

Sir John Egan

on World-Class Tourism

As part of its DESTINATION UK overview, *Locum Destination Review* interviewed one of UK tourism's leading evangelists, Sir John Egan. Locum Managing Director **James Alexander** and non-executive Director **Tony Hodges** report.



Sir John Egan: 20 Years of Leadership

1980-90 Chief Executive, Jaguar Cars

1990-99 Chief Executive, BAA

Currently non-executive Chairman of motor distributor Inchcape, and Harrison Lovegrove Ltd. Also President of the London Tourist Board, Chairman of the Central London Partnership, Deputy Chairman of London First, Vice President of the Marketing Council, Member of the Council of the Institute of Directors, Chairman of The Centre for Tomorrow's Company and President of the Institute of Management.

Knighthood in Queen's Birthday Honours list, June 1986.

Sir John Egan leads from the front. In the '80s he turned around Jaguar Cars from virtual bankruptcy into a £1.6 billion prize for Ford. In the '90s he woke up British Airports Authority from its nationalised slumber to deliver £2 billion turnover as the privatised BAA. Along the way he raised a new banner for London as tourism leader and economic generator at London Tourist Board, Central London Partnership and London First. Whether marketing British cars or London tourism, Sir John has been in the vanguard of marketing Britain.

How times change. Here is Sir John now claiming only 'a tenuous connection with the destination industry', chairing companies and institutions rather than leading the cavalry. He sounds almost wistful: 'One of the biggest readjustments is going from a CEO to something else, a human being perhaps, a journey I'm still working on'. When he describes spending the first months of the year in Switzerland, where the Egans have a second home, and asserts 'it sure beats working', he takes some believing. How long this self-imposed change of life will last is a moot point.

Sir John's new mode does allow a less focused and driven approach to our discussions than might have been the case a year or two ago. He takes us on a tour d'horizon of Destination UK over the last two decades and assesses the shifts he has witnessed and helped create. From Thatcher to Livingstone, and beyond.

He reminds us of how depressing the UK's prospects were in 1980 when he took the wheel at Jaguar. 'An unsuccessful economy which did most things badly ... nostalgia about the past, very little hope for the future.' Unsurprisingly for one of Margaret Thatcher's favourite businessmen, Sir John affirms that 'change came with Thatcher' and, before you can say Mandy Rice Davies, details the structural changes of the '80s, to both labour market and public ownership, with relish. 'Do you remember Jack Jones being described as the most powerful man in Britain? Yet the trade unions with all their power had created nothing of worth! Without a sidelong glance at the accidents of more recent privatisation, he tots up the financial benefits: '£25 billion cash plus £10 billion removal of subsidies plus £12 billion in taxes from profitable companies'. He has some justification. BAA has been an outstanding example of successful privatisation, though, with over 70% of the booming UK airports business, so it should be.

Of the '90s, Ken Clarke is noted respectfully for his management of the economy after the turn-of-decade recession, and Big Bang in the City is given centre stage in 'making London a world trading place, an immensely successful industry that dwarfs all others in terms of balance of payments and employment'. The most visible result? 'There is more self-confidence about', which takes us seamlessly into Sir John's oft-heard mantra for London tourism.

When he joined the nascent London First group in the early '90s, 'tourism was seen as a joke and London was failing'. He did find one Secretary of State, Stephen Dorrell, to persuade 'that we needed to invest in London or it would not grow'. Now we are staring at 'huge change, even bigger in London than in the nation as a whole'. Pushing the point too far for some, with his favourite descriptor to hand, Sir John emphasises that 'the world-class tourism product is London ... there isn't much outside London that is world-class'. He affirms that it is tourism in harness with financial services that has 'enabled us to grow when other European economies have not'.



'Most people coming to London are young now ... coming for the future, not the past'

A pitch from Egan on London tourism is an awesome sight. He is an instinctive marketeer, which is why he places so much emphasis on quality of performance, rather than promotion, as the key to perception. 'Seventeen million overseas visitors already come here ... the American travel industry works very hard on its four million. Their visits are well researched and improved on if anything goes wrong ... there must be a pretty good realisation of the actual experience, as opposed to its promotion, otherwise people would smell a rat.'

He has involved himself in promotion, overseeing the modernised brand identity for London Tourist Board and extracting government support to generate hoteliers' confidence. Yet he always reverts to the crucial role of product performance and visitors' experiences in perception of the destination. 'There are so many people with experience of London that the word spreads very quickly. In fact, their views outpaced ours. We were still selling heritage when actually this was a vibrant city for young people. Until LTB got some leverage and did some market research, we didn't get the message right overseas.'

Sir John has banged on about quality forever, it seems, certainly since being confronted by fields full of unsaleable Jaguars in 1980.

On hotels: 'One problem was we weren't building any decent hotels, because it was so difficult to get planning permission. So we at London Tourist Board and Central London Partnership got together with the boroughs, English Heritage, the Government Office for London, and created a one-stop shopping centre for planning permission. We got the planners to agree that anything outside Westminster was to be encouraged, and, in particular, got the London boroughs of Southwark and Lambeth to sell their boroughs to the City and the hoteliers. We set the target of 10,000 new bedrooms by year 2000 and we had 12,000 by 1999! It sounds so simple until you remember how effective this man is at banging heads together.

On entertainment: 'The fast growth of the restaurant industry has astonished me ... most people coming to London are younger now, coming for the future, not the past – shopping, music, fashion, rather than the Changing of the Guard ... 40% of theatre seats are filled by overseas tourists, and I think the theatre owners have got to be given the opportunity to provide higher customer satisfaction, proper climate control, places to drink and socialise. English Heritage are being very stubborn here!' (And so Sir John takes us back to product quality, product improvement, relentlessly.) He remembers a journey south on the Gatwick Express, listening to some American tourists who were 'vying for who had seen the best plays, eaten in the best restaurants ... they had clearly enjoyed this wonderland of endless opportunity, had the time of their lives ... and one said: "Remember, we're only ten hours from Albuquerque!"

On quality of life: Egan's continuing obsession with quality travels beyond products. He understands how people create London's quality of life and how that translates into inward investment. 'It's always been a pretty good place to live and, despite its growth, it still is, and it's probably improving. London's lucky in that it has an almost unlimited ability to grow – from Greenwich to Richmond, and not in the way people expected! Quoting LTB research, he displays a surprising, liberal sensibility: 'What we liked from the data was visitors' involvement with the people they met ... people came here from places



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like France and Germany, to express themselves, finding their own society was too inhibiting! And, back to the economic benefits: 'It's very interesting that in financial services there's a huge cross-section of nationalities ... it seems everyone has to have a section of their track record that shows they have worked in London ... it's a mecca for work and not just a visit.'

What of the future? Sir John continues to see London as 'the engine of growth for the UK economy', nominates specific targets for improvement, and – practical to the last – keeps coming back to the issue of how to manage the planners.

'You've got to respect the past, but cities have to reinvent themselves, and London needs to be given every opportunity to reinvent itself. We've got to get a planning system that has some hold on reality.'

With this in mind, he is positive about Ken Livingstone's role. 'I was a strong proponent for a powerful London mayor to pull all these processes together ... he's a populist, he clearly wants to be re-elected, and he therefore wants to do what the population wants. So I think it's looking very good!'

Egan's preferred improvements again reveal his unusual blend of sawdust-in-the-turnups capitalism and social responsibility. London lags behind Paris on conference and exhibition space, a gap that must be filled. 'There are some good conference centres but we don't have the big ones. A blow for freedom was struck with ExCeL, but obviously the infrastructure is needed to make sure the hotels are nearby and the transport system is there. You're always pushing for something more central but the way we do things here, you take what you can get! Above all? 'The transport system can be vastly improved, even though it researches not that badly. Especially for pedestrians, because every single journey involves being a pedestrian and we are not sufficiently pedestrian-friendly, which is why we at Central London Partnership are working on cleaner air. We have very good pedestrian experiences with our parks and the Mall, for instance, but our streets could be better.' With some this would be platitudinous, but with Egan it means action, learning from New York and applying the proven techniques of the Big Apple's improvement districts to 'collect the money and clean it up!'

Looking back, Sir John is pleased with Jaguar's progress under Ford ('a very good owner for Jaguar Cars'), pleased that the US company latched onto Jaguar's centre of design excellence, 'pleased that our vision is coming about.' He sounds less happy with his bequest at BAA. 'The major challenge for airports is to

build the facilities in line with the growth of the industry. It is a great sadness that we were unable to get planning permission for Terminal 5, and we're still not there! Even on this note, he refuses to end with an anti-planning diatribe, preferring to challenge the corporates with socially responsible programmes. 'The industry has a long-term glass ceiling unless it can get the noise around airports reduced, so that new runways can be built. You cannot ignore the environment. We have got to get the world-class companies creating sustainable futures for the globe.'

Once upon a time, Sir John Egan helped revive Jaguar's fortunes in the UK by telling his British customers how successfully the cars were selling in the US. Marketing Britain abroad to market British goods at home. He fully recognises that today marketing Britain, British companies and British products is a very different ball game, with so many products remote from the consumer (he quotes high tech, education, medicines). But you sense that few individuals understand better the appeal of Destination UK and how it can be enhanced, from infrastructure upwards. Clearly there are few that are more adept at banging heads together to create effective change.

If the marketing of Britain abroad is to move forward, it will need a leader to bring together interested parties from government and private enterprise, tourism and Foreign Office, English Heritage and high-tech industry, and coordinate their currently disparate efforts (a point made persuasively by Chris Powell of BMP elsewhere in these pages). Perhaps someone could persuade Sir John, and Lady Egan too, that it is too early for him to live the life of a non-executive chairman. That the UK's needs stretch beyond London. That he really should be leading from the front again.