

Talking Business: John Lewis boss Andy Street

19th January 2012 – Marc Reeves – TheBusinessDesk.com



In the latest in a series of 'Talking Business' interviews, Andy Street, chief executive of John Lewis, chats to the publisher of TheBusinessDesk.com Marc Reeves, and KPMG Midlands regional chairman Steve Hollis.

ANDY STREET'S mantra seems to be 'decide on your plan and stick to it'.

As chief executive of John Lewis, the retail giant which is famously owned by its staff, his plan seems to be working, with a new flagship store planned for Birmingham and an ambition to dominate the market nationally – and even to take on Amazon.

In a wide-ranging conversation with TheBusinessDesk.com, the ebullient retail boss - who is now also the first head of Birmingham's Local Enterprise Partnership – lays out his vision for 'JL' as he refers to it, and lays down some challenges to critics of the LEP.

Mr Street was taking part in the Talking Business series of interviews with the region's top business figures, which is run in conjunction with KPMG.

So how does being single-minded about a plan fit with the co-operative ownership model of the John Lewis Partnership, which many assume could assume too 'fluffy' for the kind of leadership style that Street describes?

"It's a very common misunderstanding of the JLP business model. Many have thought it's a nice soft, cuddly quirky model but I hope we've demonstrated over the past 10 years that yes it's a very decent, honourable and caring business, but it's also one that's very hardnosed.

"The whole point about sticking to your guns is that our model with its ability to invest for the long term and lack of accountability to an immediate set of city shareholders means that you can do that.

"Ultimately our model will be judged by its long term financial results, which is why I argue it's a more sustainable business model and even a better business model than others.

But why hasn't it been emulated if it's so good?

"I think that's mainly down to its history and how it came about, which suggests you probably need to start a business with the co-ownership model in place, rather than change from one model to another. The exciting thing about co-ownership is that there are thousands of businesses in the UK that are set up that way, but they are very small and the unique thing about JL is how it has grown to the scale it is. The question therefore is why are other co-owned businesses not able to grow in the same way?"

He also describes how the JL decision-making process is in any case not too dissimilar to a plc - decisions are made at board level, and then endorsed by stakeholders, who in JL's case are its members.

Street outlines a vision that will call on all his leadership skills and decision-making powers. Put simply, he wants John Lewis to be the best multi-channel retailer in the UK. But where did that vision come from?

Street: "What makes any consumer facing-business successful is listening to your customer, and that's exactly where that ambition came from. It came from what our customers are saying they want over the next ten or 20 years.

"And what they're saying is quite simple: technology is changing their lives and they want to interact with the brand and the products they love in all sorts of ways, whether that's online, on mobile, in the shop itself."

"We need to have in mind how the high street is going to change when everything is being commoditised by the internet, so to an extent the question is how are we going to be better even than Amazon at trading online.

"We have a unique product in our brand, service ethos and physical stores and we can therefore compete with them in a different way.

"The joke goes that to be a city you used to have to have a city, now you need a John Lewis - we don't want a shop on every street corner but we do believe there's about 60 big regional centres where we aim to be over the next 10 years, at which point we'll be able to say we have national coverage that's appropriate for the internet age."

The process of implementation is where the Street mantra comes in - aligning every aspect of the business behind that strategy, and sticking to it.

And he readily admits it's a path with challenges.

"This hasn't been easy," he says. "For some people, their jobs running a traditional department store have never even required them to think about the internet. But those jobs have pretty much disappeared over the last few years, and as is well known we've had to make some pretty tough decisions in terms of internal structure.

"But the key point is we have to paint the picture for everyone of what success as a multi channel retailer will look like, and that means lots and lots of very detailed communication.

"That's not particularly unique, but what is original is that our partners are owners of the company and they will want to be on board for the vision. We don't have divisions between the managers and the managed because everyone – to use George Osborne's phrase – is in it together."

Street's obvious passion for the John Lewis way is palpable, but what else has kept him with the company since he started as a management trainee in 1985?

"JL is very atypical in its approach to career development. In my own career I've done all sorts different things, from HR director, distribution director. We do try to develop people more broadly."

But not all senior board members are as long serving as Street. He describes the senior management make-up as a mix of home-grown talent and those 'I have deliberately brought in to refresh our thinking because one of the dangers is definitely complacency.'

As if running one of the UK's iconic retail brands wasn't enough to keep him occupied, Street has taken on the mantle of the first chairman of Birmingham's Local Enterprise Partnership.

"I had definitely not gone looking for the challenge," he said. "I had been quite happily getting on with my day job when the telephone rang. But I said yes because I genuinely thought this could be set for success."

"It was important for me to ask if the commitment was there from the Government to make it a success, and I think that's been proved to be there. Collaboration across the different authorities was important, and we are definitely seeing magnanimity between the authority leaders and an understanding they're part of something bigger."

"Crucially, though there had to be a collaboration across the private and public sector in a way that hadn't been done before and the evidence is that it looks like it's going to be."

"The other thing that was encouraging was the quality of the board that we were putting together."

"It was important that we had big private sector businesses represented around the table and it's been extremely encouraging that companies such as JLR have stepped forward to make their contribution."

But nevertheless, some critics within business circles accuse the LEPs of having no significant budgets and being too public sector dominated. Does Street think those suspicions are justified?

"I believe you're got to step forward, stick to your long term plan and put your money where your mouth is – which is what those people who have come to the LEP board have done. I say to those people who are stood on the sidelines, 'I'm very happy that you judge but I'm damn sure that this is the show in town that you've got to back and in time you'll be wishing you'd played your part.'"

COMMENT by Steve Hollis – KPMG

Culture is a company's greatest asset:

Why do some businesses consistently outperform their competitors? The core elements are key – a clear strategy, operational excellence and talented people.

The simple fact is that each of these elements can, with good management, be replicated by any good business.

However, those that stand out, have a less easily replicable element – a culture that drives high performance.

Culture is a unique feature to a business. It is the DNA that has typically been shaped over a number of years.

At the heart of most successful businesses is a distinct culture that has withstood the test of time, gluing the organisation together. The strength and also the flexibility of this connection is central to achieving competitive advantage and sustaining high performance.

It is therefore not surprising that when businesses face severe economic uncertainty their culture comes to the fore and contributes to its ability to outperform competitors (or otherwise!).

Culture isn't always the first consideration when looking to achieve high performance, but there is no doubt that it is one of any business' most valuable assets. When did you last think about the culture in your business and decide if it is helping or hindering?

Steve Hollis, regional chairman, KPMG

Link to original article:

www.thebusinessdesk.com/westmidlands/news/256536-talking-business-john-lewis-boss-andy-street.html?