

BQ^{live}

THE VOICE FOR BUSINESS DEBATE

BQ magazine, in its short but exciting existence, has been embraced by its readers as a major and respected voice in the North East business community.

A leading independent commentator, it is now pleased to announce the launch of BQlive

In a regular series of live and far-reaching debates, to be held regularly across the region, we are inviting informed and lively discussion to take regional strategy forward. It will involve people keen to see the North East prosper and achieve its potential in playing its full role - both in advancing the nation's economy and in making the region an even more rewarding place to be doing business.

We are seeking the views of people who feel they have a contribution to make on the burning issues that will be raised. To that end, we want you to keep September 17 free in your diary for reasons we explain below. But first we want you to consider the following:

“What are the big priorities for the North East business community, to ensure we sustain the momentum generated over the last decade?”

To set the ball rolling for our first BQlive debate, we asked 11 notable personalities to help spark your opinions by giving their views on the topic. The following is the result of their round-table discussion.

The participants:

Alastair MacColl, chief executive, Business & Enterprise North East

David Bowles, chairman of Entrust and Northern Defence Industries

Brian Manning, chief executive, Esh Group

Geoff Ford, chairman, Ford Components

Jonathan Blackie, regional director, Government Office for the North East

Marion Bernard, chief executive, NorthStar Equity Investors

Peter Arnold, chief executive, Science City

Mike Mullaney, director, large corporate, Lloyds TSB

Mark Simpson, director, Nigel Wright Recruitment

Paul Woolston, senior partner, Pricewaterhouse Coopers

Stephen McNicol, senior partner, Muckle LLP.

Chairman of the round-the-table discussion at Malmaison Hotel in Newcastle was

Caroline Theobald, managing director, Bridge Club Ltd.

Each participant was asked to suggest three ways of ensuring the North East's momentum was sustained. Over 90 minutes the following points were made:

Bolstering the economy

Jonathan Blackie says a lot will depend on exploiting opportunities in renewables. He explains: “Licences are big issues for the East Coast. It is like oil was. There is a potential of 25,000 jobs involved. We have to make the most of it, for there is no guarantee it will just come here.”

Peter Arnold says the region must take



advantage of public sector money in new enterprises and make it go further. "We also have important challenges: to get more money into these sectors. The country can't carry on at the level it has been with tax receipts obviously coming down.

"But with so much business support being provided for the public sector, there must be changes in the present structure. Science City in Newcastle is trying to create science with new jobs. Money we have raised will go into private enterprise."

Alastair MacColl says Business Link has been working with 34,500 businesses to transform support and make it easier for businesses to access. "We are trying also to grow skills and make the North East a real magnet for talent. "In the Great North Revolution that's being talked about, how do we ensure a strong manufacturing base is maintained, but at the same time focus on emerging industries? The situation at Corus warns us some other industries are going to have a tough time."

Paul Woolston believes the region must be more confident. In the FTSE-350, he says, only seven out of 27 North companies are from the North East. "We need to feel good about the region. The public sector has a role too. "We must concentrate on what value the gross domestic product can create in terms of schools, hospitals and projects like the new Tyne Crossing. We must concentrate on value. There must be more strategic thinking for the region, both by the public and the private sector.

"We recall the airport controversy when the regional development agency questioned whether Newcastle should become the region's sole passenger airport, with Durham Tees Valley concentrating on freight traffic.

"If we had done what had been considered, we might by now have had regular scheduled flights between the North East and New York. That would have said something about the people here. And why do we have five business schools in the region, not just one? Some things we can do."

He sees major assets in the region's law firms and those working for them. The big four accountancy firms are represented. He added: "Competition within the region is good and we need more of it."

David Bowles feels everyone should have remained focused on the principle of one major passenger airport. "That might still happen."

Brian Manning: "Too many people in the North East are employed in the public sector. And in procurement, without being protectionist, we should be making much greater use of local goods and services to build up companies we already have here."

Geoff Ford says many companies are feeling the pinch with no apparent signs of recovery yet, and it is important, particularly where jobs have to be shed, that more is done to avoid the risk of losing valuable skills permanently. "Our region has unique economic features. We must exploit these, do our own thing. If we wait for government help at present we'll wither on the vine."

He agrees with Brian Manning: "We must encourage more trading within the region. Local trading is cost effective, saving in costs and delivery times. We badly need a regional database. If you can't find what you want locally, you log on to the database and find somewhere in the North East. If what you are after is still not available, you can then go outside the region."

Alastair MacColl: "We are working on that." **Geoff Ford:** "Businesses also need more advice and support going into the future. We are being advised to consider the shape of North East business 100 years from now. We probably already have many of the skills that will be necessary for whatever lies that far ahead, but we need more support to that end now.

"The Government seems to think manufacturing should be dead and buried. That isn't the case, certainly on South Tyneside, which still depends heavily on manufacturing, and where many manufacturing start-ups are still evident. What about help for them to face the future?"

Mike Mullaney, as a banker, is impressed by the creativity of many managements in the region, especially when big cost cuts are having to be made.

"It is being done not arbitrarily, but in many cases through consultation with employees and union representatives, and with a variety of measures aimed at retaining skills wherever possible.

"Brilliant things are happening before our eyes. Unlike some other parts of the country, we don't panic. Disaster in the South is a minor irritation here."

He believes the North East needs greater promotion. "We have seen 17 or 18 years of very good business conducted here, yet the region is still not on the radar. We don't promote the region enough."

Business, he says, should seize the opportunities offered by the 2012 Olympic Games in London and the 2014 Commonwealth Games in Glasgow.

Marion Bernard says a point she continually stresses in considering concepts and start-ups >>



is that things have to be commercially viable. "I think it is sound policy to build on what we have already achieved in recent times. I am particularly impressed by our progress in science and technology. We should try to do even more new things here. I feel we should have global ambition, always seeing if we can export more.

"We should also try to attract new skills into the region, and should be developing the infrastructure - such as appropriate housing and transport to attract people here."

David Bowles sees virtue in "reverse globalisation". He explains: "In the early 1980s, about 186,000 jobs were lost from coalmines, steelmaking and shipbuilding in our region. To counter that, we had to try to get inward investment. But globally mobile investment is always globally mobile.

"John Bridge, when he was at One North East, often observed: 'You have to try to do something about that'. And he's still right. At Northern Defence Industries, firms work together to share resource. It is something of a reversal of globalisation.

"We establish what the business model looks like and work out how to get small companies working in a collaborative network. In terms of persuading banks to give support, it can offer a better risk than single big companies making an approach."

Steve McNichol suggests that in any Great North Revolution there would be an opportunity in a very short time to develop North East businesses that are truly world-class. "It is vital to back the right horses. There are some big chances and big decisions have to be made. The only way is to get the region to talk and work together."

To that end, he adds, someone or something

has to be a catalyst - "not a committee, but someone who can drive the region."

Instilling the work ethic

Steve McNichol perceives that many firms are frustrated in their searches for mature recruits. "Many job applicants are very bright but lack the work ethic. The eco-climate now may not be a bad thing if it changes that kind of thinking."

Mark Simpson, observes that in terms of skills, the North East has seen two outstanding companies: Nissan and Viasystems. "Nissan's development of a local skills base prompts the question: Can we develop other local skills bases like that?

"Nissan brought in new ways of thinking. It has instilled a strong work ethic. Its production workers have to be very fit to do the work they do, and they have to work hard.

"Viasystems had some truly brilliant engineers. That was 10 years ago. It's all gone now - hundreds of bright people. How can we now attract similar skills to the region?

"Also, there's resistance among small and medium-size businesses to accept mentoring. It seems to appear to be a big step to them. But why? They should not hesitate at such an opportunity."

Marion Bernard feels employers should not try to hang on to employees determined to move out of the region. They can always come back, she points out.

"There's a campaign to persuade graduates to stay in the North East, but if they wish to go to London or elsewhere to discover more about their field, we should let them, and meanwhile build our businesses to make sure they want to come back and share what they have learned while they were away."

Sharpening young people for work

Brian Manning says that in preparing young people for careers, too much money goes into 14 to 19-year-olds. "That's too late. We need to prepare them younger, at primary level even. We should be helping 10-year-olds upwards to form their attitudes.

"At 14, many have probably already made a decision which may not be the best one for them. In too many schools you find the word 'work' lacking in the vocabulary. Many children don't get enough experience of what work is about in their school life."

David Bowles: "We need to invest now to persuade young people to get interested and realise the importance of working in some kind of job in industry - particularly in manufacturing - through the Young Engineers programmes or things like that. It is crucial - if we don't we won't have a workforce competent 15 years from now, let alone in 100 years."

Peter Arnold: "We've been finding out what businesses around the world will need in the future. It is difficult to predict. Take a high-tech area like stem cells. It's difficult to know where that might be at any point in the future and what jobs might come from that.

"If you look at what has been discovered during the past five years, only about 3% of what is known today was known then. Businesses do have to do forecasting, but it may be more emotional than cerebral to kids. "Nissan's way is more about letting kids see what they can do now, how they would fit in. In Science City, we've been trying to target kids of 10 to 14 and it's difficult to get them to see science as anything but white coats and goggles. Can they connect with people like



this and what they're doing? It's a real challenge. Usually, it's footballers and film stars they want to be like."

Brian Manning: "Newcastle United is an interesting comparison. They've bought in experienced players then paid them lots. Would the money have been better invested in developing youth? It can often be better to develop youth and invest for returns in 10 or 15 years' time.

"We tend to have sticking plaster solutions today, when the industry we know today may be irrelevant in 10 to 15 years' time."

Alastair MacColl: "If you could get government at all levels, industry and education to engage together on some of those bigger issues you might go some way to answering those questions. I am not sure business is all that good in engaging in that way."

Jonathan Blackie: "Perhaps a mistake we make is in having complicated arrangements around regional structures, hard to sustain. What seems to work well is when Esh Group teams up skilfully with local schools along the road and offers careers in construction. "It's all about a sure job if you display certain characteristics, such as actually turning up for work. Turn up, work hard, recognise you're the junior member of a team and there's a lot to learn. Again, keep it simple, not some complicated regional initiatives.

"I think it's also about Science City having a strong programme for young people as well as the lab coats. If you run a really good schools programme you can demystify things, make science fun. The Centre for Life in Newcastle makes learning fun.

"If you're really up for the challenge, do what Paul Callaghan in Sunderland is doing. His

Leighton Group is sponsoring a new school in Sunderland, at Red House Farm, reckoned to be one of the poorest estates in England.

"When you talk about making that school relevant to people who live around there, it's something quite inspiring. There are also simpler things you can do."

Paul Woolston: "It's largely down to head teachers. If they are supportive, there will be progression, if not, it will be dead in the water. "A bus-load of 16-year-olds, who with luck might get five Cs at O-Level, visited our office. Our objective was simply to raise their aspirations. They were from South Shields, yet for 12 of them it was the first time they had been to Newcastle.

"When you talk about raising aspirations, you've got to understand where you may be coming from. Particularly worrying, is how often young people find it hard to mingle with adults."

Geoff Ford: "Teachers need to be focused on preparing young people for a job. One lad came to us for an interview wearing shorts. When it was pointed out his dress might not be appropriate, he said, 'oh, I was on my way to the beach'. For that, I wouldn't hang the kid; I'd hang the teacher who didn't prepare the lad for his meeting."

Mark Simpson: "Surely that's the parents' responsibility. There's a generation of parents, many of whom are not instilling the right things in their children. From the age of seven onwards, it may be too late for others to start trying to guide them. Can we do something about the parents?"

Stephen McNicol: "There has to be pride at all levels. Children have to be given a chance. Parents have to understand what the opportunities are. Teachers must be

inspirational and focused on what young people's goals and abilities truly are. The region has to be attractive to people. We need to work really hard at doing that."

Another challenge, **Mark Simpson** believes, and was strongly supported, is how to get investment to transform regional behaviour in family life.

Alastair MacColl: "We have to consider many families in this region who are seeing three generations of unemployment. How do you persuade children in that situation that if they stick in at school there'll be something for them? This is about having a clear sense of what the opportunities are. We are trying to find a way to build upon that."

Mike Mullaney: "If we ask young people to name their hero, how many would mention a business boss?"

Brian Manning: "Some might look up to Sir Alan Sugar. TV like The Apprentice and Dragon's Den have been fantastic for raising people's aspirations."

Marion Bernard: "There are perceptions to change. We must persuade younger people that quality of life is important. It's often assumed here also that we work less than in London. We have to explain that we work just as hard and effectively here."

Paul Woolston: "These are parts of endless cycles we must try to break. "

Getting known

David Bowles: "We have many bright ideas here, but are also introspective. We're not seeking enough ideas and enough views about ourselves from the rest of the world. And if big ideas aren't coming out of the region, let's find out where they are and try to make them work here." >>



Peter Arnold: "We need to be trying to connect scientists and innovators with industry that might come here. We need to be trying to connect with inward investors or people who might want to come in with us later."

David Bowles: "We assume the rest of the world knows where the North East is. We think because there's a Newcastle United everyone knows where Newcastle is. But many people in Seoul and Silicon Valley have no idea. They don't see the world in black and white stripes."

Mike Mullaney: "Do we explore enough why we are not successful at times?"

Need for strategy

David Bowles: "For 25 years, the North East has been uniquely successful in providing strategic initiatives to the region's economic cause. Around the world, the same sort of stuff has happened – the United States in the days of the Tennessee Valley Project, and the regeneration of Baltimore.

"These have provided instances where individuals have emerged to provide leadership. In the North East, Sir John Hall epitomised it, but it didn't last long. Others have aspired - Dr John Bridge. People can provide that sort of leadership."

Alastair MacColl: "We need an approach, a strategy, a plan – one of them, not 20 of them but one we can all share."

David Bowles says regional strategy and strategic leadership are vital. "I and others have recently been visited by a number of national politicians and others who see no real need for regional development agencies as they are now.

"And they think local authorities should be kept away from matters of economic and

business development. But we need strategic leadership, even if it's not in a regional development agency as such. It will always be important in a small region to have public and private cultures working together. We shouldn't let politicians ride roughshod over a good model that works well here."

Jonathan Blackie: "Ten years ago, we were the country's worst-performing region. We put up the worst scenario, saying we needed government help. That's all changed. We're no longer a basket case. It's all about assets.

"We have transformed more than most places in Europe and have good iconic stuff. We've transformed universities. We have devices to lure academics to contribute to business.

"Recession brings uncertainty. But we are working on electric vehicles, plastics, electronics and renewables. Think of the change. Even in situations like that at Corus - profoundly disturbing where thousands of jobs are threatened – there's talk of a long-term plan.

"Tees Valley has great engineering. It's looking at regeneration, renewables, and its process industries are modern. On top of this, we have culture to be proud of."

Geoff Ford: "People have to be at the heart of it all. We must fix on what people can contribute."

Alastair MacColl: "We have to ask now whether young people will buy our plans or our leaders?"

Paul Woolston: "Two outstanding leaders in the North East have been Trevor Mann at Nissan and Paul Walker at Sage. They are understated and modest, but highly effective."

David Bowles: "To get people to come back to the region, you must have companies that

are growing and new young companies like those in which Marion's company is investing."

Peter Arnold: "In scientific areas we are competitive. In go-ahead places like Singapore and Boston, there is a sense of leadership, whether it's through small groups or through certain individuals."

Alastair MacColl: "A great advantage of our region is that it is easy to get round. Usually, it takes a year to get to know the key players of a region. I found on Teesside that it took me half that."

Weaknesses of organisation

Brian Manning: "I feel in some ways there are too many organisations pursuing strategies and trying to achieve the same thing. Strategies in the end become diluted.

"I'd like simplification in the number of organisations. Money some get is largely used to pay salaries within. It's all self-sustaining. The strategies are probably correct, but far too diluted. The region needs to attack that, cut it down."

Mark Simpson: "Often, they try to support too many things. A good company doesn't have too many aims and try to do everything in one go. It is too easy to include too many people then lose sight of the goal. How you do it is what matters."

Brian Manning: "My experience of support bodies is that if I ran a business like them I'd soon be out of business."

Alastair MacColl: "I guess I've got to exercise a bit of caution in what I say here since we are involved with so many organisations. But on business support there is a process of simplification going on, a process of trying to get, believe it or not, about 3,000 government schemes down to about 30 by next year."

Brian Manning: "The public sector needs to take a good look at itself. Too much time is spent bidding for funding. Why not all work from one big pot? They must spend 50% of their time looking at how to go about it."

Jonathan Blackie: "I think everyone understands the public spending scenario can be very tough. Local authorities recognise they are going to have to take a lot of factors into consideration ahead of a perfect storm. One local authority alone is taking out 550 posts,



and I think other authorities know there's a cliff edge coming.

"The Government has told local government to get out of economic development and leave things to the regional development agency. Local authorities are there to create what's called a local business environment.

So their planning should be excellent, their infrastructure good, but don't get into grants and services. Leave it to business operations.

"But that's proving difficult to get across. Local politicians often feel passionate about providing support to hard-pressed communities."

Alastair MacColl: "These things have been happening for many years. They will be resolved with application and change. I think some of that is going on, certainly in some of the areas that we are responsible for.

"But I also think the business community has a big role to play. I think business has to be part of the plan we are talking about to ensure a proper approach, and an accountability. It's about working away at it."

David Bowles: "Take the Northern Business Forum, which some of us are involved in, Often, the Association of North East Councils comes to the table with some sort of project, maybe a design strategy. It's always driven by the public sector, all the intellectual thinking which has gone in up to this stage. Belatedly, they say to us: 'We want you to do this'.

"It happens in other organisations, too. There never seems to be an inclination to reach for the private sector and engage it at the front end. They want to tick a box saying they have consulted. It seems to me we have to change that. The business community has to stick its head above the parapet and say: 'This is how to make the thing work'."

Brian Manning: "They want engagement."

Geoff Ford: "Central government is now promoting the private sector as the lead sector, probably because the public sector is running out of money. The regional employment group is pushing for employers to take the lead over unemployment in the region."

David Bowles: "Business communities must be in the driving seat, just as in every other successful economy - even China's." ■

A world class future is the collective aim of the North East England business community comments Alastair MacColl



In these challenging times, the work that we undertake at Business & Enterprise North East is overwhelmingly focused on the essential task of providing immediate, relevant support for businesses. However, as a region, we are planning also for the longer term, to continue developing a business environment and a support structure now that will allow the North East to maintain progress once the upturn arrives.

As chief executive, it is my responsibility to make sure that the services we operate, meet the region's longer term objectives. And the steps we take to achieve those objectives are the right ones. We must continue to

work closely with the whole business community across the region - listening, understanding and responding.

Events such as the BQ Live debate are very welcome. They provide an excellent platform to discuss the key issues that we all need to address. This first debate convinced me that these events are going to be invaluable. It was honest, stimulating and covered some major themes. There was broad consensus that this region has made enormous progress over the last decade. But to maintain that momentum we have to improve our skills base, developing the talent that we undoubtedly have here and attract it from elsewhere. The North East has a long and proud manufacturing heritage and everyone agreed that this should remain a fundamental part of the business mix here, but with emerging industries increasingly coming to the fore. Engaging more effectively with young people was also identified as crucial, giving them the inspiration and the tools to get into work and pursue their own business ideas.

So there are some weighty issues that we have to prioritise, but I believe that more than ever the North East has the infrastructure and the collective will to do so. Business & Enterprise North East is at the heart of that process and we will continue to lead the drive that will, one day, see North East England recognised as a world class business location.

The meeting's main conclusion was: "Business should be put at the heart of shaping the map to take the region forward."

Remember, this is only the start of the issue, because now we want you to express your views in person and make your contribution towards our regional strategy in the difficult times we continue to face.

Through our two events per quarter, sparking debate, discussion and feedback on a range of key business topics and issues, we aim to drive good, common sense thinking forward, and have it taken up at national, regional and local levels. If you believe, like us, that now is the right time for a groundswell of sound thinking about our region's fortunes, then ask us now to reserve you a place for round two of the first BQ Live debate.

Date: Thursday September 17, 2009

Venue: Bishops Suite, Ramside Hall Hotel, Durham

Time: 6pm for 6.30pm

In the chair: David Bowles, chairman of Entrust and Northern Defence Industries, and Brian Manning, chief executive of Esh Group

Ticket price: £20 includes refreshments and canapés

For information and tickets, please contact Bridge Club, tel 0191 230 5742, www.bqlive.eventbrite.com