



# Henley

WHERE BUSINESS COMES TO LIFE

*HARNESSING  
THE  
POWER OF  
RESILIENCE*



H I D D E N  
D E P T H S

**SHHHH!**  
THE BENEFITS OF  
QUIET LEADERSHIP

**THE FUTURE OF RETAIL**  
WHERE NEXT FOR THE  
HIGH STREET?

**MIND THE GAP**  
DIVERSITY IN THE  
BOARDROOM AND BEYOND



**Henley**  
Business School

UNIVERSITY OF READING

**Where business comes to life**





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*Shhhhh*

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# Welcome to Henley the magazine from Henley Business School

**Guest editor,  
Emma Jones  
MBE, is the  
founder of  
small-business  
network  
Enterprise  
Nation**

If there's one thing that entrepreneurs need right now, it is a healthy dose of resilience.

Henley Business School's research into the trend for side hustles shows that one in four people are starting a business alongside their day job, studies, parenting or caring responsibilities. If you're starting and growing a business at nights and weekends, both resilience and discipline are required to write that business plan, process your orders, schedule social media, reach out to the press and so on. So while starting a business on the side is a great way to get established, giving yourself the time to build cash flow and gain commercial confidence, it also requires a big commitment to hard work and seeing things through.

In growing a business, resilience needs to grow in equal measure. Hiring staff means having to delegate, trust, and

motivate. These may not be skills you've had to master before. So surround yourself with experts and supporters who are strong in the areas of business that are not your key focus. This could involve taking on a good accountant, maybe a mentor, an operations person or a technical innovator, so that you can focus on leading the team. In the following pages, successful business leaders and academic authorities offer some sound advice. Other topics covered include embracing diversity and technological innovation – both high on the agenda of any entrepreneur, to ensure that they stay fit in a fast-paced world.

There is much to be gained from business and academia working through these subjects together. I look forward to seeing much more collaboration over the coming years, as resilience becomes an essential tool for entrepreneurs both old and new. ■

## THE SIDE HUSTLE ECONOMY

Henley Business School's latest white paper investigates the growth of the side hustle economy. In July, the Business School published extensive research to understand who is side-hustling and how it will impact on the future of work



05

### What is a side hustle?

Broadly speaking it is a secondary business or job that brings in, or has the potential to bring in, extra income. It has come about as a result of two key areas. The first is changing work patterns, such as employers embracing flexible and part-time working. The other area is the digital revolution, from online marketplaces and publishing platforms to crowd-funding sources, that have made it far easier for an individual to launch a small business from home.

### Why are people doing it?

While a side hustle generates around 20 per cent of a person's income, financial gain is not the main goal. Instead it fulfils something that their primary job can't. As many as 69 per cent of people engaged in a side hustle feel that it makes life more interesting, and despite the additional workload (often an extra 10



hours per week) they claim that they are less stressed. The extra work makes their lives more rewarding.

### Who is doing it?

The research suggests that as many as one in four UK adults now have some kind of side hustle, in areas as diverse as fitness training, making craft goods and

stock-market investing. It is most popular with younger generations aged between 16 and 44 and currently more prevalent with men. However 62 per cent of women who are side-hustling started up in the past two years. The North East and Greater London regions show the most ambition with around 30 per

cent working on some form of side hustle.

### What will it mean for employers?

Many companies don't have a policy on side-hustling practices or a process to understand how many and which of their staff are engaged in it. This despite almost half of business leaders claiming to have a side hustle of their own! Businesses can be resistant to side hustles for fear of losing staff, the potential for conflict of interest, managing data security risks and misuse of company property. However, embracing the side hustle can act as a retention tool, as employees rely on their primary job to support their passion projects. By providing support and flexibility, employers in return get increased loyalty and employees who are gaining valuable and diverse skills without the costs of additional training. ■

## THOUGHT PROCESS



06



Dr Jonathan Passmore, Director of Henley Centre for Coaching and Behavioural Change, is leading pioneering neurological research, exploring how brainwave activity changes during the course of different types of careers conversations. It is the first coaching study to use electroencephalogram (EEG) equipment that creates a picture of the electrical activity of the brain.

The randomised control trial involves one group of volunteers having a standard careers conversation that is focused on advice. A second group receives a coaching-style intervention that allows

### **“PEOPLE ARE FASCINATED BY NEUROSCIENCE AND THE SCANNING EQUIPMENT... IT IS SO RARELY SEEN AND USED IN BUSINESS SETTINGS”**

each participant to explore, consider and reflect for themselves on their career choices and what the consequences of these choices might be. Each conversation lasts 30 minutes, during which the participant wears an EEG cap (think hi-tech swimming hat). Pre and post-questionnaires are also completed about self-esteem and how positive the participant feels. The team

are also filming the sessions to observe data from the participants' responses.

“We've separated out the tasks so that one person carries out the coaching, a second collects the data and a third will carry out the analysis separately. This will be a blind trial; the analyst won't know the different intervention styles that are being used for each participant. We might find nothing, but until we do the

research and answer the question, we just don't know,” says Dr Passmore.

The project, in collaboration with the University of Winchester, is oversubscribed with volunteer staff and students from both institutions.

“People are fascinated by neuroscience and the scanning equipment, because it is so rarely seen and used in business settings,” says Dr Passmore. “We are only at the very foothills of understanding the brain and probably in the next decade or two our understanding will increase by a hundredfold but we need to start on that journey now.”

## #CORPORATEACTIVISM



The Dean of Henley Business School South Africa, Jon Foster-Pedley, defines their newly coined hashtag as "a process in which the business community is made aware of the unintended consequences of commercial practice and motivated to harness this latent potential to make a positive impact on society."

He believes that business schools should be the activists of the corporate world and wants to give business people the tools to stand up for good practice. "What may seem good for business in the moment, may be bad for both country and economy," says Foster-

Pedley. "Profit is the means by which we build our purpose and our value, not the end result," he adds.

To raise awareness of #CorporateActivism, the Business School recently hosted a masterclass addressing the extent of state capture and ongoing issues of corruption within South Africa. While attending the event, the veteran anti-Apartheid campaigner Lord Peter Hain explained that the historical challenge is that "government does not understand business and business does not understand government. Business always wants to be on the side of government..."

but it cannot be unqualified support from one side or the other." Foster-Pedley says that business and government need to maintain a healthy distance in order that they can hold each other to account. "All too often our business leaders have stayed out of important debates, but now is the time to take a more active role in redressing the imbalances of the past and ensuring a more equitable future for all."

Foster-Pedley recognises that their students want them "to be active and awake, to educate and generate movements, creating new boundaries and practices." By introducing

educative methodologies and mechanisms into business, Henley aims to change the line of consequences, enabling board members and business leaders to appreciate the causality of corruption and give them the skills to take action. He accepts that Henley may lose out on some business along the way but says that "on balance our job is to be on the side of good business and good governance; to contribute rather than steal business that creates value and helps society grow better." ■

**Follow his progress on Twitter: @africadean**

## TRIBAL GATHERING



08

A team of researchers including Dr Mike Molesworth and Dr Georgiana Grigore of Henley Business School have conducted new research into the emotional labour of tribal entrepreneurship by examining the success of UK Beauty Gurus on YouTube. The most successful beauty vloggers not only have millions of followers but also reportedly earn upwards of £50,000 per month. Having watched 5,989 YouTube videos by UK Beauty Gurus (more than 949 hours of footage) and tracked their posts and feedback on social media, the research team discovered that tribal entrepreneurs must carefully balance

their tribal bonds with their commercial interests to avoid perceptions of betrayal.

**The three key strategies identified for doing this were:**

**1** *Suppressing negative emotions*, by censoring unfavourable posts. Previously tribal entrepreneurship was seen as rebalancing power in favour of consumers but these new entrepreneurs are taking back control.

**2** *Self-conscious emotional labour*, e.g. vloggers vocalising their own feelings of embarrassment and

guilt surrounding their entrepreneurship. This is typically met with a compassionate and supportive response from their online tribe.

**3** *Other-praising emotional labour*, in other words, vloggers actively thanking, praising and elevating their followers in the tribe. This resulted in the entrepreneur getting more affirmation and attention back.

The research demonstrates that where traditionally emotional labour was used to create a sense of contentment and security (e.g. with cabin crew), in the

digital realm it can be transformed to create compassion, awe and elevation. Interestingly the tribal entrepreneur cannot rely on their own emotional labour to maintain a successful relationship within their tribe, but needs the tribe to work for them too, i.e. defending the entrepreneur when criticised, attacking their critics and offering regular support to the entrepreneur.

During the course of their research the team also found considerable issues regarding online advertising literacy and transparency especially where tribal entrepreneurs are promoting their own merchandise. ■

## TUNE IN



Earlier this year, Henley Business School launched *The Unexpected World of Business* podcast. We caught up with Haro Kazandjian, Digital Delivery Manager, to find out more:

**Why launch a podcast now?**  
We found that lots of people within the Business School were interested in podcasting and listened to them regularly. We'd also noticed that they were becoming increasingly popular with a younger audience who we wanted to talk to.

#### What's the aim of the podcasts?

We're podcasting for people

who have an interest in interesting things and want to learn along the way. The podcasts showcase Henley as an institution that is leading the conversation for engaging and sometimes alternative views and opinions to do with the business world, that you wouldn't necessarily expect. We're starting conversations that you wouldn't hear on the radio. A good example is our recent podcast on football and finance. It is an industry that most people are familiar with, but they wouldn't think of it as a business.

Our academic team have so many specific and interesting takes on things

that people won't necessarily have heard before. We're highlighting their research, opinions and thought leadership, rather than just making another business podcast that focuses on the news.

#### Can you tell us about forthcoming attractions?

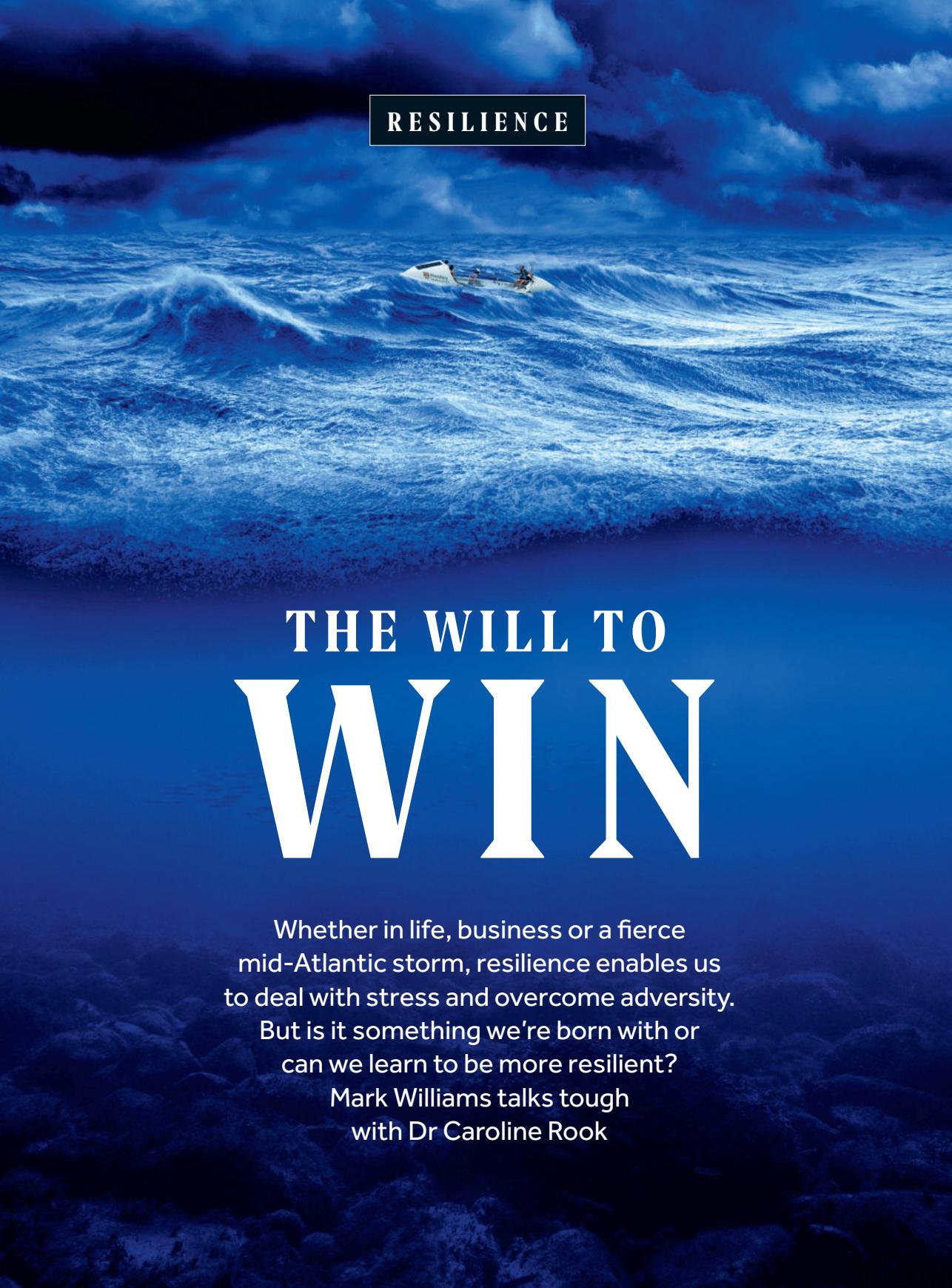
We're planning to work with the Heads Together and Row team (for more on their story see page 10) to follow their transatlantic journey. We also have a couple of podcasts coming up that will be very unexpected! Our latest is with musician, documentarian and mental health awareness advocate Stephen Manderson (aka

Professor Green) who is discussing the emerging economy of side-hustling, and the positive effect it can have on people's happiness.

#### And finally what other podcasts are you following?

*Stuff You Should Know:* a podcast with unusual learnings about common subjects, from mirrors and emojis to cremation. *A Stab in the Dark:* writer Mark Billingham and guests dissect the inner workings of crime in fiction and on TV. ■

**Subscribe now to *The Unexpected World of Business* podcast on Apple podcasts, Spotify, Acast and Stitcher.**

A photograph of a small white boat with two people on board, navigating through large, white-capped waves under a dark, cloudy sky.

RESILIENCE

# THE WILL TO WIN

Whether in life, business or a fierce mid-Atlantic storm, resilience enables us to deal with stress and overcome adversity.

But is it something we're born with or can we learn to be more resilient?

Mark Williams talks tough  
with Dr Caroline Rook



**Dr  
Caroline  
Rook**

*Lecturer in  
Leadership,  
Organisations  
and Behaviour*

Levels of individual resilience are likely to determine who succeeds and who fails in the workplace,” explains Dr Caroline Rook, Lecturer in Leadership, Organisations and Behaviour at Henley Business School. “Creating a resilient workforce can be challenging due to limitations in our knowledge on and thinking around why some people bounce back and learn from challenges, adversity, and constant change, while for others, their healthy functioning is significantly impaired.”

Are some people born more resilient than others? “Some researchers talk about resiliency as a set of characteristics or traits that people are born with, while others talk about resilience as a more dynamic concept that people can learn through training,” Dr Rook replies. “In positive psychology, scholars talk about resilience enabling people not just to bounce back quickly to normal levels of performance, but to exceed them because they’ve learned something from dealing with the challenging, stressful or extreme event they’ve experienced.”

## HEADS TOGETHER AND ROW

Dr Rook is leading a research project into resilience that is focused on four crew members known collectively as Heads Together and Row (HTaR, [headstogetherandrow.org.uk](http://headstogetherandrow.org.uk)). In December 2018, HTaR will compete in the Talisker Whisky Atlantic Challenge, billed as ‘the premier event in ocean rowing’. The team will attempt to become the fastest mixed-four to row the Atlantic from east to west. HTaR is inspired by the Heads Together charitable campaign set up to raise funds for Combat Stress ([combatstress.org.uk](http://combatstress.org.uk)) and mental health charity Mind ([mind.org.uk](http://mind.org.uk)), while also encouraging people to talk about their mental health. Henley Business School is supporting and sponsoring HTaR’s endeavour.

## EXTREME CONDITIONS

When trying to row, unsupported, a distance of 3,000 miles across the mighty Atlantic Ocean, resilience will be key. Wave and weather conditions will change rapidly, testing every ounce of one’s ability to overcome adversity and triumph.

The race is likely to take between 40 and 90 days, with the ➤

crew rowing in pairs, in two-hour shifts, around the clock. As well as sleep deprivation, the HTaR crew will have to deal with blisters, saltwater sores, seasickness, bruises and scrapes. And they could have to battle 40ft waves and hurricane-strength winds that threaten to capsize their diminutive 24ft by 6ft vessel.

When asked why the research with HTaR is taking place, Dr Rook says, "In management science we focus on the psychological aspects of resilience, for example, the ability to see something as a challenge rather than a threat, which better enables someone to cope with stress and bounce back quickly, while even learning from it."

## TEAM TALK

"But other elements, such as nutrition or overall health, impact our levels of resilience, too. With HTaR we want to explore whether different elements – psychological resilience, mental toughness, energy levels, sleep quality and physical fitness – influence each other. Of course, there are only four people in the HTaR team, so we cannot empirically or statistically test any of these relationships. However, it will give us some initial insights

**"THE TEAM COULD HAVE TO BATTLE 40FT WAVES AND HURRICANE STRENGTH WINDS"**

The crew will row in pairs in two-hour shifts around the clock on a journey that will take between 40 and 90 days



into some of these mechanisms."

Dr Rook explains that the team's resilience will be tracked over time to see how it changes for each of the four team members. She adds, "We're also planning a diary study, where they record themselves every three days during the race. This will enable

us to track their resilience, check what the real psychological and physical challenges are and how they cope with these and any possible tricky situations that emerge within the team."

Dr Rook explains that academic research takes time to publish because of the data analysis,



writing-up and multiple rounds of rigorous peer-review. So it will be a while before the findings of this research will be published. However, each month, insights into the topic of resilience stemming from the research will be shared via HTaR blogs published on Henley's website ([hly.ac/row](http://hly.ac/row)). ▶

## SO SOLID CREW

### Meet the four members of the Heads Together and Row team



**Justin Coleman** is a 52-year-old copywriter who lives near Leicester. As well as running a small sound and light company, he is a comedy promoter and stand-up comedian. "Audiences can be tough, but driving to and from gigs is where your resilience can really be tested. I do 35,000 miles a year, often driving home in the early hours, so I'm used to a lack of sleep," he says.

Coleman tried and failed to row the Atlantic in 2004. "Then four years ago I broke my hip while cycling and could have died from internal bleeding. After battling hard to recover, I realised that I had to do the things I wanted to do, including rowing the Atlantic, while I was still physically able."

Coleman has also battled and overcome depression many times, so raising money for Mind and Combat Stress is another key reason for doing the challenge.

"Training is going well, but has been incredibly dull so far," Coleman admits. "It is mostly gym-based, on a

rowing machine on my own. I try to stay sane by watching *The Bill* on UK Drama," he laughs. Coleman thinks his biggest test won't be physical but whether he will be mentally tough enough to leave a warm, dry cabin every two hours to go and row in the darkness, extreme weather and choppy waves of the Atlantic.

"I must be resilient, because of what I do and what I've been through," he reflects, "but I don't take it for granted. They say three-quarters of the battle is getting to the start line. There's so much to do before the challenge. I'm looking forward to it, but I'm also a little scared, which I think is healthy."



**Jeremy Reynolds** is a London Resilience Manager at London Fire Brigade. Among previous roles, the 41-year-old was an infantry captain in the British Army for almost eight years.

"Toby, the skipper of the HTaR crew, is a good mate and colleague, and he asked me to do the challenge. My immediate



## HOW TO BUILD CAREER RESILIENCE



**Naeema Pasha**

*Director of  
Careers*

Recent research showed that career resilience is the key factor in designing a successful career. But how do you build it? Start with these questions:

When work was challenging, what was it about the situation that you found hardest? There are often underlying reasons why we feel our resolve is tested and key triggers that can make us feel despair. Maybe you had a feeling of being undermined by colleagues, a sense of unfairness or simply frustration at not having control of outcomes?

Can you recall a time that you worked your way to success? Focus on how you overcame the problems and hone in on what it was that enabled you to do so. Did you generate new solutions to a problem, or keep going with a steely determination? Or maybe you shared problems and ideas with colleagues to gain support and perspective. These are your resilient behaviours.

My research points to three aptitudes that are key to career resilience:

*Resource focus* is about having a proactive approach to your career planning. Take stock of your situation. Where are you now and where are you going? Think about what planning processes are needed for you to progress more effectively.

*Results focus* is about keeping going when the going gets tough. It is about harnessing your self-reliance; the desire and self-belief that you are able to achieve your goals. Aim to have a growth mindset, generating ideas and possibilities rather than shutting down your options. It is not about flogging a dead horse (careful analysis at the *resource focus* stage should help you decide if the cause is worth it).

*Relationships focus* is about connecting and communicating with people, to enable us to build and nurture worthwhile relationships, which support and champion us.

**Dr Caroline Rook gives the Heads Together and Row team a pep talk in the grounds of Henley Business School.**

## CONFLICT RESOLUTION

Dr Rook believes that resilience and tenacity are key when someone is being tested mentally and physically in such an extreme environment as the Atlantic Ocean. She cites the BBC Two programme, Special Forces: Ultimate Hell Week, which aired a few years ago as an interesting case. Twenty nine fitness enthusiasts were tested to see if they could endure extreme military training. The winner wasn't the fittest, strongest man, but a 32-year-old woman, Dr Clare Miller, who seemed quite petite when compared to her competitors. "The programme highlighted the importance of resilience and mental tenacity – it is not a simple matter of who is physically stronger," says Dr Rook.

"Another key factor for HTaR will be how well the team is working together and supporting each other. Conflict is likely because of mistakes and setbacks. Team members might not be as patient or feel as optimistic, if they're exhausted, feeling the strain or missing their families and homes. Their ability to engage in constructive, rather than destructive conflicts, and to cope as a team will be key if the challenge is to be achieved." ▶

reaction was to wonder why anyone would want to do something so arduous. Then I found out it would raise funds for Combat Stress and Mind – both do critical work – so that changed my mind."

Reynolds has been through military training and is no stranger to stressful situations. He has felt uncomfortable, cold, wet, tired and hungry before, with physical and mental resilience helping him to get through. "But the nature of this challenge – the scale, duration and isolation – makes it new," he adds. "My military experience will help, but, obviously, we have to work well together as a team if we're to succeed."

Although they have things in common, Reynolds believes the four crew members are very different people. "Having different backgrounds and perspectives is a good thing. We just have to make sure that we work together, especially if the going gets tough. We must support each other."

Attitude will also be crucial, Reynolds stresses. "You have to go into these things believing you will do it. But that's only possible if you prepare properly. Physically and mentally, you must be in the right condition. You must also know your equipment and drills, so you can tackle whatever comes your way. It is important to be confident – but never complacent. There will be tough times, but we

need to anticipate, prepare and respond positively if we are to achieve great things."



**Alison Wannell** lives in Bradford On Avon in Wiltshire. Having just turned 40, she has left her job as a lettings agent to concentrate fully on preparing for the transatlantic challenge. "I want to be able to look back on it and be proud," she says. "I'm not married, I don't have kids or own a home. Life was passing me by a bit, so I wanted to shake things up and test myself."

"My dad and brother sailed across the Atlantic 20 years ago, so I'm following in their wake." Smiling, she adds, "People have asked, 'Why not just sail across it? It would be much easier.' But I love rowing; I have done since university and it has helped me through some tough times. This was always the challenge I wanted to do – I didn't want to climb Everest."

Raising money for Combat Stress and Mind is another key reason why Wannell is taking part. "I'm from an army family and have friends still serving. Both charities do excellent work and I'm delighted to be able to support them. I also joined HTaR as a way to raise awareness and help to change



## PERFORMANCE APPRAISAL

Dr Rook believes that business leaders face performance pressures as much if not more than others.

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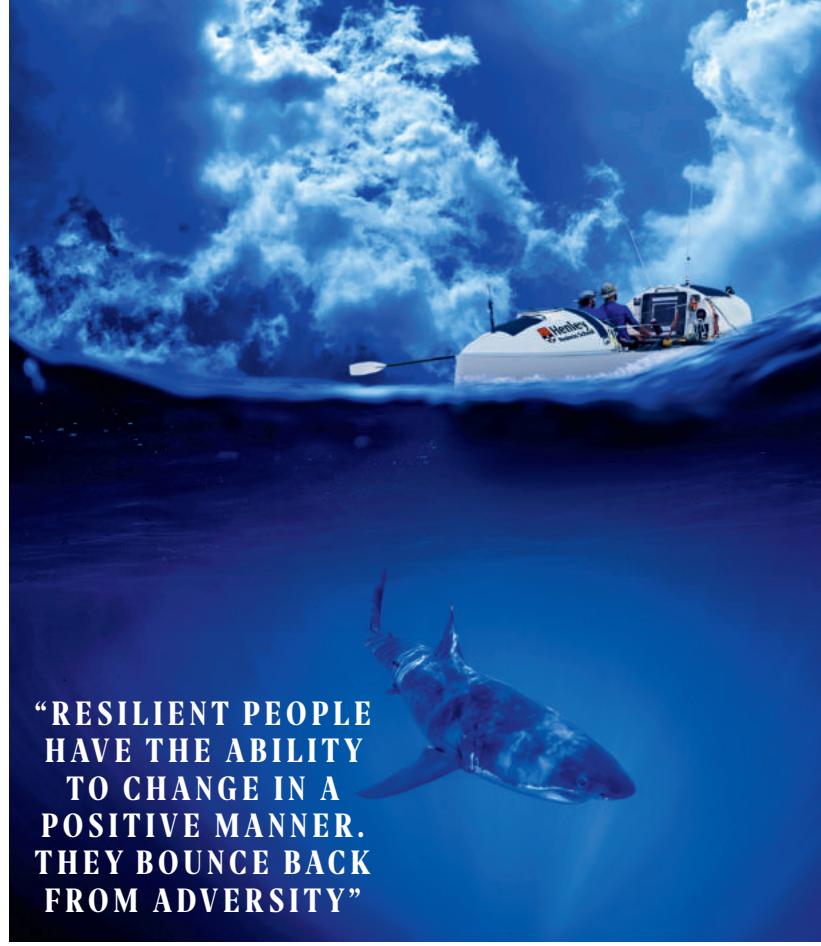
"They are likely to make mistakes in the current fast-paced business environment, which means their ability to withstand pressure, bounce back quickly and keep pushing forward is vital.

"The healthy functioning of leaders has a major impact on the performance of their organisation," she adds. "Research within the organisational behaviour domain on how to support leaders' resilience focuses on the psychological. However, cases of sudden collapse due to extreme fatigue support the notion that physical health also plays a crucial role in workplace resilience.

"To create a comprehensive conceptualisation of leaders' resilience, I'm starting a research project, funded through the British Academy/Leverhulme Small Research Grants scheme, to explore key components of leaders' resilience," Dr Rook reveals.

## ACADEMIC VIEW

Organisational scholars agree that resilient people have the capacity to deal with change in a positive manner and bounce back from



**"RESILIENT PEOPLE HAVE THE ABILITY TO CHANGE IN A POSITIVE MANNER. THEY BOUNCE BACK FROM ADVERSITY"**

adversity. "In positive organisational behaviour, the definition of resilience includes the ability to build strengths and virtues for sustainable high performance and wellbeing, based on experiencing and coping with adverse experience," says Dr Rook. "Resilience, therefore, includes two aspects: the adjustment to adversity, bouncing back and even thriving as a result of adversity. Advances in key personal characteristics of resilient individuals have been made, in particular, in positive organisational behaviour. There, resilient individuals are described as knowing their

strengths and weaknesses, creating opportunities and knowing how to navigate uncertainty and change."

Dr Rook says that "they also know how and when pressures at work turn into stress and how to rebalance themselves. They can deal with the demands placed upon them – especially when having to deal with constantly changing priorities and a heavy workload."

To learn from setbacks requires a positive attitude and the ability to regulate emotion, Dr Rook explains. "A positive attitude includes having a constructive conceptual orientation through

a strong sense of purpose, core values and a genuine vision. Emotion regulation requires impulse control, causal analysis, self-efficacy, realistic optimism, empathy and reaching out to others.”

### BUSINESS BENEFITS

Dr Rook believes that resilience is a key characteristic if you want to succeed in business and that successful business people usually are known for their ability to take the knocks and come back fighting.

“Whether you’re a CEO, senior manager, other leader or employee, things can often get very stressful in business, especially during volatile times. Mistakes and failure are part of working life and I believe resilience is key if you want to deal with them and ultimately succeed.”

Warning of the dangers of lacking resilience when you’re a business leader, Rook adds, “prolonged negative stress can turn into burnout and have detrimental health effects such as cardiovascular diseases. But leaders are also the figurehead of an organisation, so, if they’re seen to be weak or they appear not to be coping, this can negatively impact the organisation.” ■

the way people think of mental health.”

Wannell sees this as the biggest challenge of her life. So, presumably she considers herself to be resilient? “Er – ish,” she laughs. “I’m fairly adaptable, I can cope with change and pressure, I think. Nothing’s ever going to prepare you for this challenge unless you’ve done it before, and some things you cannot control, no matter how well you’ve prepared. You’ll never really know how you’ll deal with a 40-foot wave until you’re sat on the top or bottom of it. Sometimes I feel a bit scared by what lies ahead, but I’m enjoying training, I believe in myself and my team and I can’t wait to get to the start line.”



**Toby Gould** is deputy head of London Resilience at London Fire Brigade. “Jeremy and I work together, supporting the multi-agency London Resilience Partnership that prepares for and responds to emergencies. Last year was a particularly challenging year for the Brigade,” the 39-year-old reveals.

“Work can be very stressful and the days long. Sometimes I have to wake in

the early hours and rush into work. My professional skills and experience will help me to deal with some of the challenges I’ll face on the Atlantic, but all four of us will need to be resilient if we’re going to succeed.”

Gould describes himself as “good in a crisis” and “pretty resilient”. He and his fellow crew have been doing one-to-one work with a psychotherapist to boost their mental resilience and preparedness. “We had baseline tests in April and none of us has a particular weakness, but we’re all working hard to improve our mental resilience and physical strength. Our competence and confidence is growing every weekend we spend training together on the water.”

So, why do the challenge? “As well as raising awareness and funding for mental health, I want to prove that I can do it,” Gould replies. “I’ve done a few 100-mile rows for charity, but this is a far bigger challenge. One of the big obstacles we will be dealing with is seasickness, which can be seriously debilitating. Hopefully, that will be over within the first few days, but rowing two hours on, two hours off, 24/7, the new sleep pattern, sheer lack of sleep, exhaustion and the weather will also test us to the extreme.” But Gould admits that the biggest challenge will be not seeing his five-year-old son.



# MIND THE GAP

Diversity in the boardroom  
and beyond

**A**lthough there are many examples that show the UK to be much more diverse than ever, most company boardrooms aren't among them. Research published last year by the Directory of Social Change (DSC) suggested that despite the numbers increasing, women still occupied just 22 per cent of seats around UK boardroom tables (in 2013 it was just 13 per cent).

But according to DSC researcher, Judith Turner, writing for *The Guardian*: "Their positions tend to be non-executive and it is still a rare company that has a female chair or CEO." Moreover, 16 per cent of companies in the DSC 2017 research sample had no female board members, although in 2013 the figure was 33 per cent.

As Turner puts it: "The majority of UK company directors are still male and pale." Research published in 2017 by Green Park

(provider of executive search, interim management and board and diversity advisory services) found that 58 per cent of main boards in the FTSE 100 had no one from a BAME (black, Asian and minority ethnic) background (it was 62 per cent in 2016).

#### THE COMMONWEALTH PERSPECTIVE

Dr Shaheena Janjuha-Jivraj, Henley Business School Associate Professor in Entrepreneurship and Leadership, recently led Cabinet Office-commissioned research that benchmarked women in leadership positions across the Commonwealth.

The findings were published at the Women's Forum during the Commonwealth Heads of Government Meeting in London in April 2018. The Gender Leadership Gap Commonwealth Report sought to identify gaps in leadership opportunities for women based on organisations

achieving a minimum benchmark of 30 per cent female representation.

"This is the second benchmarking report on women in leadership roles in the private, public and political sectors across all 53 Commonwealth countries. The first was published in 2015," explains Dr Janjuha-Jivraj.

"Progress has been mixed. Although the picture varies from country to country, the Commonwealth average for women in political leadership roles has remained the same at 17 per cent."

#### GENDER LEADERSHIP GAP

Regarding women in public-sector board positions, she explains that there's been a slight increase from a Commonwealth average of 23 per cent in 2015 to 25 per cent this year. The biggest increase has come in the private sector. In 2015, women occupied just 14.5 per cent of C-suite and board positions. That figure now stands at 20 per cent.

"The rate of growth in the private sector between 2015 and 2018 was 37.7 per cent. So, if this were maintained, it would take just another five years for women to occupy half of senior leadership roles. But it would take nine years in the public sector, because the

**THE UK IS THE ONLY EUROPEAN COUNTRY TO HAVE MORE WOMEN IN PRIVATE-SECTOR LEADERSHIP POSITIONS THAN IN 2015**



rate of growth has been just 4.4 per cent,” says Dr Janjuha-Jivraj. The UK comes 13 out of 53 Commonwealth countries when it comes to the percentage of private-sector leadership positions held by women. While in Europe, the UK is the only country to have more women (23 per cent) in private-sector leadership positions than it did in 2015.

Although the UK comes fourth in the public sector (thanks to a significant increase from 27 per cent to 43 per cent in 2018 – the biggest increase in the Commonwealth), it is trailing at 14th place for political-sector leadership positions held by women, having suffered a fall of five percentage points since the 2017 General Election.

#### PRIVATE SECTOR FINDINGS

“Overall, the rate of progress in the private sector across the Commonwealth is still slow, particularly when you consider how much activity and ‘noise’ there’s been,” Dr Janjuha-Jivraj summarises. “Countries with quotas demonstrated mixed progress, reinforcing the notion that quotas provide short-term fixes, not longer-term cultural shifts. For example, India and South Africa have legally enforced quotas, but



**Companies need to set clear targets – not quotas – to achieve gender representation**

while South Africa has seen a 12 per cent growth in women in private-sector C-suite and board positions since 2015, India has had none.”

Dr Janjuha-Jivraj attributes the wider growth of women in such positions to “the power of market forces through sectoral and company initiatives that place greater emphasis on diversity”. She illustrates, “we’ve seen a sectoral push for gender parity in leadership and pay, for example, the Women in Finance Charter in the UK has encouraged a number of companies to set targets they are committed to achieving. Among the signatories, 25 per cent of firms are aiming for a 50-50 gender split in senior roles by 2021.”

#### ACTION PLAN

She continues: “In the war for talent, from graduate recruitment

to senior leadership roles, having strong diversity and inclusion (D&I) alignment with branding has been really important – it has forced some companies to take action. But gender leadership just isn’t a burning issue for many companies and until it is recognised as a critical resource to address the war for talent – it won’t be prioritised.”

So, what could be done to achieve greater and faster change? “Set clear targets – not quotas – and realistic goals to achieve gender representation across the pipeline,” Dr Janjuha-Jivraj says. “Hold key leaders, CEOs and Chairs accountable and ensure D&I plans have resources in both people and budgets to implement change.”

Dr Janjuha-Jivraj also believes that the media has a part to play in portraying more female leadership

role models. “It is important to keep finding new ways to address the issue; like sharing good practice across sectors. There’s a tendency to be sector-specific, but no sector has yet achieved 30 per cent women in leadership positions.”

#### BOARD REPORT

Andrew Kakabadse, Professor of Governance and Leadership at Henley, recently led research into the relationship between board diversity and board performance, along with doctoral researcher Rita Goyal and Nada Kakabadse, Professor of Policy, Governance and Ethics.

Previously, when researching company board purpose and function over a five-year period, diversity emerged as a key topic, Prof Kakabadse recalls. “For this latest research, which took another few years, we carried out in-depth, face-to-face interviews with 30 chairs and directors of listed companies, supported by previous top-level meetings at FTSE 100 companies. There were 20 men and 10 women, aged from 44 to 76. Most but not all were British and white,” he explains.

Getting people to speak honestly about the realities of diversity was a real challenge, Prof



**Andrew Kakabadse**  
*Professor of Governance  
and Leadership*



**Shaheena  
Janjuha-Jivraj**  
*Associate Professor in  
Entrepreneurship and Leadership*



**Nada Kakabadse**  
*Professor of Policy,  
Governance and Ethics*



**Rita Goyal**  
*Doctoral Researcher*

Kakabadse says. “The interviews were part fact-finding, part therapy session,” he smiles. “We were looking for patterns across the interviews to find out about true attitudes towards diversity in UK boardrooms.”

#### KEY FINDINGS

Researcher Rita Goyal was pleased to discover that “British boardrooms are going through an exciting phase, as FTSE 100 companies surpassed their gender diversity target of 25 per cent.” This voluntary target set by Lord Davies in 2011 now stands at 27.7 per cent, compared with 11 per cent in 2007. Moreover, these companies are on course to meet the 33 per cent target for women in senior leadership positions by 2020. “Although the situation is far from perfect, British companies have shown that they are willing to commit,” Goyal adds.

Prof Andrew Kakabadse says their research showed that many interviewees recognised the value of boardroom diversity and that it was something they wanted to see more of. “They may have had different ideas about what diversity means,” he qualifies, “but the fact they accepted the need for different ways of thinking in their boardrooms was telling.”

"In mature, saturated markets, embracing diversity can make a big difference, whether it is about culture, people, service, products – whatever. Boards need to be aware of that and many are. That thinking has now gone beyond being a luxury – it is a necessity," Prof Kakabadse stresses.

According to the report's findings, when there is a diverse board, it is in a better position to advise top management, to give access to external voices, to communicate positive signals and also to deliberate, since informed discussions include different perspectives. While gender diversity is obviously an essential point in boardrooms, Goyal also emphasises the need for boards with distinct nationalities, professional backgrounds, beliefs and values.

#### DIVERSITY OF EXPERIENCE

The research also showed that the interviewees' perception of board diversity and its impact were much broader than previously thought. "Many boards consider diversity critical to their success," says Prof Kakabadse, "but, the most significant diversity on boards, which delivers tangible benefits, is the diversity of experience. This allows different thinking. It enables

## "DIVERSITY ISN'T JUST A SIMPLE QUESTION OF RACE, RELIGION, CLASS OR AGE... IT IS ABOUT EXPERIENCES"

boards and businesses to bring new perspectives to problems or issues."

The research team was surprised to hear from several board members that they didn't mind the idea of temporary quotas to improve gender diversity. On racial diversity, this was only seen as a benefit where an individual had grown up in another part of the world and could thus bring different life experience to the table.

"Boardroom or organisational diversity isn't just a simple question of gender, race, religion, class or age," says Prof Kakabadse. "It is about experiences; it is about thinking outside of the box and integrating contrasting perspectives that can change the culture of an organisation, deliver real competitive advantage and ultimately greater profitability and sustainability."

#### CHALLENGING ASSUMPTIONS

Prof Kakabadse says diverse professional and life experiences combine to allow board members to make unique contributions at boardroom level. "That's why

FTSE 100 companies seek directors with a range of experiences and perspectives," he explains.

"Directors with wider professional and life experiences can be more willing to challenge assumptions made by others in boardrooms."

Diversity is not just an issue in the boardroom, of course, it is a matter for all areas of the business at all levels. But as Prof Kakabadse highlights, with boardroom influence having become much stronger in the past 10 years or so, many board members now help to set the tone and culture of an organisation.

#### OVERCOMING OBSTACLES

"As well as people with new ideas and a fresh perspective, you need people who know the organisation inside out," Prof Kakabadse says. "You need people who've progressed from management to general management to senior management – and even CEO in some cases. Fine for the men, but for women, many organisations just don't have that pipeline. Gender diversity is critical." ■

When it comes to meetings, the one person overlooked is usually the quietest. But new research into quiet leadership suggests that silence is golden

*Shhhh*



**Dr Claire Collins**  
Associate Professor  
of Leadership  
Development  
and Behaviour

The psychologist Adam Grant suggests that about 20 per cent of the population are introverts, 20 per cent are extroverts and the middle 60 per cent are ambiverts, which means that they can switch between the two. However, a research team led by Henley Business School suspects that a greater number of people self-identify as introverts or even quiet leaders than is currently recognised.

### THE PROJECT

Introvert Dr Claire Collins, Associate Professor of Leadership Development and Behaviour, is working with self-proclaimed extroverts, Professor Patricia Riddell, Dean of the Department of Psychology, University of Reading and Jenny Robinson, a PhD student at Cranfield University, to try to define what makes a quiet leader. "We're unpicking this question by looking at constructs like introversion and extroversion, using personality traits like the Hogan Personality Inventory, and deconstructing Susan Cain's book *Quiet: The Power of Introverts in a World That Can't Stop Talking*," says Dr Collins.

The team are also conducting empirical work with people who self-identify as quiet leaders. They put out a call for volunteers via LinkedIn and currently have 30 people taking part. Using the Twenty Statements Test research tool, the team are asking the volunteers to say 20 things about themselves as quiet leaders. To this the team added another Twenty Statements task; for the volunteers to ask the people around them to

state what it is about this person that would indicate whether they are a quiet leader. "By collecting data from these volunteers, we're trying to establish if quiet leadership is a phenomenon that can be defined – or whether it is something that is made up to describe a collection of attributes but does not have an academic definition," says Dr Collins.

### SHOWTIME

"We've made a number of observations about what we think makes a quiet leader and now we're trying to connect the dots," says Dr Collins. "For example, quiet leaders tend to shy away from the limelight. Although perfectly capable of operating on the public stage, they feel that they are almost acting while doing so and as a result their energy is depleted very quickly." Neuroscience has shown that introverts have higher levels of prefrontal cortex arousal than extroverts, which could explain why introverts tire quickly in these situations.

### RESERVED

Quiet leaders tend to think something through before they feel ready to declare what they want to say. "They don't blurt things out," says Dr Collins, "so in board meetings, quiet leaders will hang back from the discussion until they feel that they have something of significance to say. When they do speak up, people tend to listen to quiet leaders because they know that it'll be significant." As a result, quiet leaders tend to have fewer meetings and more one-on-one engagement. The team also think that quiet leaders are better with individualised considerations, giving more attention to the internal team and its workings, while making sure that people are appreciated and motivated as individuals.

## DEEP THOUGHT

When processing information, quiet leaders go deep; gathering and considering lots of documentation on their own rather than going out to talk to lots of people. “If you give a mixture of people a 10-minute group task, the extroverts will start collaborating immediately by bouncing ideas off each other,” says Dr Collins. “By contrast, the introverts will individually think about the task for nine minutes before talking to each other for the last minute! They only want to share fully formed ideas.”

Dr Collins observes that her extrovert colleagues always want to bounce ideas around, but as an introvert she wants to think about the research alone, before sharing. “It is not about perfectionism,” says Dr Collins, “but having a thought process that’s taken as much as possible into account, rather than coming out with a half-formed idea.”

## WORKSHOP

“Last year we ran a personal development workshop. At the start of it we announced that participants did not need to speak to anyone present, for the duration of the workshop, if they didn’t want to. We declared the space a quiet room and elected a corner as the only place where conversations were permitted.” According to Dr Collins this was a hit with the participants, as were their special lanyards that said ‘shhhh, I’m reflecting’ on one side and ‘happy to speak’ on the reverse. “We measured the energy levels of the participants when they arrived at the workshop and again when they left. We discovered that energy levels actually rose by about 10 per cent!” Dr Collins ascribes this to the nurturing environment, which included discussions of quiet leadership, mindfulness and the neuroscience behind introversion.

Words: Andrew Falconer

## DISADVANTAGES

While extroverts make sure that they are heard, quiet leaders (and introverts) have a tendency to mumble. “What’s happening in this situation is that they are speaking at the volume that they can hear in their heads and assume that everybody else can hear them too,” Dr Collins explains. Although the *sotto voce* characteristic can be frustrating, it also forces the rest of the attendees to make more effort to tune in. But what happens if you have too many quiet leaders? “They’d never talk to each other!” exclaims Dr Collins. “They’d be more likely to use passive forms of communication, such as email. There’d also be a risk of insufficient external communication – and as quiet leaders don’t blow their own trumpet, successes would not be communicated properly. People outside that team might also think that nothing was going on, because too much time was spent on contemplation before acting.”

## A HIDDEN DIVERSITY

Dr Collins thinks that introversion and quiet leadership are attributes that board members should understand about each other. “It is easy to dismiss someone who appears to be quiet as not participating, when in fact they are participating, just in their own way.” A diverse board or team needs the dynamic balance of extroverts and introverts and the agility to harness the best bits of both. “I hope to see the School introduce some subtlety into group work that would provide allowance for quiet leaders,” says Dr Collins, “and recognise that introverts pull their weight in a different way. We shouldn’t assume that every leader must be great at team communication in an externalised form.”

The team hope to release the results of their research later this year. Which leaves just one question. What do you call a *not* quiet leader? ■

# THE FUTURE OF RETAIL

As the high street continues to lose ground to online, we ask Henley's experts, how can retail recover? What's the problem with online – and which brands are making it all work?





**Moira Clark**

*Professor of Strategic Marketing and Director of the Henley Centre for Customer Management*

## THE HIGH STREET

**Professor Moira Clark** is an expert on customer management and retention – and still shops locally when she can.

### *Can we start by talking about customer experience and the high street?*

I'm getting increasingly depressed about the future of the high street. The competitive advantage in retail is all about a seamless and pleasurable customer experience. At Henley Business School we've researched what makes a perfect customer experience, including customer recognition and so forth. On top of that is changing customer behaviour that values immediacy and omnipresence. We want retailers to know what we want before we do. *And* we want customisation and personalisation. Customer experience is all of that and a lot more – right down to creating the right kind of atmosphere. If you consider all of that, and then look at the high street, there's no wonder that so many shops are closing down. Most retailers just don't understand what people want.

### *Have you seen any examples of retailers investing money in the customer experience?*

Burberry has invested in digital mirrors in its changing rooms. These use overlays to suggest additional items to go with the item that you're trying on. Ikea is on to this, too. You hold your tablet up to your living room, Ikea's app measures the area and shows you how their furniture would look in your space and then allows you to order it. Things like that make it easier to be a customer. If retailers are worried about costs, they need to look at things like augmented reality and virtual assistants – advances that could save on staff costs and up-sell. Technology could save retail.

### *A big challenge for small retailers is the might of the competition, especially in the online marketplace. How do they compete?*

Let me give you two local examples. A guitar shop is going out of business after 30 years'

trading. The owner said that customers were coming in, getting his personalised advice but ordering from Amazon.

Retailers like that are doing everything right, but they can't compete on price, so they need to curate things that are unusual or different. If the guitar guy ran music lessons or had something else that wrapped around his core products, he might have stayed open. Offering an augmented customer service adds value.

I've been going to the same florist for years, yet the owner never remembers me and I have to explain that I need help choosing flowers because I'm colour blind. If the owner offered me a coffee and made a note of flowers that I like, I could set up orders for different occasions throughout the year. She could text me a reminder a few days before each occasion and organise the payment remotely. That's the kind of service that will keep me from going to an online rival.



**“Retailers need to look at things like augmented reality and virtual assistants”**

## **H** Online retailers are embracing personalisation and customisation, but how can physical retailers do it?

If I've booked a flight out of a UK airport, why haven't they captured my shopping preferences and sent me an email telling me which shops in the terminal have got promotions on? They should navigate me around the terminal to maximise my return per waiting minute. Similarly, shopping centres could have a loyalty card for the whole mall where they could promote all the shops that I like. And wouldn't it be great if there was a third-party app that I could use to store all my high street favourites on – so I could have a relationship with one outlet, rather than a dozen retailers? It should be about making it easier to be a customer.

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### **S**o what is the future of retail?

The dystopian view is that all of our shopping will move online. The utopian view is that we'll be going to fully experiential malls with shops that are a pleasure to visit. They'll engage all our senses with an environment that we want to spend time in. Retailers will put us in the centre of their businesses.

They'll have thought carefully about what we want and will work hard to make it easy for us to get it. That's only going to happen if high street retailers act soon. Our high streets are still busy because we still view shopping as a day out, but whether people are socialising as well as spending money at the tills remains to be seen.

### CASE STUDY

### KAREN MILLEN

**"Traditional retail is going through seismic change," says Beth Butterwick, CEO of Karen Millen. "Putting customers first has always been the key to success. Ten years ago persuading them to buy your products was easier. Now with so many brand and social disruptors, our customers are better informed and totally in charge."**

#### THE JOURNEY

Butterwick's strategy focuses on a clear brand purpose, better breadth of product and a great customer experience supported by seamless 'channels to market'. "We have three target customer profiles. Each leads a slightly different

life with subtly diverse shopping habits. Brand perception and its value is influenced by a customer's journey; whether that's by in-store purchase; try on in-store, but buy online; browse on phone and buy on desktop when at office; collect in-store; or buy online, but return in-store.

A seamless multi-channel experience leads to repeat purchase and a positive halo effect driven by brand recommendation."

#### THE HIGH STREET

"There is definitely a place for stores on our high streets, but they have to be experiential ones in

relevant locations for our customers. Thirty years ago, places like Oxford were key for us, but our customers are gravitating to bigger shopping destinations, convenient to where they work, travel, or where there is a broader retail offer." Butterwick maintains that stores are a vital touch point to the brand. "We call our sales assistants 'stylists'. They actively engage with customers, sharing their knowledge

## ONLINE SHOPPING

**Professor Susan Rose**, Director of Teaching & Learning at Henley, is currently undertaking research in the areas of online customer experience and compulsive shopping behaviour. We spoke to her about some of the problems with online retail.

*In your retail research you examine the issue of over-shopping.*

*Can you explain what it is?*

Whether we're buying more online than we really need, or buying too much and sometimes returning it – or worse still – buying stuff and keeping it even though we realise that we don't need it, we are over-shopping. Before the online era, we talked



### Professor Susan Rose

*Professor of Consumer Behaviour and Director of Teaching & Learning*

about people's needs and wants but these have become blurred. We no longer know the difference between what we really need and what we see online and immediately decide that we want. This distortion between needing and wanting, combined with the ease of online ordering, increases the risk of over-shopping. It is different from shopping addiction, as the latter involves other factors including self-esteem and anxiety, such as you'd see in any other type of addiction or disturbance. Only a very small percentage of the population are shopping addicts.

But over-shopping can still cause problems, particularly financial, and especially for young people who can quickly get into credit card debt.

*We praise online shopping for its speed, ease and convenience when compared to the high street, but can these factors be a problem, too?*

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### SPEED

For any market to perform efficiently you need buyers and sellers making efficient decisions. As buyers we make our decisions based on information we receive on the price and availability of the goods. We evaluate those pieces of information to decide which product to buy. Pre-internet that process was time dependent. ►



of the collections and encouraging them to try on and experience our products. If we can get customers into the fitting room, 90 per cent will

convert to purchase." Where stores are used more as collection points, Butterwick sees the opportunity to up-sell an additional item or convert a refund into a purchase. "The uniqueness of the store is an environment where we have the potential to interact with our customers and drive higher basket sizes."

#### FLOOR FILLERS

Karen Millen is reducing its typical store size from 2,500 to 2,000 sq. ft. "Our best sales densities come from stores with a well

curated product offer. To support this, our stylists have tablets that enable them to show customers alternative colourways and outfit options, supported by celebrity endorsement examples from our social channels. In high click-and-collect locations, we are redesigning our back-of-house space to support a growing omni-channel operation. It's about re-inventing our physical spaces to create great and efficient environments."

#### THE MIX

Twenty-six per cent of

Karen Millen's business is online. "A customer that shops across several channels is three times more valuable to us," says Butterwick. "We're constantly improving our omni-channel experience; from customer reviews, to simplification of clicks and site speed." Social media is a vital part of that traffic and sales mix, including click-to-buy sections on their Facebook and Instagram pages. "It is brilliant for real-time engagement and bringing your brand to life."

## ONLINE SHOPPING

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You would visit a shop, pick up a brochure, go away and think about it and return to make the actual purchase. Online retailers have squeezed the time period for the decision-making process, removing the opportunity for reflection. The one-click purchase is ultimately a disadvantage for consumers because they lose the ability to spend any time thinking about the decisions that they are making.

### EASE

The most successful online retailers have a seamless returns policy. Interestingly, we don't really know what the return rates are for online purchases as they tend to keep that part of their business quiet. However, for the consumers there remains a strong temptation that even though you've ordered too many things, you will not end up returning them all. So you start looking for one dress, order four, and end up keeping three!

**"73 PER CENT OF ONLINE PURCHASES ARE NOT COMPLETED. CART ABANDONMENT IS WORTH AN ESTIMATED \$4.6 TRILLION IN TERMS OF LOST SALES\*"**

### CONVENIENCE

Becoming a 24/7 consumer society has further compounded the problem of over-shopping. We now expect to buy at any time. Traditional retailers, banks and organisations such as insurance companies that have been slow to embrace this, are well behind the curve in terms of consumer behaviour.

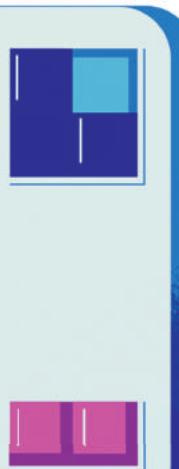
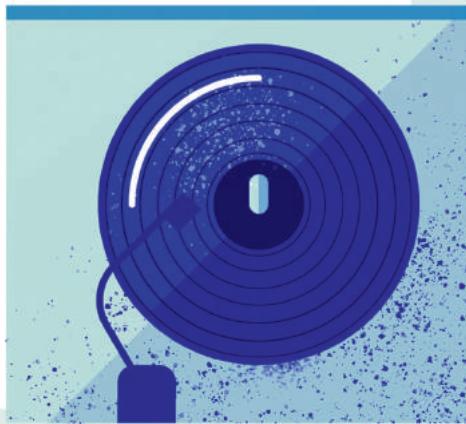
#### *Are we powerless to resist the temptations of online shopping?*

Not quite. At Henley we are conducting research into the online shopping basket and the issue of so-called 'cart abandonment'. This follows evidence that 73 per cent\* of online purchases are not completed. Online retailers are curious to understand why people do not proceed to the checkout. We're examining the emotional side of

online shopping to understand what happens after the enthusiasm of, "Oh, I really want that," and adding the item to the online basket. It may be that consumers are doing what they should; which is reflecting on whether they really need the item. Or maybe they just forgot that they've put it in the basket. That vital missing link between choosing and actually paying is worth an estimated \$4.6 trillion\* in terms of lost sales.

#### *Could consumer consciousness make a difference to the online retail environment?*

If you look more widely at consumer behaviour there is increasing evidence that people are thinking about the implications of their own behaviour, e.g. reducing the use of plastics or using their own coffee cups. I think that consumers do care. While we've yet to see a mass movement against online retailers who avoid tax, there is evidence that consumers are being more mindful, whether that's the growth of Fair Trade or engaging with the Shop Local movement. However, megabrands are being increasingly clever at locking consumers into a relationship with them, such as Apple with their technology ecosystem or Amazon's Prime. ■



## CASE STUDY

## JOULES

**"Our view of retail is slightly different from others because of the journey we've had," says Colin Porter, CEO of Joules. The company began selling a variety of brands out of a marquee on the UK's equestrian and country show circuits, before owner Tom Joule saw the potential to introduce uplifting colour and pattern to the green-welly brigade's wardrobes. Joules moved into wholesaling after foot-and-mouth disrupted its rural marketplace, before putting together its first catalogue and developing into a thriving e-commerce channel. Although it is a business with a 30-year history, Joules only opened its first store in 2005.**

### LOCATIONS

Bucking the high street doom, Joules is opening five to 10 stores per year and stores account for 62 per cent of its business. "Our rationale for opening new stores is about building brand awareness and

completing the multi-channel circle. But it is also very focused on the lifestyle of our customers, making sure that we're available where they go," says Porter. To this end, Joules has identified seven store location types:

- 1 Out of town locations, e.g. Meadowhall
- 2 Metropolitan centres like Belfast and Aberdeen
- 3 Traditional high streets from Cheltenham to Harrogate
- 4 Smaller local locations such as Wilmslow and Nantwich
- 5 Travel locations, including St Pancras and Waterloo
- 6 Premium outlet locations
- 7 Lifestyle locations, aka where Joules' customers go on holiday, e.g. Cornwall, Norfolk and the Lake District.

### COASTAL CHRISTMAS

"Opening stores in holiday locations adds an element of surprise for our customers," says Porter. This is enhanced by a 'beside the sea' store concept that's different from the Joules trademark yellow shop front. "We also edit the collection to reflect what the customer wants while they're

on holiday (from waterproofs to vests, to cope with the British weather). We call this our coastal Christmas, because those stores will take the most money during July and August."

### ADDED VALUE

Porter says each store is a local flagship, enhancing brand awareness, showcasing the whole proposition under one roof and maximising both customer experience and engagement. But the stores play an even more valuable role in customer acquisition and retention. "As a business with a mail-order history, customer data is in our DNA," says Porter. "If you've got that data, you can effectively communicate with customers to shop in any channel. Over half of our database comes from our stores, with 60 to 70 per cent of till transactions resulting in capture of customer data."

### BUYER'S MARKET

When it comes to the high street, Porter believes that flexibility is key. "We only take on a new store if we can get a five-year break on the lease. That gives us the opportunity to close an unprofitable store or to relocate to somewhere bigger and better in the same location. It is a buyer's market, so we can be very selective about where and when we go."



# RESPONSIBLE

**From financial meltdowns to melting polar caps, what responsibility do banks and financial institutions have to society and the environment?**



**Brian Scott-Quinn**  
*Emeritus Professor  
Director of Banking  
Programmes and  
Non-Executive  
Chairman*

This year, Henley Business School introduced their first-year banking students to the dilemma of whether or not banks should be more responsible, via an exam question. “We wanted to get them thinking about short-term profits vs long-term effects – and specifically in relation to global warming – what responsibility banks and bankers have to this issue,” says Professor Brian Scott-Quinn. “By getting the students thinking about ethical, societal and environmental issues right from the very start of their studies, we hope that it will have a positive influence on their learning and their approach to business in the future.”

The primary responsibility of banks and

# BANKING?



institutional investors will always be to their shareholders and investors, but do they – or should they – have a wider responsibility to all stakeholders, including society at large? Are they behaving in a responsible way that will benefit society as a whole? And are they lending to companies that will damage society through their impact on the environment?

“The first problem,” says Prof Scott-Quinn, “is that human beings tend not to be responsible unless they are forced to be. This is why we have regulation. But can you regulate people to be responsible? When financial companies lend to companies which burn coal or drill for oil, is what they are doing illegal? No, it is not. But is it irresponsible? It may prove to be so, because it may destroy the planet.” However,

if tomorrow there was regulation that banks could no longer lend to polluting companies, society would grind to a halt. So banks need to think about how to continue to make the same profits while gradually phasing out lending to polluting companies.

“Banks don’t think very much. Instead they act on pressure from outside; depositing customers, borrowing customers, capital market lenders, regulators, governments and new laws which either prohibit things that they do or make things too expensive to continue doing,” says Prof Scott-Quinn. For him the energy transition – moving away from polluting fossil fuels to new nuclear and renewables – is lagging way behind the rate at which global temperatures are rising. “Only a climactic climate change

# RESPONSIBLE BANKING

event, like London sinking under the waves, would provoke governments, financial institutions and business leaders to take real action and act more responsibly.”

## INCENTIVES (AND DISINCENTIVES)

One of the dilemmas in finance is the short-term versus the long-term. Bankers are paid an annual salary plus a bonus based on their results for that year. “An incentive system that is linked to short-term generation of revenue or profits will always conflict with long-term issues that may take 40 years or more to have an impact,” says Prof Scott-Quinn. “Remember too, that when bankers screw up at one bank they tend to just move on to another.” The long-term interests of their employer are not foremost in their minds. Prof Scott-Quinn suggests that a simple solution would be to pay bonuses based on the performance of the company as a whole rather than rewarding the individual; overcoming a personal short-term bias in favour of a more responsible, longer-term corporate and society bias.

“In recent years there have been a number of cases of banks not showing a duty of care to their depositors,” says Prof Scott-Quinn, “including one that forced SMEs out of business, while profiting from the sale of these assets and increasing their own bonuses. If this bank had behaved more responsibly, going easy on their customers, providing help rather than simply shutting them down and seizing them, then those businesses would have survived, society would have done better and arguably the bank wouldn’t have done any worse.” In 2016, the Financial Conduct Authority introduced the Senior Manager Regime. This regulation places personal accountability on senior people within the financial services industry. Those who behave irresponsibly are struck off, meaning

that they cannot become a director or senior manager of a financial institution ever again.

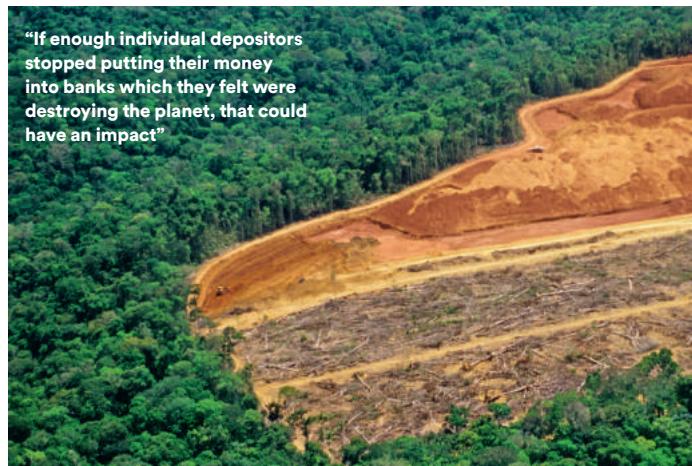
## LEGISLATION

Chief executives will always be judged by their profits. “A company cannot say we’re going to save the planet but it is going to cost you a fortune. Which is why we’re going to need more legislation in Britain to encourage responsible banking. The banning of polluting diesel engines looks increasingly likely but the government must also consider banning the use of natural gas as it is also a massive producer of CO<sub>2</sub>,” says Prof Scott-Quinn. He also suggests that if the EU raised the carbon tax and polluters paid the real price for their damaging actions, they wouldn’t be able to afford to build new coal power stations or gas pipelines – and therefore banks wouldn’t need to lend to them.

## ACTIVISM

Another way to encourage banks and financial corporations to be more responsible is by exposing their bad behaviour, whether that is via the environmental activism of Greenpeace or organisations such as ShareAction, which

**“If enough individual depositors stopped putting their money into banks which they felt were destroying the planet, that could have an impact”**



reveals the amount of lending by big banks to highly polluting companies. “If enough individual depositors stopped putting their money into banks which they felt were destroying the planet, that could have an impact. The same applies to company employees and their pension fund, the trustees of which may be persuaded to dis-invest from shareholdings in polluting companies. Collective action from customers and pension fund beneficiaries can promote responsible decision-making,” says Prof Scott-Quinn. A recent example is BNP Paribas, which withdrew from lending to Canadian tar sand and oil development as a result of pressure from environmental groups.

## **A RESPONSIBLE BANK MUSTN'T SUDDENLY STOP INVESTING IN POLLUTING COMPANIES”**

### **STAKEHOLDERS**

“If a financial institution says that they are going to do something which will harm their shareholder returns but will help society in the future, is that a dereliction of duty?” posits Prof Scott-Quinn. Corporate law, and increasingly case law, are looking at ways to reflect the change from a purely shareholder perspective to a much broader (and longer-term) stakeholder thought process. “A responsible bank should try to ensure that things are done which benefit society in the long run, not detract from it. From an intergenerational perspective, if you consider the current state of house prices and pensions, it looks increasingly like we’re maximising our income at the expense of our children and grandchildren. Equally if we make a mess of the planet now, what will be left for them?” Thinking responsibly about all of your stakeholders,

including society in aggregate, means reflecting society’s diversity in the broadest sense.

### **CLEANING UP**

Responsible banking means not just reducing investment in polluters but also making a stronger commitment to clean energy. “While there is much fanfare about renewable energy sources, they cannot be entirely relied upon due to issues of intermittency and battery storage. We still need something to provide continuous power and the only thing that’s clean and can deliver is nuclear,” asserts Prof Scott-Quinn. “New nuclear High Temperature Reactors are safe, efficient and considerably less expensive to build than the nuclear power station of old. It is increasingly hard to see why environmentalists would have a problem with them. Nuclear may get a bad press but there are currently hundreds of nuclear power stations operating without incident. The Fukushima meltdown didn’t directly kill anyone, unfortunately the coal and oil industries do.”

Returning to that exam question, interestingly some students didn’t say ‘yes’ to pulling out of financing polluting companies. But Prof Scott-Quinn says that “the best answered that a responsible bank mustn’t suddenly stop investing in polluting companies, but rather have a schedule for phasing them out while also shifting this lending to non-polluting companies. Profit still matters, but the short-term impact on a bank’s results is worth it as it will minimise the risk of stranded assets (e.g. oil reserves on balance sheets that will never be exploited because by that time it will be illegal to exploit them) or holding assets/loans on your balance sheets for companies that will be put out of business by future regulation and therefore won’t be able to repay you.”

Maybe there is hope for the planet after all. ■





# THE CHANGING FACE OF INSURANCE

In recent years, the insurance industry has been confronted with unprecedented technological advances, which could help to transform insurance companies' relationships with customers. However, due to the complex and regulated nature of their business, it has taken longer for insurers to embrace these digital innovations than in other industries. But insurance companies have reached a turning point as they realise that their future is at stake.

Insurance is meant to make our lives easier, safer and more secure, yet many consumers have a negative opinion of the sector. This is often down to the small print that makes people feel poorly informed or confused about insurance products and services. It is not helped by an often-adversarial insurer-customer relationship, with insurers protecting themselves against fraud while customers struggle to get reimbursed for legitimate claims.

Smart technologies present an opportunity to turn this situation around by bringing insurers closer to their customers. Dan Kiernan, Career Development Consultant at Henley Business School and an expert in the sector, explains:

## The rapid rise of the Internet of Things will transform the insurance industry. But what price a smarter premium? We look into the future with Daniel Kiernan



**Daniel Kiernan**  
Career Development  
Consultant

"Technology opens up the possibility of new business models where insurance becomes a more value-added product and the relationship with the customer is transformed to a more positive and cooperative one."

### THE DIGITAL CONCIERGE

The emerging Internet of Things

creates potential for all sorts of innovations. "Imagine a smart home-plumbing device that monitors the quantity of water used, spots anomalies that may indicate a leak and notifies the insurer immediately. Technology like this would reduce the impact of flood damage on home insurance policies," says Kiernan. Motoring insurance has been an early adopter, with dashboard cameras and smart devices already being used to track how safely people drive. In 2017, 970,000 car insurance policies had a premium based on the individual's driving data collected by telematic technologies. The better you drive, the cheaper the rate.

"It is all about identifying problems before they happen and solving them at a very early stage, which will save insurers' money. It is also good for customers because they avoid the stress of big incidents

– and can be rewarded for their good behaviour,” says Kiernan.

In the case of mobile technology, artificial intelligence (AI) has huge potential. For example, travel insurance policies linked to AI could notify the insurer when a flight is cancelled, and the insurer could provide its affected customers with the best alternative travel options. “In effect, customers won’t need to make claims any more as insurers will pay directly for new arrangements,” says Kiernan. “By transforming themselves into digital concierges that proactively deal with the customer’s problem, insurers can transform their reputations.”

#### OVER-INSURED?

When buying insurance, most people visit a comparison website and look for the cheapest product from a brand that they recognise. However, consumer confusion over what cover they really need, or already have, means that many people are actually over-insured. “Unless you’re making a claim, insurers are difficult to speak with concerning which product is right for you. The amount of choice and the challenge of making a meaningful comparison between policies is something that few

customers have the time for, or the motivation to learn about. But what if an insurer’s own technology solved this problem by identifying if a customer is already insured or is paying too much? If insurers could turn that into a more value-added service, it would be a huge improvement,” explains Kiernan.

**“IN 2017,  
970,000 CAR  
INSURANCE  
POLICIES HAD A  
PREMIUM BASED  
ON DRIVING DATA  
COLLECTED BY  
TELEMATIC  
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#### PREVENT HEALTH PROBLEMS

Insurers base their business on their customers’ risk profiles. They also have a duty to support their customers when faced with an insurable problem. In that sense, for insurers to be able to predict issues before they occur – or to tackle them on time – would be a major advantage for both the business and their customers. “Regarding health insurance for instance, if insurers were thoroughly tracking

a customer’s activity levels or health markers such as blood pressure, it would be possible to identify the risk of a heart attack before it happens and get the customer to see a doctor to make lifestyle changes,” says Kiernan.

#### BENEFITS VS RISKS

Tracking and using customer data would enable insurers to more accurately assess their customers’ risks – and better reflect the premiums that they should pay. For example, insurers could insist that their customers wear an activity tracker to monitor if they maintain a healthy lifestyle. While some would be happy to do this in return for a cheaper premium, many would feel uncomfortable giving away their data. There are risks that this data could be misused, sold or even result in some people being denied access to certain insurance products.

Kiernan says that this last point raises a key social question for this brave new world of insurance. “Could some categories of people, i.e. those whose lifestyle and behaviour represent higher risks, be excluded from the insurance market or be expected to pay a much higher premium?” 

# Professor John Board

DEAN OF HENLEY BUSINESS SCHOOL

As Henley celebrates the 10-year anniversary of its historic merger, we caught up with the Dean to reflect on the evolution of the Business School and the changing nature of modern working



**W**hen Henley Management College merged with the University of Reading 10 years ago, it was one of the largest higher education mergers to date. Inevitably there were concerns about a small business school being swallowed up by a big university – and the cultural differences between the two very different types of institution.

However, as Professor John Board explains, “We pulled off something that is famously difficult to do, which is merging quite different organisations successfully. Henley Business School is recognisably a continuation of the old college, maintaining its special characteristics, while also being completely different from it, offering a huge amount more in terms of learning and education to the widest business community.”

With student numbers at around 3,500, Henley is almost five times larger than before, with the collective intellectual clout of 150 academic staff. “Our presence allows us to do so much more than before;

from making broader contacts within industry and advancing our research and analysis, to increasing our international visibility. We’re in a much better position to innovate and do better things.”

A good example of Henley’s ability to innovate and evolve is its Centre for Entrepreneurship. Started from scratch, it is now ranked in the world’s top 20. “Our focus was on traditional large-scale industry, but the world’s changing and successful places adapt to that, rather than just sticking to the things that they know,” says Prof Board.

Henley’s international evolution has seen it move away from satellite offices to stronger partnerships with other universities or semi-standalone activities. “When we began working with the South Africa team, they had just three office rooms but now they have a fully functioning campus of their own,” says Prof Board. “And it is not just teaching people standard business skills. This is socially good stuff.”

As the nature of business and the people doing it evolves, Henley does too. Large firms want to

invest in engagement rather than just buying teaching. “It is about people collectively solving problems with facilitation from us rather than us simply saying here’s the answer,” explains Prof Board. Meanwhile Henley’s latest research on the side hustle suggests that 18-year-olds will typically have eight different employers from different industries. “That changes everything because now, when someone comes to us and says that they want to do an MBA, it is to prepare for work that they’re not even sure what it’ll be yet,” says Prof Board. “That’s hugely interesting for us, because the things we do and the way in which we do them, change not just with the times but with the reflection and thought that Henley Business School has always provided.” ■



**Professor John Board**  
*Dean of Henley Business School*



Where business comes to life