

# analysis

## Bolland's baptism by fire

Marc Bolland's arrival as CEO at Morrisons next month is one of the most anticipated personnel changes in UK retailing. Geoff Igharo reports

In less than a fortnight, the unfamiliar figure of Marc Bolland, former chief operating officer at Heineken, steps into the shoes of former Morrisons chief executive Bob Stott. His arrival signals the end of Sir Ken Morrison's executive reign at the company and potentially the biggest shake-up in the Bradford-based retailer's history.

But just who is Marc Bolland and just how tough is the job in hand? The 47-year-old is something of an enigma. Comment from City figures on Bolland typically runs along these lines: "Frankly, we don't know the man."

It wasn't seen as auspicious that he was overlooked for the chief executive role at Heineken when it became vacant last year. However, he had a strong track record running Heineken's extensive global operations, and particularly for his role improving its marketing and brand management – neither of which Morrisons is seen to be particularly strong on. He also established the direction and management priorities for the business. It wouldn't be a stretch to assume that these attributes helped recommend him to the Morrisons board.

Whether his arrival does signal revolution or evolution, in some ways Bolland couldn't have picked a more positive moment to join. The company has slogged through a challenging post-merger integration process that contributed to it

recording its first-ever full-year operating loss and watched Tesco pull even further ahead of the pack

However, its fortunes have recently picked up. Its market share has stabilised at 11.3% [TNS period ending July 26] and there is more confidence in the City that it can improve its operating margins.

Even so, no-one is kidding themselves that making the transition from a global manufacturer in the Netherlands to a national grocery retailer in Bradford will be easy. Nirmalya Kumar, professor of marketing at London Business school, warns: "The logic of management in consumer packaged goods is fundamentally different from that of retail management, even though you do need to understand retail to do well at it."

A fundamental range review is needed, adds analyst Chris Gower of Man Securities: "At the end of the day, all they have to offer is price. Their current product offering is not good enough for the customers they have acquired."

Another major issue for Morrisons is its brand identity, or lack of it. The company recently tapped advertising agency Delaney Lund Knox Warren to handle its £30m national creative account. This is promising for Morrisons, whose More Reasons national campaign has been critically acclaimed, but hasn't necessarily driven shoppers to stores.

Karl McKeever, brand director at



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ROWAN BRADFORD Consultant

### \* BOLLAND'S AGENDA

The first 90 days are critical for a new chief executive. He or she has to quickly get to grips with the business, identify a plan to move it forward and realign its culture with its revised objectives.

Changing the culture of a company requires buy-in from the key stakeholders: executives, staff, shareholders, customers and suppliers. Any chief executive who is not able to gain the confidence of key stakeholders early on is likely to encounter problems.

Organisational psychology consultant Rowan Bradford of Kaisen Consulting says that Marc Bolland's immediate priorities will be to identify and assess:

- \* Customer drivers and competitors' capabilities
- \* Desired competitive position
- \* Morrisons' current culture and operations
- \* Operational strategic and cultural changes needed
- \* Key stakeholders and get them to buy into initial elements of the change agenda
- \* Key stakeholders who resist engaging and either move them or eliminate them from positions

Visual Thinking, says Bolland's first priority should be to develop a stronger in-store identity. "Morrisons is out of date in today's retail marketplace. Its visual schemes, branding and ranging are inconsistent."

If Bolland is to be successful, he will need to quickly gain the confidence of the entire Morrisons organisation. And he'll need to do it without disrupting the company's newly found momentum.

Rowan Bradford, of business psychology consultancy Kaisen Consulting, notes that Bolland is likely to meet initial resistance and will need to rely on his powers of persuasion, rather than on raw analytical ability.

"Once Bolland has determined what direction he wants to take, he will have to convince the key stakeholders at all levels in the company that there is something in it for them," she says, adding that he will also need to pull off some early wins. "If Bolland can quickly show a clarity of direction and pur-

pose, he will help relieve the anxiety present in the company. Doing that will be a boost, as people are typically less effective when there is uncertainty around them." There is also the question of how Bolland and Sir Ken will get on and whether the latter's surrender of his executive role means that he is totally rescinding control.

The feeling is that Sir Ken will continue to play an important role. That is not necessarily a bad thing, Bradford says. "We tend to have the stereotype of the gruff, blunt Yorkshireman, but the Dutch are even more blunt and to the point, so there may not be as big a cultural gap as you think."

To his advantage, the investment community is not expecting instant results.

"I think it will be at least six months before Bolland can move the tiller either way with confidence," says Mike Tattershall of Cazenove. "But Sir Ken is there and it's not like the ship will be rudderless in that time."