The Trusted Executive

John Blakey

Interview with Jane Tozer MBE OBE, Portfolio non-executive director

Since 1997, after 13 years as CEO of Softwright Systems Ltd, Jane has held a portfolio of non-executive director roles with companies and organisations including many quoted companies, technology start-ups, Nominet, the John Lewis Partnership, the Department for Work & Pensions, StatPro plc, F&C Global Smallers plc, JP Morgan Income & Growth plc and various charity organisations.

JOHN: Jane, what does organisational trustworthiness mean to you?

JANE: When I joined IBM one of the first things I was given was a little booklet called 'Business Conduct Guidelines'. It was magic because it said 'this is how we want to do business'. For example, it said 'don't disparage the competition' and it said 'if a customer raises a problem, own the problem'.

Yesterday, I made a simple phone call to my gas and electricity supplier and I think they are an absolute exemplar of how not to get customers to trust you. After 45 minutes on the call I was put on hold for a couple of minutes and then they cut me off. And she didn't call me back. She didn't call me back! It's just incredible that she didn't call me back. That absolutely makes a customer feel 'I'm being ripped off here and they don't care.' It's a contrast between IBM saying 'own the problem if somebody calls you' and the energy company.

John Lewis is another example, because I think people do trust John Lewis. It's absolutely in the fabric of the company. Spedan Lewis, the founder who turned John Lewis into a partnership, said you've got to treat everybody with respect. You've got to treat your fellow partners with respect; you've got to treat the customers with respect. The chairman can be sacked if he doesn't ensure that suppliers are paid on time. Spedan Lewis wrote the Partnership's principles and I thought 'Wow, this is just like IBM's Business Conduct Guidelines'. Everybody who joins the Partnership gets trained in those principles, is given a set of them, and they refer back to them in their everyday business dealings with each other and with the outside world - it's in the blood.

JOHN: How do organisations get this in their blood and how do they lose it?

JANE: Losing it is easy; getting it back again is very hard. You can lose it in half a day and it could take you years to get it back. I think it's down to management. I think the only way you get into the blood is by management having it in their blood.

Spedan Lewis, the founder of John Lewis Partnership, had a big row with his father over this. We're talking about the early 1900s when communism was just coming up and was fashionable. Spedan was influenced by communism, in terms of treating everybody fairly and looking after your workers, whereas his father came from the 19th century 'old school' retail where you bought shoddy goods, you sold them as expensively as you could and you paid your workers as little as you could possibly get away with. And certainly you had no concern for their welfare. They either worked for you or didn't. Who cares? I can just get another one if you go away.

So they had a big falling out. Spedan Lewis's brother was running the Oxford Street store using his father's approach to business, while Spedan was running the Peter Jones store using his own ideas. Peter Jones had been a failing shop when they bought it, whereas Oxford Street had been successful when his brother took that over. And then Oxford Street took a dive and Peter Jones absolutely thrived. So Spedan Lewis turned Peter Jones around by running it on better principles, and eventually, shortly before his father died, they were reconciled and Spedan was put in charge of the whole organisation.

JOHN: So what is it that you would expect CEO's to be doing or not doing to get this into the blood of an organisation?

JANE: It's down to everything the CEO does. The way they treat their team of fellow managers, the induction that they give to new members of staff, how they treat the customers, the example they set in how they sell their goods, making sure they don't make false claims, making sure they honour a contract.

I ran a software company and we had a difficult project where we underestimated the work involved, but it was a fixed price project. I remember that the customer sponsor was worried we were going to leave them in the lurch, which threatened his personal career. I said 'If we've given you a fixed price, we are going to deliver for that price. I promise you we're going to see this through'. And it hurt us. We lost money on it, but if you don't honour the commitments that you've made how can you expect the customer to trust you again, and what example are you setting for the staff? You're setting the example that it's okay to make commitments and then back out of them.

JOHN If we asked a man or woman in the street what their view of big business was, the popular view would be that trustworthiness has been damaged in recent years and in some cases is maybe at an all-time low? Why is this?

JANE: I agree and I think it's sad that many people in the street feel that. I often talk to my son about this because some of his friends think business is evil and the only respectable thing to do is to work for a charity or the public sector. I think the world went mad in the time of 2008 and lots of leaders set bad examples; Enron, WorldCom and all that. They were not trustworthy, and big examples like that hit the news. The press are not deferential to anybody anymore, rightly so. It hits the news about MPs behaving badly or aristocrats or CEO's, whereas in the bad old days the press would have just kept quiet about it. And, of course, trustworthiness isn't newsworthy. Nobody puts out the headline 'CEO honours his promise'. That's not a story, is it?

JOHN: What's your personal experience of how ethical standards have changed over the last 20 years?

JANE: In general, I think trustworthiness has increased substantially. For example, if you go back to the 60s, stockbrokers used to regard insider trading as a perk of the job. It wasn't illegal, it was normal and, nowadays, that's a total scandal because they are defrauding everybody else in the street who isn't in possession of that knowledge. I think both the law and the generally accepted standards of behaviour are much, much better. Employers used to require women to resign if they got married - when my aunt got married she had to leave her job. You couldn't work if you were a married woman, and certainly not if you were pregnant. When I left university, I picked up recruiting leaflets for various companies and one of them was from one of the top banks. It was designed to attract graduates to apply for jobs after they completed their degree. And it said don't worry about competition for senior roles from women because they remain cashiers in the branches.

JOHN: (laughs)

JANE: I kid you not (laughs).

JOHN: You don't happen to have a copy of one of those leaflets, do you?

JANE: Oh, I so wish I did. I just threw it away; I so wish I'd kept it.

JANE: People today don't realise how dreadful things were in the recent dark ages – by which I mean the 1950's, 60's and 70's. But one aspect has got worse since then - the opportunity to make huge amounts of money through bad behaviour. This has increased enormously with globalisation and with computerised accounting. There are lawyers and accountants dreaming up complex new financial instruments which hadn't been heard of back then and weren't practically possible. Now there are opportunities for CEO's and senior people where the potential reward is huge and that has led to people compromising their principles in making their own choices. In the smaller companies before globalisation the whole thing was more personal. If you're running a multinational like Enron it's all a bit anonymised; you don't know the customers and the staff personally. For some people that makes choosing unethical behaviour easier.

JOHN: You don't have a relationship with the people that you might be ripping off.

JANE: Exactly. Whereas when you were running the little local widget factory you knew everybody and a more personal crime is harder to commit, isn't it?

JOHN: What about the impact of the ownership structure of a company when combined with the scale of it?

JANE: The John Lewis Partnership has approximately 80,000 employees. Those employees think of themselves as co-owners. You're going to have bad apples in 80,000 people, but if you're a bad apple in John Lewis everybody feels it. It's your colleagues that you've cheated, not some anonymous owner. They all feel that theft. An example is the discount card; there are clear rules about who is allowed to use the discount, how much of your family you're allowed to share it with. And it would be very tempting to use it for a wider circle of family or friends but that's theft, they all know that that's theft from all of the other Partners. So I think the ownership structure is important. It doesn't mean you can't be trustworthy without it, far from it, but it can be a factor.

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