébastien Paire, who cultivates sheep's milk cheese in the hills overlooking Nice. Céneri noticed that there was a local hankering for more traditional French cheese, and attributes his success to providing for local palates and feelings of cultural pride.

In Spain, luxury brand Loewe established a training facility for leather technicians in Getafe, near Madrid. The site employs 430 people and Loewe hires a number of the artisans once they have been trained. While some luxury companies have outsourced their labour overseas, Loewe has integrated itself into the local community both physically and economically. The move has been well-received locally and more widely across Spain.

“Geography is not dead,” says Dr Terry Babcock-Lumish, assistant

professor of economics at West Point and president of Islay Consulting LLC. “If you speak to the importance of connectivity in real time, in a much more textured way, that's something that I would never underestimate. In other words, there's no substitute for buzz. Whether that's hearing about a new restaurant at work, at your gym, or at a dinner party, people want to be where the action is.”

Creating buzz

In a world where consumers increasingly tweet, Instagram and Facebook their daily lives, social media is a major conduit for buzz and offers a way for businesses to engage personally with consumers when a face-to-face exchange might not be feasible.

“People want to feel known; they want to feel connected,” says Downs. “They want to think that a company cares about them personally.”

Gary Crocker, owner of Mr H's Tea Shop in Hitchin, Hertfordshire, personally responds to every review of his shop on TripAdvisor, thanking customers for visiting and encouraging them to return. The shop is ranked first among 120 restaurants in Hitchin on the site, which serves as a place for potential customers to check in with the collective word of mouth and add their own views.

Greenfinch Graduations in Liverpool, a graduation-planning service for the families of international students, uses Pinterest to share local knowledge about hotels and activities with clients. The company uses the site to share graduation tips with families – transportation, for example. In this way, founders Julie Truman and Rebecca Mortby can use their

local knowledge and interact directly with clients despite the geographical distance.

While the personal touch is invariably beneficial for companies' bottom lines, Downs cautions that it can be a double-edged sword when Big Data is involved. "I think the goal is to be able to achieve that intimate feeling without being creepy," he suggests.

Indeed, "creepy" was the adjective used by some to describe an instance of personalised marketing by American retailer Target. In 2011, a Minnesota man complained at his local store because his teenage daughter was sent coupons for baby clothing and nursery furniture despite only being at high school. Target's data analytics had determined that the girl might be pregnant based on her recent toiletries purchases. (When the store manager called the man to apologise a few days later, he was contrite: it turned out that his daughter was indeed pregnant, and had not yet shared the news with her father.)

Excessive intrusion is always a worry with data analytics, but companies can try to allay consumer privacy concerns by offering benefits in exchange for data. This allows consumers to feel informed and in control and as if they are getting something in return for sharing.

Small benefits

For smaller companies, too, data technology can prove beneficial – providing they know how to use it.

Steve King, partner at Emergent Research and co-author of *The New Data Democracy: How Big Data Will Revolutionize the Lives of Small Businesses and Consumers*,

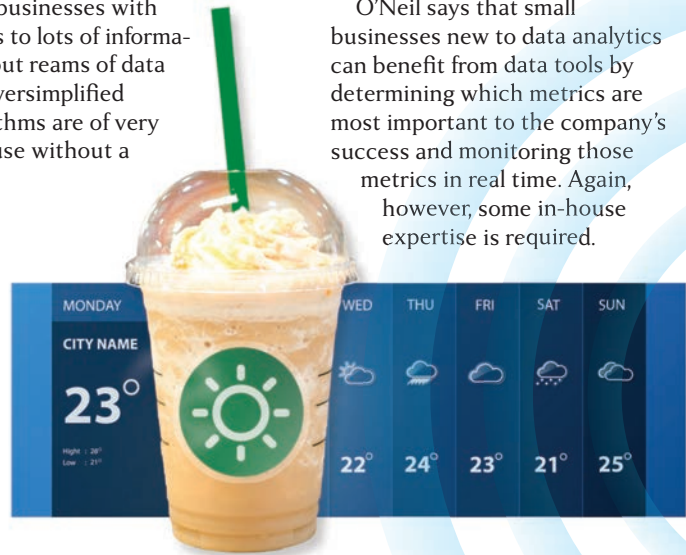
believes that collecting basic data is easier and less costly than many businesses think.

"Too many companies don't collect data that's easy to collect," he says. "Most point-of-sale systems have options built into them to track data, so often companies just need to take advantage of those tools."

Such tools can provide small businesses with access to lots of information, but reams of data and oversimplified algorithms are of very little use without a

seem to be," says Dr Cathy O'Neil, data scientist and director of the Lede Program in Data Practices at Columbia University. "One of the biggest difficulties is that if you don't actually know how to judge the quality of your algorithms – especially if you are ignorant of what you're really doing – how are you going to judge whether what you've done is a success?"

O'Neil says that small businesses new to data analytics can benefit from data tools by determining which metrics are most important to the company's success and monitoring those metrics in real time. Again, however, some in-house expertise is required.



“Starbucks used weather forecasts to predict when temperatures would surge, and timed a local promotion of its icy blended Frappuccino beverages with a heatwave in the area”

solid understanding of data science. And more complex software functions such as algorithm options can be useless or even counterproductive in untrained hands.

"You can have a lot of data, but if it's not the right data and if you're not asking the right questions, it probably won't get you very far. The data-science tools are not easy, even if they

More broadly, both data technology and local knowledge can help businesses to succeed and connect with consumers. In both cases, however, genuine understanding is crucial.

As O'Neil points out: "People either tend to over-hype Big Data or under-hype it, and I think that both are mistakes. I'm just hoping we can get to a reasonable place." ■

A man in a dark blue suit, white shirt, and red tie is sitting on a light beige armchair. He is smiling and looking towards the camera. He is holding his right foot with his left hand. The setting is a modern office with large windows covered by horizontal wooden blinds. A floor lamp with a white shade is visible in the background. The floor is made of light-colored wood. The overall atmosphere is professional and relaxed.

The quiet revolutionary

François Davy started out selling cheese in rural France. Now he is leading the consolidation of the French property services sector at Bridgepoint-backed French property firm Foncia.

“Management is all about ambiguity,” says François Davy, 58, chief executive of Foncia. “Nothing is black and white; there are always some shades of grey.”

Davy has strong views on this topic, particularly with regard to companies such as Foncia. “We have 7,500 employees and more than 500 sites,” he says. “If I simply manage by enforcing my will, we will create a very rigid and controlling organisation, increase complexity and create a demotivated workforce.”

“So it is essential that we have the right people at all levels of the business, and that those people have a degree of freedom and flexibility. In other words, we need to empower people – within a framework – but they need to be able to make independent decisions. Because if you have the right people motivated and empowered at the lowest level of the organisation, then you win.”

Foncia has two principal divisions: it manages properties on behalf of individual landlords – lease management; and it manages the common parts of tenanted buildings – property management. The business is primarily based in France, where it is a market leader, but it also has a presence in Belgium and Germany.

“Money is never sufficient motivation, at least not for the longer term. You need to motivate people in other ways, make them feel that they matter”

Highly decentralised, the group is effectively composed of around 150 mini-companies, each with its own CEO and management team. Customers are primarily individuals, rather than corporate clients, and they are spread far and wide.

“One of my favourite sayings is, ‘There is a big difference between a map and the territory on the ground,’” says Davy. “So you have to allow local managers to manage. You can, and should, help them to make decisions, but you should not decide on their behalf.”

Boosting morale

Davy was appointed chief executive of Foncia in January 2012, just a few months after the company was acquired by Bridgepoint. “It was founded by a charismatic entrepreneur and, after he left, the business rather lost its way. Staff felt very demoralised and had no appetite for growth,” says Davy.

He swiftly set about trying to boost morale. “One of the first things I did was tell managers: ‘No one is perfect. I am not from your sector and I guess you are very sceptical about me; but I believe we can do great things together.’”

At the time, Davy was fresh from a leadership role at the human resources group Adecco.

Regional head of the company, in charge of France, India, Switzerland, Africa and the Middle East, he somehow found time to write a book on employee relations, *Une Société heureuse au travail*. He was also awarded the

Chevalier de la Légion d’Honneur, the highest decoration in France. “I found out afterwards that I had been recommended by Antoine Veil, the husband of Simone Veil, one of our most respected politicians and a champion of women’s rights,” he says.

“I was surprised and proud. I received it because of work I had done to boost employment among young, unqualified French kids. But I told my children that they should never do something because of the return that they might get from it but because of the return they might provide for others.”

Concern for the wellbeing of others is a constant theme in Davy’s management philosophy, both because he believes it is right and because he believes it delivers the best results.

As part of this approach, Davy ensures that he spends one day a week visiting Foncia’s many offices.

“The most important person is the host at the entrance. They are the ones who first make contact with the customers and they can really make a difference. I have given all the hosts business cards, and their job title is ‘Responsible for First Impressions’. They receive proper training and I have told their managers to make sure they are treated with respect,” he says.

The traditional business mantra holds that the customer is a company’s most important stakeholder. But Davy has other views. “We have 1.3 million customers and pleasing them is our mission, but when I first joined Foncia I said that we would not be a customer-oriented company.

“People were surprised, but I explained that first we must become an employee-oriented

company – because the only way to please your customers is to make sure that your employees are pleased, especially in a decentralised organisation and especially when you have such a large customer base,” he says.

Building on this theme, Davy initiated an employee satisfaction survey earlier this year.

“One of the things that I am really pleased about is that levels of employee satisfaction are high – at 85 per cent, compared with an average of around 65 per cent in France.

“Also, levels of pride in the organisation are high – at about 80 per cent. I want to take both scores higher, of course, and we are also paying attention to key elements of the survey.

“People asked for more training, so we are putting that in motion; and they asked for better communication about job opportunities, so we are doing that too,” he explains.

Opportunity online

In property management, as with many other sectors, the internet has wrought dramatic changes over recent years. People invariably look for rental properties online and they will use the

internet to source property management services, too. Some older companies view this evolution with fear. Davy takes a different view.

“The impact of the internet on our sector is a challenge, naturally, but it is also an opportunity. At Foncia, we really believe that the internet can advance our business. We recently bought two start-ups, for example, and we are going to keep them independent. In that way, we can learn what they do better than us and, crucially, what we do better than them.

“If we can take the power of the internet while providing what it can't replace, then we should have the best of both worlds. So we need to make sure that we are as simple and fast as the internet-based companies with that little extra they don't have: people,” he says.

Davy's time at Foncia has coincided with a period of stagnant economic growth in France. Nonetheless, he has delivered against the business plan devised when he arrived and he expects to continue expanding the group both organically and through acquisition.

“Our job is to take advantage of difficult conditions and widen the gap between our competitors and us. We are reinforcing the rigour and robustness of our operations and increasing our efficiency without reducing the number of customer-facing staff,” says Davy.

One important initiative centres on the consolidation of sites in larger towns. “We have 20 strategic areas, which are the largest cities in France, and here we are merging several sites into one because this drives efficiency, harmonises business practice and raises the quality of our operations. Outside these areas, we are keeping our sites unchanged,” explains Davy.

Foncia is also on the acquisition trail, completing 10 transactions last year, including a reasonably substantial one, and on course to add another 20 in 2014, with a similar number planned for next year.

“We have always been an acquisitive business but the deals we are doing now are bolt-on acquisitions of small, independent entities. In each case, though, the most important point is the quality of the management team, so once we make an acquisition, we need to keep the people. And that's another reason why employee satisfaction is so important at Foncia,” says Davy.

“Money is never sufficient motivation, at least not for the longer term. You need to motivate people in other ways, make them feel that they matter,” he adds.

Having trained as a food engineer, Davy's career has spanned many different companies, including Danone, Motorola and the French mail service Le Groupe La Poste.

“My first job was selling cheese for the company Bel. I had just qualified as an engineer and I was very arrogant. I was also pretty bad at selling. But that job taught me the importance of training and motivation,” he says.

He remains highly motivated to this day. Foncia may be the leading

“We have 1.3 million customers and pleasing them is our mission, but when I first joined Foncia I said that we would not be a customer-oriented company. People were surprised but I explained that first we must become an employee-oriented company – because the only way to please your customers is to make sure that your employees are pleased”

“ I’m not impressed by people who say something is impossible. I would point them to the Chinese proverb which says, ‘It is not because it is difficult that we don’t dare; it is because we don’t dare that it is difficult’”

property management group in France, but it has a market share of just 13 per cent, so there is plenty of potential for growth. Davy is also keen to expand in Germany, where the rental model is quite similar to France.

German expansion

“We want to grow the German business and it’s largely about getting bigger in the cities where we already have a presence, rather than casting our net across the whole country,” he says.

Back home, Davy has wide-



Name: François Davy

Age: 58

Education: Nantes, France

First job: Selling cheese in rural France

Family: Married twice, with six children aged one to 34

Car: Dark blue BMW Series 5

Interests: Family, cycling and opera

Biggest achievement: I’ve cracked the code on various occasions during my career

Biggest regret: That I am unable to play a musical instrument

Ambition: I’d like to leave Foncia in a better place than when I arrived

-ranging ideas about expansion possibilities. “My vision is to increase the number of services we provide to customers. At the moment, property management is about managing the common parts of a building. But it could be extended to insurance, security and the creation of communities within blocks of flats.

“We know most of the residents in a building so we can, for example, say that a retired person on the third floor could look after

the kids of working parents on the fifth floor. Or the young woman on the second floor could offer IT assistance to the older residents in the block. In other words, our role could evolve from property management to community management,” he suggests.

This may sound whimsical to hard-nosed observers but Davy has this response: “I’m not impressed by people who say something is impossible. I would point them to the Chinese proverb

which says, ‘It is not because it is difficult that we don’t dare; it is because we don’t dare that it is difficult.’”

Davy is a humble man; quietly spoken, thoughtful, but not afraid to challenge accepted wisdom, he has brought about significant change at Foncia.

“Hopefully in the right way,” he says. “People tell me the style is new, but they like it. They feel respected and the results are coming through.” ■

Bey



ond the pail

Increasingly popular in the corporate world, the “bucket list” can take many forms. Compiled poorly, it can be worse than useless; properly thought out, however, it can become an inspirational tool for chief executives and company stakeholders.



The term “bucket list”, meaning a list of things to do before you die, joined the business lexicon quite recently, but it derives from the much older phrase “kick the bucket”. A slang term for passing away, this almost certainly originates from a medieval hanging method where the condemned, a noose around their neck, stood on a bucket that was then kicked away. Now, the bucket-list concept has expanded to include a set of goals that need to be accomplished within a certain time period.

So what should a CEO have on his or her bucket list? Of course, in some senses it is highly company-specific. It is unlikely, for example, that the medium- to long-term goals of Apple CEO Tim Cook are the same as those of Bob Dudley, the CEO of BP. Yet there are common threads that run through the goals of CEOs, which can translate quite easily between sectors and organisations.

In 2013, a number of US CEOs revealed their goals to *Forbes* magazine. Probably the most notable list belonged to Walmart CEO Bill Simon, who said that the company wanted to reinvest in

American manufacturing, spread the message that its jobs could lead to high-quality careers and employ more veterans. This was widely praised at the time – and with good reason. It was a short list that was easy for anyone to grasp, and the items on it either addressed problems that the company had or were laudable long-term aspirations. Moreover, the goals are easy to quantify.

Specialists suggest that one way to compile a bucket list of executive goals is to start with a more traditional “to-do” list. US consultant Jay Niblick advocates a practical approach, using not one but three imaginary buckets.

“Rather than simply writing down a list of stuff you need to get done, you should start by writing down your greatest strengths and weaknesses, and your job title,” he says. “You then write down all the tasks that you think need doing, no matter how trivial. You put these in one bucket. You then label another bucket ‘me’ and a third bucket ‘not me’ and imagine which tasks you should put in which, based on your talents and the fact that you are the CEO. When you’re finished, you have your bucket list.”

Niblick also advises removing as much as you possibly can from your list to avoid the “do-everything trap”.

Keep it simple

Many management consultants agree, pointing out that chief executives should normally try to spend as little time on details as possible. Instead, they need to look at the big picture and focus on things that are either vital to the company mission or that no one else can do. But this is only half of the story. Bill Simon’s to-do list, for example, was not so much a list of things that needed doing – it was more a list of goals with a strong aspirational element. Moreover, it was very short.

The reason why brevity is so important is simple: most people struggle to focus on more than three goals. Moreover, many will struggle even to remember more than three goals. So bucket lists should be as short as possible – especially if they are being used as a call to arms for staff or other stakeholders.

If you are going to have only three goals, however, they need to count.

“You might talk to partners, colleagues, a mentor or a coach,” says time-management and productivity coach Clare Evans. “Your goals need to be realistic, both in terms of what you can achieve and the time available.

“It is also important to align your goals with your corporate cultural values,” she adds. “This may sound obvious, but if you find yourself working against those values it can be very difficult.”

This is one reason why executives should be wary of using the goals that have worked

for others without adapting them to their own organisation. It would, for instance, be better to say: “We want to dominate our

segment of the consumer device market,” than: “We want to launch the next version of the iPad.”

It is also essential to think about where you and your organisation are, where you want to go and how you might get there. The goals have to be compatible with your business, because you will need to take people along with you.

Whole Foods CEO Walter Robb, for example, says that he wanted to look at holistic growth and that this means opening in disadvan-

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Most people struggle to focus on more than three goals. Moreover, many will struggle even to remember more than three goals”

taged areas, including Detroit. This goal plays perfectly to the company’s ethically engaged customers and employees. So it is an easy sell – and headline-friendly, too. It also strikes the right balance between being inspirational and being achievable. Again, this is important: aim too high and you set yourself up to fail; aim too low, and you’re seen as plodding and prosaic.

This summer, AstraZeneca CEO Pascal Soriot announced a sales target, much of which would come

Goals to consider: A bucket-list pick and mix



from drugs that were still in the pipeline. Some analysts were unimpressed, describing it as a “wish list”, rather than a credible target.

Measurable goals

Nonetheless, Soriot's goal (in common with all financial goals) had a couple of desirable characteristics – it could be measured and it had a timeframe. “We want to increase our market share by 20 per cent by 2015” or “We want to expand into Asian markets this year” may not be the most exciting goals in the world, but they are better than the vague, “inspirational” bromides many organisations trade in, such as: “We want to make the best clothing in the world.” These are,

in practical terms, both meaningless and unachievable.

Goals should not just be measurable as absolutes, either, says Evans. Rather, you should be able to chart your progress towards them. “They need to be measurable in an incremental way and you should review them regularly,” she explains. “This ties in to what you are doing and can be a great motivator for both you and those you lead, as it gives the feeling of progress towards a goal.”

Executives also need to think carefully about the positives and negatives of announcing a list of goals publicly. This effectively makes the public your accountability partner. While in theory this makes you more likely to deliver, it also means that if you don't deliver – perhaps through no fault of your own – you are liable to be blamed by the public. So for some goals it

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Goals should not just be measurable as absolutes. Rather, you should be able to chart your progress towards them”

might be better to have a private accountability partner.

Either way, the psychological importance of making a list, whether it's a bucket list, a to-do list or a list of any other kind, is undeniable. In his book *The Profitable Consultant*, Niblick suggests that a good bucket list is “not what you need to before you die, but what you need to do before you kill yourself”.

In many ways, a bucket list forces you to think about where you are, where you need to go, the effort involved, what is optional and what is not. It makes you consider the right balance between inspiration and realism and whom you answer to – whether it's the public, your board or one other person.

In fact, it doesn't even need to be anyone. Just knowing that the bucket list is there – and feeling answerable to the list itself – makes it more likely to get done ■

Something idealistic

- * Business is not only about the bottom line. What are your goals in terms of corporate social responsibility?
- * What can you give back?
- * What causes should you be supporting, and how can you be a better part of the communities in which you operate?

Something prosaic

- * You are running a company, not a dream factory.
- * So have a business-like goal that's rooted in hard, measurable metrics and appeals to your investors.

Something personal

- * It's not just about the business.
- * What about you?
- * Where do you want to be in three years' time?
- * How do your own goals align with (or diverge from) your organisation's?

Exporting knowledge

The business services sector is growing faster than almost any other in Europe, and many firms have developed unique intellectual property. This expertise is fuelling demand not just at home but across the world.



For the past 15 years, business services have been growing more than twice as fast as the average of all other EU sectors. European business services firms are now leveraging their knowledge into international markets”

Which is better: an economy based on services or one based on nuts-and-bolts manufacturing? The merits of each have been hotly debated for decades. Now, however, a third way is beginning to emerge.

Manufacturing has certainly picked up in recent years, but the majority of Europe's growth no longer comes from physical assets – machines, buildings and manual labour – but from ideas, knowledge and people's skills.

Today, professional and business services are leading the recovery in many European economies. These knowledge-intensive sectors are not only experiencing strong growth at home; they are also leveraging their know-how to expand into global markets.

From stuff to fluff

The growth in business services is part of the trend that economists define as the “dematerialisation” of economic activity, where consumers – whether corporate, government or individuals – shift from buying “stuff” to buying “fluff”.

A report published last year by the Peterson Institute for International Economics shows that, measured in gross terms, physical, tangible goods shipments dominate trade as much as ever, accounting for 80 per cent of world exports. But, measured in value-added terms, the importance of goods trade has fallen from 71 per cent of world exports in 1980 to around 57 per cent today, thanks to the growing significance of knowledge-intensive business services. So, for example, much of the value of a

smartphone lies in its design and engineering, rather than its components and manufacture.

A separate study by the McKinsey Global Institute estimates the value of “knowledge-intensive” trade at more than \$12 trillion – close to half the total value of trade in goods, services and finance. Growth in recent years has also been powered by the appetite for outsourcing IT and business processes. “Changing competitiveness conditions are leading to an increased emphasis on the capacity of firms to innovate and take advantage of core competencies and knowledge, resulting in a growing trend of firms outsourcing business services,” explains Professor Robert Huggins, chair of economic geography at Cardiff University and founder of the European Competitiveness Index.

Outsourcing is a key pillar of growth, but this is underpinned by a growing need for innovative, service-based technology and business solutions. “There is increasing evidence that, alongside the technology and business solutions possessed or created by firms internally, the knowledge accessed from external services firms is a key factor underpinning innovation processes and heightening demand,” says Huggins.

In Europe, business services account for almost 12 per cent of GDP, and according to the European Commission one in eight jobs is in business services.

For the past 15 years, business services have been growing more than twice as fast as the average of all other EU sectors. Within this universe, opportunities are now presenting themselves for

European business services firms to leverage their knowledge into international markets.

“There are numerous opportunities in emerging markets for those European business services firms that are able to adapt their services and get a foothold as these economies become more knowledge-intensive,” says Professor Andrew Jones of City University. “There are also opportunities in Japan, as the economy debates the need to be more outward-looking in its approach to business processes, internationalisation and management strategy. The same is true in many of the emerging economies and in some older but less open economies such as Brazil and Colombia.”

No guarantees

But Europe's position as a world leader in business services is not guaranteed. The global knowledge economy is becoming ever more competitive, with countries around the world investing in their knowledge bases and education systems on an unprecedented scale.

There are practical challenges, too, ranging from cultural and linguistic barriers to more general international trade barriers. Although overall trade in business services has increased over the past decade, many countries still impose restrictions on European exporters.

Logistically, business services are not as easily exported as other assets, as they tend to involve complex movements of people, knowledge and information. Staff may need to be located overseas; adequate transport and communications links are required between Europe and target countries; and

intellectual property has to be protected.

“The main challenges are threefold,” says Jones. “Foremost is market access – knowing the market and gaining the social networks on the ground in another economy, where it is often down to key people and personal relationships. This is hard for many business services firms, and recruiting the right kind of staff is key.

“Secondly, there is growing domestic capacity in some of the fastest-growing economies, for example China, which will erode more routine business services. Foreign firms are at a disadvantage given the social nature of delivering business services in different national contexts.

“Finally, there is the need for local staff or, even better, intercultural staff in overseas markets who can both understand the domestic context but also articulate the values and strengths of the European firms' services.

“I think the winners will be those firms that can adapt, tailor their products to local market needs and make use of locally knowledgeable staff to do that.”

Develop and invest

According to Christopher Brackmann, director at Bridgepoint, the key to success for European firms is developing and investing in each of the building



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Christopher Brackmann, director, Bridgepoint

blocks of their business services. “European companies cannot rely solely on their reputations and history,” he argues. “They need to invest and innovate to maintain their competitive advantage – whether that means moving further into digital delivery, becoming more efficient or investing in their people.”

One of the business services companies in the Bridgepoint portfolio is Cambridge Education Group (CEG), which, with more than 4,000 students in the UK, the US and the Netherlands, has grown to become one of the largest international schools groups in Europe. The company operates from both its own schools and from “Foundation on Campus” courses, which are based on their partner universities' campuses.

“CEG is an attractive platform in the space, with a scalable business model to source,

Far from complacent

Another Bridgepoint portfolio company that is innovating to maintain competitive advantage in business services is LGC. An international life science measurement and testing company, it provides analytical testing products and services to a range of end-users, including many firms in the pharma-

ceutical and bio-agriculture industries.

Headquartered in London and employing more than 2,100 staff, including 200 PhDs, LGC serves more than 20,000 customers in over 150 countries. The group has a global sales network and operates from laboratories in 22 countries, including the US, India, China and Brazil.

LGC is far from complacent, investing heavily in its product,

service and IP portfolio. The group develops up to 1,000 new reference standards per year, has launched the fourth generation of its proprietary genotyping technology and has developed a portable on-site DNA-testing device. "It has invested in state-of-the-art infrastructure, opening the largest genotyping lab in Europe and investing in knowledge management and

idea generation through the online i-know portal and science clusters," says Bridgepoint's Christopher Brackmann. "It has also been investing in its salesforce and e-commerce platform to capture opportunities around the world as global health-and-safety standards continue to increase."



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Professor Andrew Jones,
City University

administer and educate students and aid their progression to higher-education institutions in the West," explains Brackmann.

"The group is well-diversified, with its students recruited from around 100 countries via a global sourcing network of agents. It focuses almost exclusively on international students, which is a double-digit growth market."

Since Bridgepoint's acquisition, the strategic focus at CEG has been to accelerate growth, especially in the US. Examples of how CEG is innovating to maintain competitiveness include building a brand new campus in Boston, which will be an international student-only boarding school to prepare applicants for the US education system.

"It is also expanding its existing proposition and building scale,"

explains Brackmann. "Two existing schools in the UK are being expanded; the company is continuing to build partnerships – for example, with the State University of New York – as the US pathway market is opening up; and it is continuing to attract the best teachers and academics."

There are, of course, macroeconomic factors that lie outside individual firms' control. The latest attempts by the World Trade Organization (WTO) to liberalise trade further have been thwarted by more protectionist countries, and intellectual property is one of the nettles that the WTO has yet to grasp. But the European business services firms that are now focusing on becoming more innovative, agile and efficient will be those which benefit when the trade barriers finally fall ■



Game over

Children frequently dream up challenges or dares for their friends – and foes. But why are grown adults now doing the same? Katie Roiphe, professor of journalism at New York University, tries to solve the mystery.

It has been a little surprising to see fully grown, otherwise dignified adults succumb to the seductions of a glorified social-media chain letter. In recent months, Facebook has been cluttered with busy professionals taking the “ice-bucket challenge” or responding to the call to list “10 books that changed your life”, and nominating their equally busy professional friends to do the same.

Ostensibly, the purpose behind the ice-bucket challenge was to raise money for research into amyotrophic lateral sclerosis (ALS), also known as motor neurone disease, but the craze seems to go beyond simply writing a cheque for charity. Very respectable people seemed unusually eager to get wet and publicly challenge other people to do the same. Former president George W Bush stated: “I do not think it’s presidential for me to be splashed with iced water, so I am simply going to write you a cheque,” just before his wife, Laura, doused his head. Afterwards, he nominated: “My friend Bill Clinton.”

One sees partners in law firms, famous writers and top financiers standing fully clothed and having water poured over their heads – or tagging people to list 10 books that have changed their life.

I understand why 10-year-olds go in for this type of thing: the thrill of being “nominated”; the frisson of power in nominating others; the drama of *not* being nominated by someone you would like to be nominated by; the sheer ritualistic, childish celebration of even having friends at all. But why do grown-ups want to tag and nominate their friends? It is as if you have turned a corner in the city and, suddenly, men in suits and women in heels are playing hopscotch on the street.

How do you choose who to nominate? If you nominate one friend and not another, does that mean you like one more than the other? Or if you are nominating them to pour a bucket of ice on their head does that mean you actively *dislike* them and subtly want to see

them humiliated? These are exquisite new etiquette questions that must emerge from all this tagging and nominating.

“It’s kind of sad,” one of my graduate students told me, referring to the spectacle of these “old” people tagging their friends in challenges on Facebook. “They are kind of proving to themselves that they still have friends.”

“Do we really care whether someone is grateful for a hot latte in the morning?”

Ah, the cruelty of the young... and yet, well, it does seem like tagging and nominating others for challenges is a way of recreating the

feeling of the school dining hall and the sense of a broader vibrant community, of humming camaraderie, when really most of the time you are just working into the night, communing with your smartphone or texting your partner about what to buy for dinner. “I have friends,” you are saying to the universe. “I have friends!”

There are, hearteningly, people fighting back. When nominated, actor Patrick Stewart silently wrote a cheque, took an ice bucket, stared at it for a moment, slid a glass next to it, removed a few ice cubes with tongs, poured whisky into the glass and silently toasted his viewer; he tagged and nominated no one. Ice-bucket challenge, RIP.

And then all of sudden the “gratitude challenge” crops up, where for three days in a row you name three things you are grateful for and then tag other people to perform the same inane exercise. Stripped of the ostensible charitable justification of the ice-bucket challenge, and the intellectual frisson of the “10 books” challenge, this one is just about playing the group game. It has a slight self-help nuance of improvement and mental health, but is really just an empty performance of yet more childish narcissism.

Do we really care whether someone is grateful for a hot latte in the morning? No doubt when this one dies down there will be another excuse to tag and nominate – another game or list or dare to indulge in yourself and inflict on others. I suppose EM Forster would say, “Only connect.” ■

