# Contents

# Part I
# The Route to Change

# Chapter 1

# From Earls Court to Victoria

## Four Stations, 40 Years

It is a miracle we didn't meet at the beginning of the sixties. In 1960 we were both living in Earls Court, or Kangaroo Valley as it was then known because of the young Australians who, with a sprinkling of New Zealanders and South Africans, filled the majority of its bedsitters and pubs. John Egan shared a flat in Earls Court Square; Des Wilson lived in a tiny bed-sitter in the West Cromwell Road.

John, who was 20 in 1960, was studying at Imperial College (where he gained a degree in petroleum engineering in 1961); Des, who had left school in New Zealand at 15, was a cleaner at a jazz club by day and selling ice cream at Bertram Mills Circus by night.

We must have passed each other in the Earls Court Road scores of times, probably rubbed shoulders in the same cafes and pubs. In fact we were not destined to meet properly for another 35 years when John, now Chief Executive of BAA plc, recruited Des as Director of Corporate and Public Affairs. BAA's corporate office was, as now, at Victoria. We had, therefore, after all that time, only travelled four stations from Earls Court on the District Line. By then we were already each approaching the end of 40-year careers that could not have been in greater contrast and yet, for all that, ended on common ground.

John Egan, who was to become nationally known at Jaguar, was born into the motor car business: the family firm in Coventry was a Rootes dealership. John at 14 went to the local grammar school in Rawtenstall until the family moved to Coventry where he attended Bablake School. After his graduation from Imperial College he was hired by Shell International but after four years decided he wanted to learn more about business and went back to school, taking the first Master's business studies course at the London Business School, then part of the University of London, graduating with an MSc (the equivalent of today's MBA). He then joined General Motors where he had the opportunity to hone his management skills before joining British Leyland in 1971, where he eventually developed the company's spares and accessories operation, Unipart. In 1976 he moved on to Massey-Ferguson for whom he worked in Italy and Canada, and was well-established there when Sir Michael Edwardes persuaded him to return to British Leyland to take control of Jaguar.

According to John Underwood in his book *The Will to Win: John Egan and Jaguar*, when John arrived at Jaguar:

> the reputation of the company's cars was at an all-time low. They were seen, especially by the people who owned them, as poorly produced, poorly serviced, and likely to break down with frightening regularity.… It was said that Jaguar cars were the best thermometers in the world: the engine would start at 33 degrees F but never at 32 degrees … that they were the perfect status symbol for the very rich because owning a Jaguar implied you could afford the heavy repair bills … that the only way to keep a Jaguar on the road was to own two – since one would always be in the garage … that Jaguar executives always lied about where they worked to avoid more jokes or abuse, or worse.

John is a firm believer in the power of brands. One reason he took the challenge was his belief that, for all its poor standing with Jaguar owners, the Jaguar brand still counted in the wider world. He insisted that Jaguar be freed from the shackles of BL and allowed to sink or swim as an independently run concern. The prospects were not encouraging; industrial relations (in the motor industry generally), workmanship and customer service were all appalling and the car was not selling. A meeting of distributors confirmed to him that the car was 'beautiful' but 'badly manufactured, badly assembled and badly serviced'. For what was not to be the last time John found himself urging his colleagues 'if we look after the customers, they'll look after us'.

Car owners were interviewed in their hundreds to identify the problems that needed to be tackled. Over 150 faults were found. John decided that the whole company needed to be re-orientated, with the priority being quality and reliability. Using the slogan 'in pursuit of perfection', he launched a company-wide campaign to promote quality. Task forces were set up to correct faults. Everyone, from board members to workers on the shop floor, was expected to get involved. It soon became clear that 60 per cent of the faults were caused by substandard components supplied from outside companies, so representatives of those companies were added to the task forces. Suppliers were pressured by financial penalties to improve quality or were replaced, but it was a 'carrot and stick' approach; suppliers were helped to improve quality and to see how to save money in the process. It worked; of the 1500 suppliers only a handful failed to achieve the required standards.

There are those who believe mission statements are just empty rhetoric. John believes they are the route map that enables everyone in a company to reach the same destination. As we will see later, at BAA the mission statement was distributed to every employee and debated at every management conference, and changes were made only when a majority of managers supported them. Whenever managers were debating what to do in a particular situation John would say 'well, let's go back to the mission statement and see what it tells us … does this relate to the priorities or the stakeholders described there?' Although later at BAA he was to put safety and security top of the list, no Egan mission statement is complete without a pledge to satisfy customers and to enable employees to give of their best.

The phrase 'stakeholder companies' was not to become familiar for another 20 years or so, but it became clear to John even in those earlier Jaguar days that a number of groups had a stake, or, as he would have put it then, a vested interest, in the success of the company. There were the employees. There were the customers. But there were also the distributors and the dealers, and the suppliers. Only if they were all committed to what he wanted to achieve could he hope to win. This may seem so obvious now as to be not worth saying, but what he inherited at Jaguar was the opposite: disillusioned and unmotivated workers, indifferent suppliers, and distributors and dealers who had either become disenchanted with the unreliability of the car or worked in such a way that they impeded rather than contributed to success. John set about addressing each group in turn.

He invested a great deal of energy in uniting top and middle management with the work force behind a joint drive to re-establish quality. This involved an intensive communications and consultation exercise; for instance, groups of 300 workers were withdrawn from the production line to see a video on quality and then discuss the issues and make suggestions. Training programmes were upgraded. It was tough going at a time when relationships between the industry and its trade unions were at their worst, but John put his faith in a belief that, treated properly, the overwhelming majority of people want to take pride in their product and the company they work for. A quality product with a brand name to excite the market would be a unifying factor.

He also believes that the key to improving productivity is to encourage and enable people to bring their enthusiasm and intelligence to work. He encouraged the workforce to take part in various kinds of personal education programmes and 35 per cent did so. Many chose computer studies, while some buyers learned German to communicate with their German suppliers. The result of the internal and external education and motivational programmes was a 300 per cent increase in productivity.

Slowly but surely the faults were ironed out, suppliers and workers joined together in a drive to identify and eliminate every flaw, parts were made reliable, and Jaguar became once more a quality car worthy of its image. But now came the challenge of selling it.

Sales of Jaguar in the key market, the United States, had fallen steadily, eventually dropping from 8000 a year in the early 1970s to 3000 in 1980. Apart from its unreliability, which was now being overcome, the problem was the timing of production and delivery. Whereas in the UK the key date in car retailing is 1 August, when the annual new registration letter is introduced, in the US it is in September that the new, legally-updated models are introduced. Throughout the 1970s and 1980s Jaguar had consistently missed the dates; sometimes new models didn't arrive until April! Demanding that the customer become paramount, John set about identifying the causes and dealing with them. This included encouraging greater management discipline, but also investment in plant and machinery fit for the task.

The car now fit to sell and more likely to be available when it should be, John turned to marketing. John Underwood takes up the story in *The Will to Win*:

> Over several years the satisfaction that derived from owning a Jaguar car had been eroded. By 1980 there was no longer a pleasant sense of anticipation before a lengthy drive, rather the nagging fear of breakdown. A brilliant choice of colours was a thing of the long-forgotten past: if you wanted a Jaguar the choice was little more than white, yellow or red. Egan decided that the underlying mission that would inform all his actions at Jaguar was the restoration of customer satisfaction. It was the decision of a man who had set out

on a crusade to convert his company, its workforce and its management to being led by marketing rather than by production: ‘If I had to single out one operating principle which permeates all our business activities at Jaguar,’ Egan said, ‘it would be satisfying customers.’

The first step in Egan’s customer-orientation programme was to refine and develop the customer-contact scheme Jaguar had undertaken in 1980 to pinpoint the quality problems. Each month Jaguar would telephone 150 new customers to ask them what they thought of their new car, how they thought it could be improved and what they felt was unsatisfactory about it. They were also asked about dealer service and their impression of Jaguar as a company. The initial call was made just over a month after purchase; follow-up calls were made after nine months and eighteen months to see how the customer was getting on with the vehicle. The customer-tracking programme was so successful that Jaguar decided to start ringing the owners of rivals’ cars: Mercedes-Benz and BMW drivers would receive telephone calls from Jaguar as the company tried to find out why they liked the wrong car, Egan said the research provided ‘a wealth of priceless information’.

Jaguar also began carrying out regular public opinion surveys to determine whether people thought the company was well managed, profitable, old-fashioned, whether it marketed its cars professionally, had a sound future, cared about its customers, was conscious of quality and used modern manufacturing facilities. The importance of these surveys was that they helped the company understand its own public image, and that in turn helped it to understand why people bought Jaguar cars or indeed why they bought Mercedes-Benz, BMW, Porsche, Audi and Volvo.

It is never easy for any company to improve its relationship with its customers; it takes time and effort. For a motor manufacturer it is particularly difficult because apart from such selective sample surveys the company has no direct contact with its customers. Naturally enough, John Egan eventually turned his attention to the dealer network. As he saw it, the dealers were in the front line and they carried the responsibility for ensuring that Jaguar’s good name was upheld: ‘We certainly weren’t going to let them treat that responsibility lightly.’...

He introduced strict minimum standards of service and customer attention that anyone holding a Jaguar dealership had to meet. He wanted exclusive Jaguar dealerships, he wanted smart, luxury showrooms; he insisted upon well-trained mechanics; he made sophisticated testing and diagnostic equipment a compulsory requirement; and if a dealer was not prepared to shape up and make the necessary investment he was replaced. The number of UK dealers was slashed by half. One hundred and fifty dealerships simply vanished and the remarkable thing was that Jaguar sales went up and up. It seemed that the customer was less concerned about the proximity of the nearest dealer and more concerned about the after-sales service he or she received.…

A customer-contact programme was also introduced in the United States, carried out by the US automotive research company J. D. Power. Power's researchers actually recorded some of the conversations they had with Jaguar customers on audio cassettes and the catalogue of complaints made sobering listening. As they mused over the tapes, senior executives working for Jaguar's North American subsidiary became angrier and angrier. The recordings were distributed and used as a psychological tool to galvanize middle management. Many of the complaints proved to be about dealer service. When a dealer was found to have fallen down on the job he was told to make amends, but all too often no action was taken. Jaguar ended up accompanying customers to the premises of errant dealers and insisting that problems were put right on the spot.

Slowly but surely the message began to get through. Jaguar was no longer prepared to accept second-best from its dealers, from its suppliers, from its management, from its workforce. The customer-tracking programme gave the company chapter and verse on where it was going wrong but more importantly it demonstrated to everyone involved with the company that henceforth Jaguar was going to take the customer seriously. The people who were most impressed with the programme were the customers themselves, especially those who received the market-research calls. They began to feel they were important to Jaguar, valued clients whose views mattered. It must have been a truly novel feeling.

So far as Egan was concerned the customer was king. The customer-first gospel was spread in a host of different ways, with videos, posters, quality indices, quality circles and simply by word of mouth.

One of the most surprising things the company discovered was that improved quality did not necessarily lead to higher unit costs. Apart from the obvious warranty savings that resulted from fewer breakdowns, Jaguar executives also discovered that it was possible to build quality cars and components in a cost-effective way. It was largely a matter of planning and design. If a component was designed not just to fulfil a function but also for ease of manufacture, it often proved possible to offset the higher costs of quality with lower manufacturing costs.…

Eighteen months later, when the earliest improvements had been made and when Jaguar was beginning to struggle out of the abyss, the company invited US dealers over to Coventry. Despite the groundwork the company had done on quality problems the dealers were still sceptical about just how much could be accomplished by Jaguar cars, but when they saw the transformation that had been achieved in attitudes and work practices, when they saw the pride and enthusiasm of the workforce they were genuinely astonished.… On their final night in Britain the US dealers were guests at a gala dinner. They were asked, during an after-dinner speech, if they could sell 9000 Jaguars the following year. (In 1981 the US dealers had taken just over 5000 cars.) They were so excited they bawled their agreement. Some were so enthusiastic they jumped up on their chairs and screamed, ‘Nine thousand! Nine thousand!’ Anticipating exactly that spirited response, Egan had arranged for the band of the Royal Marines to be waiting in the wings. As the excitement reached its peak the band marched into the dining room playing ‘America the Beautiful’. The dealers scarcely believed such style and flair possible from their British cousins. They returned to the US fired with enthusiasm and began to sell and the following year saw them easily exceed the 9000 target. Michael Beasley believes that if the American dealers had not been won over, Jaguar ‘probably would not have made it. So much relied on them taking those cars and having the confidence in us. In that respect it was a turning point.’

In the 24 months between the spring of 1980 and the spring of 1982 John Egan had got to grips with the main structural afflictions

> that had beset Jaguar Cars. Quality had been improved; supply timing had been given a degree of discipline; productivity had been pushed up … and the crucial 'sharp end' of the cars business – the dealership network – had been made more profitable and more responsive to customer needs … progress sufficient to see Jaguar transformed from a loss-maker into a company with a future.

John would like to be able to say that he took on the Jaguar challenge knowing already what the answers were. Much of what he did, however, emerged from the experience itself. By the time he left Jaguar, having led the flotation on the London Stock Exchange and then later the sale of the company to Ford, he had become – without fully appreciating it, at least in those terms – a committed stakeholder company man, firmly convinced that only when everyone who has a vested interest in the company's success is properly involved, their ideas incorporated, their efforts properly rewarded, can the company realise its full potential. He believed firmly that the employees had a stake. Their jobs depended upon the survival of the company; their rewards upon its success. It had to make sense to involve employees, to bring out their best, to unite them behind common goals. He believed customers had a stake; they were paying money for the product and they had to be able to rely upon it performing, and performing safely. They had worked for the money they were spending; they were entitled to value for it. Business partners – suppliers, dealers and the like – had a stake; a high-quality, saleable product was vital to their survival and success too. But not only did they have a stake in success, they also had it within their power to guarantee failure. Disillusioned and badly-motivated employees and suppliers had been producing for Jaguar a bad product; disenchanted dealers were not selling it; angry customers were giving it a bad name. Only by accepting their stake in success and their ability and responsibility to help achieve it did Jaguar recover.

If John left Jaguar with one stakeholder supreme in his mind, it was the customer. And it was this belief that he brought to BAA when he joined to become Chief Executive in 1991, and it was a creed that was to transform that company too.

BAA had formerly been the British Airport Authority; it had been privatised in 1986 but many of the old bureaucracies remained. Learning from the Jaguar experience, John went straight to the key external stakeholders: airlines and passengers. He found little in the way of customer orientation.

He used to get friendly letters from the chief executives of airlines asking for perfectly reasonable things. Then he would get a lengthy reply from a BAA manager explaining why the answer should be ‘No’. He signed the first few and then, when another arrived, he telephoned the manager and said, ‘Come on, they’re asking for something very reasonable, why don’t we just say “Yes”? Even a “Yes, but” is better than a “No”.’ He went so far as to say to one airline boss, ‘Whatever the question, the answer is “Yes”’. Relations with the airlines improved dramatically and were reflected in a more positive response by them to BAA’s regulatory review than would otherwise have been expected.

Basing his approach on the Jaguar lesson – ‘If you don’t know what else to do, start by satisfying your customers’ – he now looked at the passengers’ experience and concluded it was little short of appalling. These were the gateways to the UK and they were simply not good enough. Describing it later he said:

> We were stealing people’s money. We supported a lot of little catering tricks. One was that you couldn’t buy a cup of tea, you had to buy a pot. You couldn’t buy a single whisky. The food was appalling and people were being robbed in the shops. You couldn’t pay for parking less than two hours; that was a bad one. As for the car parks, they were like a journey into post-war Eastern Europe. I was going up the stairs one day when I asked the manager the cause of the smell and was told it was people peeing on the stairs. I said ‘If they don’t do it here, where do they go?’ The manager pointed to a sign that appeared miles away. He said ‘Over there, that’s where they should go.’ I said ‘The customers have spoken, this is where they want to go. Put a toilet here.’

A campaign was mounted to improve customer service. Previously there had been a crude customer monitoring system covering about five issues, such as length of queues. It was replaced with an extensive quality-service monitoring system (QSM) involving interviews with hundreds of passengers every year on their experiences throughout their journey through the airport. QSM results were presented to the corporate management committee on a monthly basis and airport managing directors were expected to explain poor scores. The management bonus was directly affected by results. The result was a dramatic improvement.

Ironically one result of the poor customer service in catering and retailing was that the company was losing money in areas where it could make a profit. Once the catering and retail areas were brightened up and high-quality customer service and competitive prices introduced, they became highly popular and then highly profitable, eventually matching airport charges as a source of revenue for the company.

What John had found was millions of people having to spend time in airport lounges where they were trapped in an unwelcoming and soul-destroying limbo. By making them comfortable and giving them something to do, he not only raised their appreciation of the airports to the point where they began to win international awards but showed it was good for business.

To achieve all this of course he had to win the support of the employees. He introduced a mission statement and encouraged a nine-months consultation about it. Describing the overall challenge as to become the best airport company in the world, it set three key objectives:

- Always focus on our customers' needs and safety.
- Achieve continuous improvements in the profitability, costs and quality of all our processes and services.
- Enable all of us to give of our best.

Having also learned at Jaguar the importance of middle managers in either driving forward or thwarting any fresh initiative, John introduced a training programme called 'Sharing the Vision', and literally hundreds of managers experienced it. The aim was unity of purpose based upon shared learning of what lay behind the mission statement.

A two-yearly employee survey helped establish the workers' views on every aspect of the business.

After three years John had reason to believe that at least three of his stakeholder groups – employees, business customers and passengers – were reasonably on-side and that the benefit to that other key stakeholder, the shareholder, was clearly to be seen in consistently satisfying profits and dividends. Then, in 1994, an event occurred that was to cause John to recognise properly for the first time another stakeholder, and as a result lead to Des Wilson joining him at BAA.

We tell the full story of BAA's conversion to corporate citizenship later in this book; suffice to say that, despite major public inquiries and some local controversy, the company had never experienced too much difficulty in growing its airports. The public inquiries into a brand-new airport at Stansted and a fourth terminal at Heathrow had both been won, but it was already clear that getting permission to build a fifth Heathrow terminal was going to be more of a challenge. Some of the most vocal opponents were centred in Richmond and Twickenham: articulate, affluent areas affected by aircraft noise, where people were particularly upset by night flights.

John accepted an invitation to debate with Terminal Five (T5) opponents at a Sunday meeting in Richmond Theatre. When he arrived he was disconcerted to find himself faced with an audience of hundreds, and was even more disturbed by the strength of feeling. Being the subject of their anger for more than two hours was not a comfortable experience. Reporting this to colleagues the following day he said:

> Two things struck me. First, our opponents have up to now been portrayed to me as environmentalists or citizen activists. But these are ordinary people, our neighbours. They're not promoting an environmental or political cause; they're just upset by the noise and the traffic. We can't ignore this; these people have a right to be heard. Second, my guess is the rules have changed; we won't get permission to grow the airport by counting on a legal process, on technical arguments, or even on political influence; we have to carry the majority of the community as well and that means we have to listen to them and try and find an answer to their concerns.

John had discovered a new and increasingly powerful stakeholder: the airports' 'neighbours'. Now he had to discover a way to adapt the company so that it would acknowledge their existence and their concerns. As it happened he had planned to attend at that time a global travel and tourism conference in Budapest where the keynote speaker was Des Wilson, former chairman of Friends of the Earth UK and campaign director for FoE International, and now working in public affairs. Des was arguing the case for greater environmental sensitivity by the tourism industry, pointing out that:

> After all it is the environment you're selling; you who sell clean beaches and oceans, forests and lakes, places of natural beauty, surely have a vested interest in their conservation. You should not have to be pressured into environmental responsibility, you should be the leaders.

So, 35 years after our days in Earls Court, the authors of this book finally met. We spoke on the plane coming back to the UK and had lunch shortly afterwards. By coincidence BAA was looking for a Director of Corporate and Public Affairs. Des's career did not fit the profile but John by now believed that if the company was to overcome new challenges it needed a new-style public affairs advisor and communicator. He encouraged Des to make himself available.

Des Wilson was born into a working-class family in New Zealand, attended the local school, Waitaki Boys High School, and at 15 became a reporter on the local newspaper. After spells on the *Otago Daily Times* and the *Evening Star* in Dunedin, he joined a friend in Australia and worked on the *Melbourne Sun*. In 1960, while still only 19 and with only £5 in his pocket, he arrived in London and, after a few years surviving on all sorts of work and eventually returning to journalism, he was one of those who set up Shelter, the National Campaign for the Homeless, in December 1966. It became one of the country's best known charities, by 1970 having an income over £1 million a year, 350 local fundraising groups, and 40 housing groups helping homeless families in the inner cities. He then joined *The Observer* to write a campaigning column for over four years before taking time out to spend two years as Director of Public Affairs for the Royal Shakespeare Company (the theatre having been a passion of his since his teens).

In 1982 he returned to campaigning, this time in the environmental movement, combining leadership of the CLEAR campaign for lead-free petrol with the chairmanship of Friends of the Earth UK. It was with CLEAR that he found himself for the first time in confrontation with business and industry, and it was to have a profound influence on his views about business.

Contrary to the impression that may have been given by the ferocity of some of his and CLEAR's attacks on the lead-additive company Associated Octel and the petroleum industry at the time, Des has never been anti-business. On several occasions during the early 1980s he spoke to a number of industrial bodies, urging dialogue rather than confrontation. He frequently negotiated compromises with industries with whom the environmentalists were in conflict, arguing that the aim was not to weaken industry but to make it cleaner and more conscious of its environmental, health, safety and social responsibilities. In an article in the *New Statesman* he was later to argue strongly for greater understanding of the value of business and industry.

> At the latest count 20 560 000 people were employed in the private sector and 5 250 000 in the public sector. In other words four-fifths of those who work in the UK do so in business and industry, funding in the process the public and voluntary sectors where we find the remaining fifth … so why is the word ‘business’ still virtually a swear word to many so-called opinion-formers? Why are so many public debates constructed around artificially-created confrontations between ‘big business’ and ‘ordinary people’ as if business is some amorphous entity, fundamentally hostile to human life, instead of a place where more than 20 million ‘ordinary people’ spend a fair chunk of their lives?

Despite all this, CLEAR’s campaign was confrontational and for that Des blamed the extraordinary response of industry to the campaign’s first approach. The background was that by the early 1980s all cars in the UK ran on leaded fuel and as a result considerable quantities of lead were being blasted into the atmosphere from car exhausts. A series of studies in the US, UK and Australia suggested that lead from petrol was the main source of lead-related environmental contamination, and that it was likely to have damaging effects – especially on children – at a much lower level than ever previously assumed. CLEAR was formed by a small group of scientists and concerned parents, many of them well known. The response of the relevant industries to their concern is described in Des Wilson’s book *The Lead Scandal*:

> The petroleum industry in Britain has endeavoured since the launch of the CLEAR campaign to paint itself whiter than white. Its claims can be summed up as follows:
>
> 1. It is not qualified to comment on the health evidence, but will respond positively to whatever legislation is introduced. It is, therefore, neutral on the health issue.
> 2. It actually offered lead-free petrol to Whitehall in 1980–81 and was rejected, and cannot be blamed for the decision to reduce to only 0.15 grams per litre.
>
> In every respect, this position is duplicitous. During a court case,

the petroleum industry produced witnesses to directly challenge the evidence of health risk. Furthermore, the petroleum industry owns Associated Octel, who have been remorseless in their efforts to claim there is no health risk whatsoever, and it has not attempted to modify Octel's activities; on the contrary, Octel has steadily increased its defensive activities and the petroleum industry has been happy for Octel to do its dirty work.

On the question of whether it wants lead-free petrol, the petroleum industry has played a double game. It has never publicly called for lead-free petrol, never assisted or supported the anti-lead movement in any way, and in fact, has conducted a public relations campaign calculated to present itself in the best possible light whilst producing as many obstacles to lead-free petrol as it possibly could. Unlike some petroleum companies in the United States, not one petroleum company in Britain has produced lead-free petrol before being forced to do so by legislation.…

The whole history of this issue all over the world has been marked by the fight of the petroleum companies against a ban on lead. The US petroleum companies (many of them the same companies operating in Britain) did all in their power to prevent regulation or to have regulations overthrown. Clarence Ditlow, chief of Ralph Nader's auto safety campaign in the United States, says 'the oil companies fought lead regulation tooth and nail over the years'. Their economic forecasts in several countries have proved wildly exaggerated. The Australian Institute of Petroleum, spent about $ 250 000 on a campaign to stop the decision to move to unleaded petrol. A report by the Vehicle Emissions and Noise Standards Committee said that early in 1980 the oil companies put the transition cost at $ 400 million. This was later reduced to $ 300 million. Five months later it was reduced to $ 195 million. Still the Committee found scope for significant reductions in the figure. It concluded that the oil industry estimates were exaggerated more than 10 times!

In West Germany, the petroleum industry estimated the cost of reducing the lead levels in petrol to 0.15 grams per litre at DM 1000 million for modifications in refineries; all 25 refineries were modified and the actual cost was well under DM 300 million – less than a third of the figure the industry has projected. The German

> petroleum industry warned of increased prices but the German delegation to the UN Environmental Programme seminar on the petroleum industry in 1977 stated that 'there was no basis to attributing any real price increases to the reduction of lead' and that 'as a whole it was found that the fears of negative consequences in various respects which had been canvassed before the decree was implemented proved to be greatly exaggerated'.

Prior to the final decision on the launching of CLEAR, on 9 November 1981, Des wrote letters to 10 leading British oil companies on behalf of 'a number of individuals concerned about the growing body of evidence of a serious health hazard arising from the use of lead in petrol', and sought further clarification of the individual companies' position and the answers to a number of technical questions. He also requested that the companies meet a deputation to discuss the issue further.

Not one of the 10 companies would answer the questions, or meet the deputation.

Every one of the 10 companies wrote an almost identical letter saying that CLEAR would be answered by the UK Petroleum Industry Association. (It took 10 weeks for the reply from the Association to arrive, and when it did, it consisted of a few trite phrases that could have been drafted overnight.) As Des wrote in *The Lead Scandal*:

> What was astonishing was the communication that had quickly taken place between the companies, as reflected in the letters received.
>
> For instance, Conoco Limited wrote: 'This is a matter that the UK Petroleum Industry Association keeps under review and I understand that they will be responding to you in due course.'
>
> BP wrote: 'I understand you have addressed similar letters to other oil companies.… The Petroleum Industry Association will be replying very shortly with a full response to the points you raise.'
>
> Shell wrote: 'The points you raise are being dealt with by the Petroleum Industry Association UKPIA; it is probably better that they respond and I understand that they intend to do so.'
>
> A number of points need to be made about this.
>
> First, while there probably is an overall industry point of view on this issue and there is no reason why the PIA should not state it,

> it is inconceivable that each company does not have its own view on any question affecting it, let alone a question of such importance. Furthermore no individual company can evade its own responsibility on issues of public health and safety.
>
> Second, the similarity of the replies received from all 10 companies, together with open admission of knowledge by each company that it knew other companies had been approached and that the Association was responding on their behalf, shows the defensive mechanism which exists on the issue. It is disturbing that huge and wealthy companies, confronted with a simple set of questions from a private individual writing on behalf of other individuals, should mobilise such a well coordinated response. Their letters made clear that the telephones buzzed between them and their Association. If they do this in reply to one letter, from one person, it is worth asking what defence mechanism they set up when they feel themselves under real pressure – for instance when they are faced with enquiries from Whitehall?
>
> Third, the refusal of all 10 companies to even consider meeting a deputation on a matter of such deep public concern reflects their priorities and the little time they are prepared to set aside to communicate with people other than those who – we must assume – can contribute to their profits.
>
> Fourth, the only possible assumption that can be made is that all of the companies were concerned that they should not inadvertently make a concession on the economics and technical details that would contradict the centrally-organised line of the public-relations-orientated UK Petroleum Industry Association.

At the same time as Des wrote to the petroleum industry in 1981, he also wrote with a list of questions to car manufacturers. The first point to be made about the replies generally was that the car manufacturers did at least respond more openly than the petroleum industry. British Leyland, however, took the same position as the oil industry, namely that the public health question was not for the industry to consider. One firm, Talbot, attempted the same approach as the oil companies: 'I feel your questionnaire can be better handled on an industry-wide basis. Accordingly perhaps I could suggest you contact the Society of Motor Manufacturers and Traders.' Reliant wrote that 'a letter without formal heading from a private individual, rather than an association … does not necessarily warrant a great deal of time or attention'.

Des was later to sum up the approach of industry to the CLEAR campaign at a number of major conferences, notably one in Toronto organised by the Mars company:

> First, not wanting to hear the message, they attacked the messengers, describing the campaigners as hysterical, emotive, anti-industry. Of course the environmental movement has its extremists, but there are extremists in every form of human organisation, including business. Organisations deserve more than to be judged by their extremes. The fact is CLEAR was motivated only by knowledge of the science on this issue and concern for children. In an American journal a director of Associated Octel was quoted as saying about CLEAR: 'It's probably supported by anti-capitalists. We can only see three reasons for the anti-lead movement: support by precious metal producers who want catalytic converters (the lead makes these ineffectual); support by engineering groups who believe they will have new facilities to install; or support by leftist-sponsored, anti big business groups. We think the third is most likely.'
>
> In other words, we were either being paid to get lead out of petrol to help another industry … or we were anti-industry. Genuine motives were apparently out of the question.
>
> It never crossed the petroleum, car-manufacturing, or lead additive industries' minds that the families that lived near roads and were exposed to lead pollution had a 'stake' in their businesses. Yet they did. They had a stake because the product of those businesses was a threat to the health of their children. They had a stake in a technically-possible and affordable alternative, lead-free petrol, that would relieve them of their concern and of the danger. Nor did it cross the industries' minds that these stakeholders were a powerful force, often well-educated and articulate voters who, when it came to their children's health, were ready to be mobilized.

The result was a vocal and persistent campaign that finally even Margaret Thatcher could no longer ignore. So the campaign was won within 15 months and ultimately succeeded in a decision to remove leaded petrol from the whole of Europe. Des was later to conduct a campaign in his home country of New Zealand; it was won in nine days! For him the lasting memory was the behaviour of the industries involved: their refusal to accept any responsibility for the polluting or public-health effects of their actions; their contempt for – and attempts to discredit – the environmentalists or concerned parents; their attempts to buy their way to success with lobbyists and influence in the corridors of power.

Des still argues that he was never anti-car or even anti-industry in this campaign, merely concerned to right a wrong. As soon as the decision was taken, CLEAR joined in a working group with civil servants and industry to establish the most cost-effective way of moving to lead-free petrol. On this group former opponents became colleagues.

A further lesson in the importance of addressing the stakeholders' concerns was to be taught to the UK retail trade when, after his time in the environmental movement and two years planning and then running the Liberal Democrats' 1992 General Election campaign, Des took on the role of campaign advisor to the major retailers seeking to change the trading laws so that people could shop on Sundays.

Armed with a supportive Royal Commission and backed by a majority of over 100 in the House of Commons, Margaret Thatcher had sought to introduce Sunday shopping in 1986, but a combination of small shop-keepers, trade unionists and Sunday observance campaigners had defeated even her. Now the retailers were making another attempt, but this time John Major was in Number Ten with a majority of less than 20. Des remembers attending a meeting in the office of David Sainsbury, then chief executive of the family firm. Also there were the heads of Asda, Boots, Tesco, Kingfisher, Dixons and a number of other High Street giants. He was astonished to discover they were still hoping to achieve total deregulation of the Sunday trading laws. 'How can you hope to do it with a weak PM and a small majority when you failed with a strong one, backed up by a Royal Commission and a huge parliamentary majority?' he asked.

When asked to suggest a solution he listed the key stakeholders: small shop-keepers who relied on their trade early on Sunday mornings; shop-workers who were afraid they would be fired if they did not want to work on Sundays for family or religious reasons; and church leaders who had enough trouble attracting a congregation without competing with the supermarkets. Each of these stakeholders could mobilise support in the House of Commons. Des argued that only by listening to them and addressing their concerns could the case be won.

In addition to that meeting Des toured the boards of these companies, speaking to their directors. After much debate and with considerable reluctance, the retailers decided on two compromises. First, they would seek only partial deregulation, namely opening hours from 10 to 4, thus reserving the precious earlier hours for the smaller shops and also protecting the early morning and early evening church service times. This satisfied most Conservative back-benchers. Second, they would sign a workers' charter, guaranteeing security of employment to those who for any reason didn't want to work on Sunday. That satisfied the trade unions and Labour back-benchers.

The result of this campaign, built upon a coalition established by the Shopping Hours Reform Council, was a historic vote to allow Sunday trading in Britain, carried through in much more difficult political circumstances than in 1986, but achieved because the companies had listened to the stakeholders and addressed their concerns.

So it was that when we two, businessman and former campaigner, met over lunch after our meeting in Budapest, the conversation quickly turned to the lessons in all this for BAA and whether it was possible to initiate a campaign to change the company in order to acknowledge the new community stakeholder. The company was by no means a dinosaur when it came to its stakeholders. John's emphasis on satisfying customers, developing better partnerships with related businesses, and engaging the minds of all employees had already achieved considerable success. And at least some of its managers, and its public affairs professionals, understood that it had to change its approach to the community as a whole. But in this area it was still in its infancy. BAA was not yet a corporate citizen. That had to change. How we set about it, the mistakes we made as well as the successes we achieved, form a major part of this book.

For us both there was much at stake personally. John had the responsibility of leading BAA into the twenty-first century and to growth. He knew that only by changing the company could he succeed. Des knew that unless the company changed radically he would have joined a company that was part of the problem, rather than part of the solution; his own self-respect as an environmentalist (let alone his reputation) would be in ruins. But this was a chance to show there was common ground and that real results could be achieved if an environmentalist worked from within.

This was to lead to an exciting and encouraging five-year partnership, with each other, and with colleagues who also enthusiastically embraced the concept. We do not claim a miracle. We accept that by the end of the five years we worked together the company had made only a start. It takes time to change the culture of a company, carrying with you not only the employees and shareholders but also business partners, and it is not always easy to change complex practices and work processes. But it is immensely satisfying to see a company that previously was unknown in the world of corporate citizenship now emerging as a leader and winning international awards. Mike Hodgkinson's current drive to persuade the whole industry to adopt sustainability now takes the company's activities onto a higher plane of ambition. Nor do we claim that what was achieved was the result only of our own efforts. Far from it. Many others within the company, not least Richard Everitt, its director of strategy and compliance, Chris Hoare, its first Community Relations Director, Andrew Currie, his successor, and Kathryn Barker, its environmental manager, worked tirelessly to drive the concept forward. They were encouraged by a new generation of airport managers including Janis Kong at Gatwick, and by the airport public affairs teams.

This book does not, therefore, purport to be the case history of a success, but rather an account of our experiences and the lessons we have learned. We hope it will prove helpful to others setting out on the same path.

In researching it, and in communicating with and sharing experiences with other companies and with the organisations promoting corporate citizenship, we have also become aware of just how much change is taking place. Of course it is controversies (whether about real or perceived scandals) that hit the headlines, and we record some of them in the next chapter, but what we found was a growing movement within international business and industry towards a new kind of inclusive, socially-responsible stakeholder company. So profound is the change that is occurring and so critical is it to the achievement of harmony between business and the community, to the benefit of both, that we have termed it 'the twenty-first century business revolution'– a revolution we entreat our readers to join.

# Index