

## **B&Q chief tells of secret trials and his growth masterplan: Never mind Plan A, now we need a DIY scheme to restart the economy**

By Neil Craven – 25th August 2012

It was the most public of endorsements. Only two years ago, Ian Cheshire, along with several of Britain's top bosses, put his name to an open letter supporting George Osborne's plans to cut the deficit. Now the chief executive of Kingfisher – owner of the B&Q DIY chain – is not so sure that the Chancellor has got it right.

'We have had a lot of practice at recession and at the moment I find it hard to imagine economic growth will come back,' he says.

Cheshire is tipped to become one of only four retail bosses after Sir Terry Leahy at Tesco and Marks and Spencer's Sir Richard Greenbury and Sir Stuart Rose to hit profits of £1 billion-plus. But in the short term, he says: 'The past three or four months have been unbelievably awful. It is safer to assume that the economy is not about to improve and we must just start from there.'



Self-help: B&Q will store mowers for clubs under Ian Cheshire's Big Society-style scheme

Two days ago Cheshire was named as the next chairman of the British Retail Consortium, among the most powerful industry lobby groups. It is a continuation of his increasingly political stance in recent years. Earlier this year he threw his weight behind Financial Mail's business rate reduction campaign. He wants to see 'a more nuanced approach' to the Chancellor's austerity drive – incentives such as tax breaks for small businesses that might not pay dividends immediately but would show through in, say, two years.

'The question is more urgent now than it was six months ago. I think there are things Government could do to help,' he says.

'There is never going to be a magic bullet. But housebuilding, and specifically affordable housing, are the things we can do to draw people, particularly youngsters, into jobs.'

He says reigniting the housebuilding programme and an accelerated push on capital allowances, which allows small businesses to write off investment against tax, would also boost employment. Cheshire denies his attitude to the austerity package and Osborne's policies has changed. But his approach is certainly more tempered than was apparent in that letter from business leaders. In contrast to his usual relaxed manner, there is a sense of urgency. He wants incentives for small firms to take on more staff with, for example, National Insurance holidays.

His view on the economy may be bleak, but as head of the biggest stock market-listed non-food retailer in Britain, Cheshire clearly feels that accepting the situation is more realistic and the first step to dealing with it.

The cornerstone of his solution for B&Q is a campaign to get local communities to collaborate on home improvement projects, share skills and even pool their cash to buy the tools they need.

B&Q has been secretly testing a scheme in Reading that it plans to roll out across the country next month. The Streetclub initiative means members can sign up to a local scheme to share DIY tips and skills, ask for advice and – crucially for B&Q – share the spending power.

Cheshire, 53, says: 'The aim is to see people connecting with each other more. Modern life is driving us apart more than it is bringing us together but we saw how well people reacted to the Jubilee and the Olympics.'

In some areas, Cheshire would like there to be neighbourhood tool lockers monitored by enthusiasts. Other clubs may eventually be able to pool funds to buy expensive items such as lawn mowers or sanders and store them at their local B&Q.

He says: 'If we can use that same need to get people working on their homes and relearning skills that are being lost, then that has got to be a good thing.'

Cheshire talks of the social good that this will bring and B&Q insiders openly draw comparisons with David Cameron's vision for communities.

Urbane and cerebral, Cheshire has always taken an holistic view of his firm and its place in society despite the recession. But B&Q is not a charity and Cheshire must generate extra sales and returns for investors. So far he has delivered. Since being promoted to chief executive in 2008 he has overseen a doubling of the share price.

The Kingfisher group is now valued at £6.4 billion.

And since 2009, his first full year at the helm, Kingfisher's profits have doubled to £807 million, with sales of £10.8 billion.

Profits are likely to stall this year, with poor weather not helping, before rising again. At the store in Farnborough, Hampshire, Cheshire lends a hand with a DIY class for children and their mums. Store manager Steve watches on and he leans over to confide: 'It's scary. The kids that come in here know more than the adults. They are much more confident and willing to give things a try.'

It's not altogether clear whether he is referring to Cheshire. Dusting himself down from his close encounter with a schoolboy and a power drill, Cheshire admits his attempts at home improvement are usually limited to 'gardening and putting up the odd shelf'.

He divides time between a weekday place in London and the family home on the Isle of Wight, where his wife, Kate, is redesigning their property.

'Customers are telling us they'd like to do more, but they don't know how to do it,' he says. The in-store classes were introduced last year, with advice ranging from putting up shelves to pasting wallpaper and now include classes for children. Research suggests that half of parents worry their offspring will grow up without basic cooking, sewing, gardening or DIY skills.

B&Q has already launched a YouTube educational video channel with more than 2.5 million views and even more in France, where it trades as Castorama.

It is all part of a 'self-help' strategy – to stimulate profit and growth – that Cheshire has implemented since his arrival in 2008. The group had languished as the property boom hit the DIY market when people no longer needed to invest time and effort to increase the value of their houses. In fact, the DIY market in Britain has not grown for years.

But while rivals such as kitchen retailer MFI, bathroom installer Dolphin and DIY chain Focus have fallen by the wayside, B&Q has thrived.

Now, as well as trying to revive Britons' interest in DIY, Cheshire is trying to reduce costs by combining buying power across the international operations: the group has significant presence in Poland, Turkey and France, though Britain still accounts for 40 per cent of sales. Only two per cent of group products are centrally bought, but Cheshire believes that could rise to 50 per cent.

This summer, barbecues became the first ever range to become 100 per cent centrally bought across all its businesses. Cheshire says that the trick will be to resist the temptation to go too far and allow progress on cost savings to overtake good sense and local tastes.

The City is backing Cheshire's vision with a billion pound profits in his sights. Not bad for a man who appears to be as bad at DIY as the rest of us.

[www.thisismoney.co.uk/money/markets/article-2193533/B-Q-chief-tells-secret-trials-growth-masterplan-Never-mind-Plan-A-need-DIY-scheme-restart-economy.html?ito=feeds-newsxml](http://www.thisismoney.co.uk/money/markets/article-2193533/B-Q-chief-tells-secret-trials-growth-masterplan-Never-mind-Plan-A-need-DIY-scheme-restart-economy.html?ito=feeds-newsxml)