

Business Advantage

Intermediate DVD video scripts

DVD Worksheet 1: Business environment Ebbsfleet United – MyFootballClub

Background to the project (0.06)

Peter Langton: The original idea behind MyFC was to see if a large group of football fans could run a football club better than a millionaire, billionaire owner, and do the Roman Abramovich thing, come in and can we as a collective run a football club in a better way for the fans. The guy who had the idea was a guy called Will Brookes, and he was a journalist, and that is how he sold his vision, that can the fans run a football club. He got some sponsorship money from Electronic Arts, a video game company and sports company, and put this idea together and just sold it on the internet, and got interest from 50,000 people just expressing an interest and they would like to be involved. Originally 33,000 people signed up and put their money where their mouth was and joined up. They paid £35 each, with a proportion of that going to running the society and the large bulk of that going straight to the football club. The club was purchased for around... somewhere between £1,000,000 and £1,500,000, and that pretty much ate up all of the subscription money for that first year. Members renew on an annual basis and the... Most of the money went to buying the club, but we made a lot of improvements in a short space of time. Buying new training equipment for the players and sorted out a new kit deal, and things like that. The club went on a fantastic cup run, they made it all the way to the Wembley and won the FA Trophy.

20 How the project has worked out (1.46)

Peter Langton: We have run the club for three years. There has been a drop of about a third of the membership each year. Certainly in the first year we went from like 33,000 down to 10,000, and a lot of the people that left said, they just didn't have the time to commit to the project that they wanted to. They wanted to be more actively involved. They wanted to come down to the ground and help out. They wanted to feel like they were making a difference, because they've got their own lives. I mean they are not just scattered across the country, they are scattered across the world. They just felt that they could not commit to the project as much as they wanted to.

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Decision-making at the club (2.19)

Peter Langton: If they have an idea they will discuss it on the forums, they will work at it. They will put together a proposal and that is voted on through the site. There will be comments from the club board, from staff down at the club, and we will try to come to a collective decision on what is the best policy for this. Certainly for the last five or six years the club has had two ticket prices. You have got your adult price and the concession price, and the concession is for under-sixteens and for pensioners. Recently we have had a discussion well why not introduce a third tier and that will be for the under elevens, and this has come solely from the membership saying let us have a really cheap price for the under elevens. So if dad is going to a football match

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he will bring his son, and he might bring two or three of his mates as well. It is a long term policy, a long term idea to try and grow the football club.

Budgeting (3.07)

45 **Peter Langton:** The board put together a budget at the start of the season which the members ratify and agree. And they might say we would rather the money was spent here rather than there, but we come to a collective decision, and we give the manager a playing budget, and the manager can go out and he can sign whoever he wants within that budget. If he wants to go above that budget he will come back to
50 the board and he will say 'Guys, it is January. I would like to bring in a loan player for two months, it is going to cost roughly this much, what can you do for me?'

The constitution of the club (3.37)

55 **Peter Langton:** The football board are all elected by the members. We have elected a chairman and a board of directors, and they are in place for one year. They are ideally involved as much as possible on a day to day basis, and the sorts of decisions that we make involve staffing costs. In putting things together for the membership to make decisions on. We run a project for youth education, and that is down in our IT
60 suite. The catering and the sorts of policies that we have got there, what happens within the club bar. What happens for the food. Sorting out the policing and the stewarding for match days. I think a lot of that is similar to how a traditional football club is run. I think because of our budget limitations, because we don't have enough money, the board of directors are probably more involved than they are at some
65 other football clubs. They are not just making over-reaching decisions, they are actually involved in day to day decision making. We try as much as possible, where it is relevant, to pass this onto the membership to give them a say as well. So if there is a little bit of money in the budget do we want to spend it on maybe painting one of the stands, and improving that? Do we want to give the money to the groundsman to make improvements, and really let the members and the fans decide where the
70 money should be going.

Communication at the club (5.02)

75 **Peter Langton:** It would be impossible for this project to happen without the internet. We have got some very committed members from all over the world. We have got people in Holland, in Germany, in eastern Europe. Lots in America, Brazil, Australia, all over the world, and they all want a say. They want to feel like they are involved, and they want to be involved and we do... We do what we can.... Without the internet it wouldn't be possible to include them.

80 The Board meet once a month at the football club. It is a week night, so it means coming after work. Some people have got full time jobs. Some people are retired and can actually be at the club more often.

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The staff and volunteers (5.40)

85 **Peter Langton:** But we only have one or two actual paid staff at the club, and
everything else is all done by volunteers, all the maintenance. The biggest problem
that we have had has been maintaining our volunteers. Certainly the ones that come
down to the ground, will always come down to the ground, they have got that
physical link with the football club. Other things that can be done from a distance
90 such as accounting, solicitors looking at things, we haven't had as much success
there, and the loyalty hasn't always been there. People can go missing for a month
or two at a time. I mean at the end of the day people need a break and a holiday, but
there is no accountability. If you are a volunteer, if you are gone, you are gone, and
that has been a big failing in My Football Club in failing to keep these important
95 volunteers coming forward to do the things that really cost money.

The finances (6.29)

Peter Langton: Most of the clubs at our level run at a loss every year and they are
financed by a small board of directors that will put their hands in their pocket and
100 fund the playing squad. If... There are very few clubs at this level which can be self-
sustaining, and it is a big challenge, and it is something we are trying to work
towards this season of producing... We have produced a break even budget, and it is
the first time we have done that and we want... Then My Football Club can then add
value to other parts, we can boost the playing budget, we can improve the ground.
105 Do other things there. But it would be a fantastic legacy for this club if we can get it
breaking even at every season, or maybe even turning a small profit.

Comments from students of Cambridge Judge Business School (7.10)

What do you think of the MyFC business model?

110 **Diego:** You always like to take decisions in the team you like, in this case it's a good
way to be part of first of the community, second to be... to have participation is
something that you like, in something that you think you can give some added value.

Yair: It's probably a little bit similar to what you already have today. I mean from my
115 experience in working in a venture capital fund, you know the fund invests in
companies that are located globally. So whether it will be Amsterdam, London, New
York, Dubai, wherever it might be, you are investing in companies that are located
globally. As a shareholder you have a right to vote in each shareholder meeting.
Obviously you can't make it so you send a proxy, there are ways around it. But you're
120 holding a share in something that you think worthwhile and you're making a
difference as a shareholder, granted only if you actually have enough holdings to
make a difference. But you're still there, you are still sending in your opinion, and
you're still involved. So the model is... I don't see this model being that different
from what already exists, but it's definitely innovative probably in the sports world
125 or in other worlds.

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DVD Worksheet 2: Managing People Graduate recruitment and development at Sony

Sony's European graduate programme (0.06)

Richard Bennett: The European graduate programme lasts for 24 months, so as a graduate you would join on the 1st September, and you would do your first assignment for twelve months in one part of the business. Then your second
5 assignment would start the following year on the 1st September in a different part of the business, and more than likely in a different country as well. So in their first year they could, for example, work in product marketing for audio/video categories, of the consumer ... consumer electronics business. In their second assignment they could be working in sales for PlayStation, for example.

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Who the graduates are (0.54)

Richard Bennett: The objective of the programme is to get graduates in different areas of the business but also in different countries. And for that reason we are definitely targeting graduates who have got a strong international background,
15 either in terms of business experience, they may have done an internship in a foreign country, and ... and with that we were looking for graduates who are able to at least master two European languages, but in fact most of them who join the programme would master three European languages.

20 Attracting graduates to the programme (1.26)

Richard Bennett: Sure, there's definitely an element of the brand which ... which in itself is attractive. The ... Sony, and it's the nature of its business, is evolving in very exciting industries, both the consumer electronics is highly competitive and very fast moving, so there's ... there's constant change going on and a fantastic learning
25 opportunity for graduates. In addition, there is the whole digital, and digital media nowadays, so looking at the music, and the pictures elements, these are also industries which are going through a lot of change. So for young ... young graduates aspiring to be challenged in their ... when they're starting off their career, it's an ideal working environment. So the brand does have, and the nature of Sony's business,
30 does bring a lot in terms of recruitment attraction. In addition, obviously we do ... we do quite a lot of activities, especially at the crunch recruitment time, which is from September to November every year, and we do a mixture of online activities, campus activities and also recruiting events.

35 The training modules (2.41)

Richard Bennett: Throughout the two years of the programme there is ... there is a development curriculum for the graduates. So the graduates are based all across Europe in different areas and we bring them together every three months for a training module. These generally last two to three days. And the training models
40 focus on Sony's value chain essentially, so each of those modules would focus on a

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specific part of that value chain. For example, one of the modules is in manufacturing and sourcing.

Mentoring (3.11)

45 **Richard Bennett:** In addition to ... to development on the job, development off the job, which is done through the training modules, we also have launched a mentoring programme. And the graduate programme is a talent programme at the, if you want, at the start of the leadership pipeline. Sony also has talent development programmes for middle management and for senior management. And what
50 happens is that each of the graduates are matched individually with a mentor coming from that middle management talent pool. So these are people in the organisation, that have been working for Sony for three to five years, have got a considerable amount of experience in different areas of the business, and have been identified as future leaders. And the graduates have an opportunity to develop a
55 mentor/mentee relationship with these individuals, which is both valuable for the mentor who has the opportunity to develop coaching skills, as well as for the mentee who has got the opportunity to get informal advice about career development from someone who is not directly linked to their assignment.

60 Graduate development (4.24)

Richard Bennett: Graduate development would take place within an organisation and there is a huge amount to learn through training modules focusing on certain areas of Sony's business. But what we wanted to do was really to ... to push the graduates even further outside their comfort zone, and ... and really develop, or give
65 them the opportunity to apply their business skills in a completely different context. So the social entrepreneurship module takes place in the second half of their ... the graduate programme, so during their second assignment. Graduates are again divided up into teams where they will be working on a virtual basis for four months, and they work hand in hand with a social enterprise. A lot of them need to become
70 self-sustaining and be able to generate revenues themselves. And some of the skills that are needed for that are certainly sales and marketing skills which are ... which graduates have developed quite strongly during a year and a half on the European Graduate Programme, and within their assignments. And the idea is that they apply this learning into this new context. And this context gives them the opportunity to ...
75 to really work with limited resources and be creative with those limited resources. To ... They will learn the value of being entrepreneurial. The value of a can-do attitude. So it's a lot about behaviours. In addition, there is also the development of practical skills, such as project management, better ... better prioritisation of projects, client management and also the ability to work in a virtual context. The
80 graduates are not only based all across Europe in different locations, but their clients, the social enterprise itself, will be based, more than likely, in Africa, Latin America or some part of Asia.

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Retaining the graduates after the programme (6.20)

85 **Richard Bennett:** There is obviously a very important transition is what happens to
graduates at the end of the graduate programme, and the whole concept of having a
graduate programme is to not only attract the best people coming out of
universities, but it's to retain them at the end of the programme. That's the real
return on investment. And so there's a whole process that goes on through ... in the
90 last six months of the graduate programme for graduates coming off the
programme, and we would support them to find their jobs within ... their future
permanent positions within Sony. But there is also a certain amount of ownership.
The graduates are certainly expected to leverage a network which they have
developed over the two years of the graduate programme in order to find the ideal
95 permanent position which they are hoping to get. And that process works ... works
quite well for us in terms of the retention rates are close to 100% at the end the
programme. And through the work that they have done in the different assignments,
they will naturally create a reputation for themselves, and that should place them in
a good position ... place them in a good position to be able to find their dream job at
100 the end of programme if you want.

Comments from students of Cambridge Judge Business School (7.40)

How do Sony help the graduates build up networks?

105 **Oremeyi:** They rotate you from one division to another, so you're not just stuck in
one place. So you get to work with a set of people this year, and the next year you
get to work with another set. So that's ... I mean that's interactive. Another thing is
they said they bring the people together every three months so that is building
networks within the programme but then during the three months ... during the
quarterly meetings you meet other staff of Sony who are probably high, you know...
110 managers and supervisors and so you build a network as well. So I think they
enhance it in those ways.

DVD Worksheet 3: Managing cultures

Turners (Soham) Ltd.: Organisation and structure

The history and development of the company (0.06)

Paul Day: Turners is a family business, it actually started with two Turner brothers in
1930. One drove a lorry when he was eighteen, and the other one was sixteen and
he helped to load the lorry, and they took produce that was grown locally to the
5 flower markets and the vegetable markets in London. They developed it from there.
In 1952 it became a limited company and the name 'Turner Soham Limited' was
founded then, and they slowly grew the vehicles and started refrigerated transport
in the early 70s when right at the foundation of that. Really by the time I joined the
business in the 80s we were a relatively large East Anglian based haulage company.
10 We operated 120 vehicles and we had a good foundation to try and develop, grow
the company from there. Well during the 80s we continued to try and develop and
grow the business and we were becoming more and more known as a refrigerated

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transport company. Then we have the opportunity to buy a small business that was involved in powder tankers, and by the early 90s it was clear that we needed to specialise in, and really we were... our core strength was the refrigerated market. We were gaining new business in the tanker market and really we decided to focus on those two areas to develop the business further. In this century, about five years ago, I had always wanted to go into fuel, and we got an opportunity to run a few fuel tankers and that has proved to be very successful for Turners, and we have managed to grow that in five years to have around about 200 vehicles now operating on fuel deliveries. So we are the third biggest in the UK now in fuel, after five years. So I think we have done very well in that sector.

Financial growth and investment (2.35)

Graham Miller: In 1990 the business was turning over about £12,000,000, and now in 2010 we have just achieved £210,000,000, so that growth is really quite staggering. Our profit was running at just below two million pre-tax in 1990 and we have got to just over twenty million. I think the main reason for the growth was the establishment of this site here. The company used to operate from a relatively small site in Fordham and one of the founders had the vision to progress this site. A big investment, probably investing two and a half times his annual profits in this site. It was the biggest step ever made, and that was a big step to establishing Turners as a real player in the industry. Then there was a concentrated effort to progress the tanker side of the business.

The other landmark was trying to start a fuel distribution business. We didn't have any presence in the sector, but one of the managers wanted to try to develop the fuel distribution business, and in 2004 we gave him a few vehicles to try and set up the business. There were quite big losses in the first couple of years, but he managed to win a contract in 2007 and then a few months later won another contract. So suddenly we were taken as quite serious players in the fuel distribution sector.

How Turners is organised (4.01)

Paul Day: We've built up to a level now where we operate 1,100 vehicles across the various sectors and we employ just over 2,000 people. The structure of Turners, if you go back are two principle areas are tankers and refrigerated. On the tanker side we operate powder tankers in the cement industry. We operate powder tankers and liquid tankers in the food industry, and we also operate in the fuel industry with fuel tankers. And there is a different management structure for those various businesses within the tanker operation. But sometimes customers would have... For instance you may have granulated sugar and you may have liquid sugar for the same customer. We can operate and deliver both, but they are run as separate entities, as separate divisions within the overall tanker division. Then on the refrigerated side, the foundation of that is the transport network and the expertise we have in delivering pallets and serving the UK. But running in parallel is the warehousing and the storage and the picking operations, that customers would need if they want to

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store their products and then get them delivered. Then we have added value services that run in parallel, to offer a one stop service to those customers in terms of the pack house, which you may have seen, and all of it, the storage, the added value services, and the distribution, the customer would necessarily may only deal with one person who oversees all the different services for that one customer, but they do operate as separate divisions.

Financial reporting (6.04)

Graham Miller: In terms of financial reporting we produce a management accounts pack every four weeks, so thirteen four weekly periods during the year. We try to get those completed within three weeks at the end of each period. That compares, if we go back to the 1990s there would be a quarterly profit and loss account, and that would be produced by the end of following quarter. And it was a small business and I think then all the key executives knew what was going on in the business anyway, and they didn't need those figures at hand. But now the business is so large at £210,000,000, that you really do need each division needs to be reported on... Each profit centre needs a report so that any problems could be identified as quickly as possible, and any appropriate action taken.

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Decision-making at Turners (6.57)

Paul Day: Turners is a family business. I'm not sure that just the fact that it's a family business does give it an advantage. I think the way Turners is set up with a very quite flat management structure between the various divisional management and myself. So if opportunities arise or issues arise and they need to be resolved, or we need to make an investment there's not a long chain, and time delay. We are very quick at reacting. We can make... It is down to myself whether we will make a decision and move on and take advantage of that opportunity or decline it if we don't think that is the right business venture for us. So I think it is the speed that we can operate and we can make decisions it becomes... it does turn into an advantage.

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Comments from students of Cambridge Judge Business School (8.00)

What are the advantages of Turner's divisional structure?

Lukasz: As businesses grow large I think divisional structure is unavoidable, because the very senior management is not able to manage the whole business as one entity, they need to put it into silos. Having said that there is a risk that when division barriers grow too strong there isn't cross-fertilisation.

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Clement: Indeed, indeed. Actually when the business has not grown that much, when it is in the first years of the company I would encourage actually a division because the entrepreneur, the founder of the company if you will, has always the temptation to do everything by himself, and is quite passionate about... It is his child essentially, so he always wants to do everything by himself. It is a nice safeguard actually to have a very disciplined division of competencies inside a company.

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DVD Worksheet 4: Managing operations Supply-chain management at Turners (Soham) Ltd.

On the road and in the operations room (0.06)

Keith Gore: We have got a full load of salads, and that's lettuces, radishes, onions, spring onions, and Chinese lettuces.

- 5 **Andrew Scarlett:** In this room it is our operation centre. The map on the wall is a tracking system that we use on our vehicles. It shows us where they are, it updates at every ninety seconds and we use it to make sure that we are running to schedule. If there's any problems, we then inform the customer, and if we have any problems, say with a breakdown or traffic issues, we use it to locate the vehicle and see which
10 ones can help or to direct vehicles around any problems.

That shows our current delivery on-time status for our main customers. The main customer we do from this site is supermarket destination Tesco's, so we show that separately, but we also show a separate set of figures for all the other work that's
15 done within this part of the operation. So that the guys can focus making sure we achieve at least ninety percent delivery on time. Which doesn't sound that much but that doesn't take into account any road problems, any breakdowns. Any of that comes out of our ten percent. So one little accident causes us a lot of problems.

- 20 Basically from this site here we operate all the temperature controlled trailers. We control them. There is about 440. We utilise them through our other sites, throughout the country that also work on the same operation. But any information that is put into any of our traffic management systems feeds onto that board, it shows what vehicle, what trailers are available, which ones are due for service,
25 which ones are released and due for service shortly.

Preparing the orders (2.17)

- Shaun Leonard:** Our suppliers from 8 o'clock in the morning to about 11 o'clock send their orders through once they've received their requirements from their customers.
30 They send that through to us in pallet form. So we know how many pallets are being delivered to each location for them, and when the product is available. Our planners will ... will then enter that into our transport management system, and they will build the trunks, which is a term we use for collecting from a supplier's site into our hub at Newmarket. We'll build the trunks and allocate resource to cover off those trunks to
35 ensure that we have got the right drivers in the right place to pick the product up from the supplier on time. We will then build the loads to go out to the RDCs according on temperature, window and the time the product is available. Build those loads optimising to get as good a load fill as we possibly can, and then we will ... that will take us until about 1 or 2 o'clock in the afternoon, and then we will start
40 allocating resource to make those final deliveries, looking to get sub-contractors if we haven't got enough of our own resource. Speak to other Turners depots who

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work within the temperature control network to ensure ... to see what trucks they have in different locations to cover loads off. And equally look for more work if the orders, once we have got them all in, are quiet and we've got spare resource. We will
45 then look within the ... the operation and within the networks of Turners to see if there is any other work that we can cover off ourselves. That will take us until probably 5 or 6 o'clock in the evening, and then we send communications to all the suppliers confirming what we are planning to do with their pallets. So they know what to load on what truck, what registration, what driver will collect those pallets.

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Optimising the load fills (4.14)

Shaun Leonard: We've got around about 45 suppliers in the East Anglian area that we collect from the supplier sites. We bring those products ... those pallets into our hub at Newmarket and we have got three different temperature chambers where
55 we then consolidate each supplier's product with other supplier's product to make full loads going out to each of the individual RDCs that the retailers have got. So we are ... we are optimising load fill so you may have five suppliers each with five pallets that need to go to the same depot. Rather than running each of them individually, you'll bring them all in together, and then put them in all into individual loads going
60 to the same place to get the best load fill for the vehicles. Each of our refrigerated trailers holds 26 pallets. A significant proportion of our fleet are what's called dual temperature trailers, which means they have a refrigerated unit at the front, a refrigerated unit at the back, and an internal door that can be stowed in the roof, so you can actually run two separate temperatures on the same vehicle.

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If you spoke to Paul Day, he'd want 27 pallets in those 26 pallet spaces every day. But from ... we optimised that we need a load fill of at least 23/24 pallets. If you start dropping below that, then you know you've just got wasted space. Hence where the dual temperature vehicles come in, because if you have got 10 pallets of zero
70 degrees, and you have got 13 pallets of plus ten, the great thing is rather than send ... sending two half empty trucks out to deliver, you can put them together and optimise your load fill.

The challenge of working in logistics (6.07)

Paul Day: When it comes down to the expertise of running transport operations, I think then it comes down to you need the right people, coupled with the right IT systems to run that and find the optimum solution, and understand the logic behind it. So I mean when we started we looked for people with mathematical ability in the transport office, actually making decisions as to what's the right thing to do. So they
80 were able to have an understanding, they have some ability to think logically.

Shaun Leonard: You tend to find the guys actually really enjoy it. There's ... there's a sense of achievement at the end of the day, when you have come in in the morning, the A14 is closed, you've got all these suppliers that, you know, are chasing where
85 the vehicles are, and you are having to change your plan around live time, on the

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day, because things have gone wrong. Once you have actually changed ... made all those changes and at the end of the day the plan has then still been finished, you have got all the deliveries made, everything is done and dusted, you get a sense of achievement when you go home in the evening that it was a good day. You wouldn't want it every day but, yeah, it is very challenging.

Keith Gore: Well, once you are on the road you are your own boss, and then you make your decisions of how you are going to get to A to B. And that's what I like about it. And you just ... you just seem to be so free in what you want to do. You haven't ... you know you haven't got the pressure once you get going, only when you get caught with traffic that's the only thing.

Comments from students of Cambridge Judge Business School (7.59)

What do you think are the biggest challenges that Turners face?

Steve: I think it's ... I think it must be a challenge to manage the process and the people involved from the start to finish because the suppliers through the ... end-consumers have such different needs and priorities throughout the process. A good manager would have to keep all of that in mind, to keep a smooth process throughout.

Tingting: Yes. Because as stakeholders like the suppliers and the grocery stores they're located in different positions, different locations, you have to make sure you pass through these roads ... you pass all of them, but at the minimum cost. So you have to have your own calculations as well.

DVD Worksheet 5: Marketing Integrated marketing with Kiss Communications

What Kiss offers its clients (0.06)

Simon Fryer: Kiss is an integrated marketing communications business, so we work across strategy, branding, advertising, digital and public relations. So when a client comes to us we can integrate all of those services under an umbrella strategy to create maximum impact for them, with whatever budget they have available. We work with a mixture of blue chip brands and successful small businesses.

Richard Bland: We offer a very broad range of services to our clients. What we try to do is... we try to offer those services in an integrated fashion so things work together effectively. There is nothing worse than projects, or products working independent of each other. So what we try to do, is we try to offer those combined services which will include branding – starting from the top – advertising, direct marketing. And direct marketing can be either postal or it can be digital. We offer PR and last but not least, certainly digital... digital is increasingly becoming probably the most important communication platform that we offer.

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The impact of the Internet on businesses and marketing (1.37)

20 **Simon Fryer:** The biggest change in marketing in the past twenty years would be the Internet, it has had a disruptive influence on brands, on agencies, on business models. We recently ran a little bit of research that said that 50% of all businesses have changed their business model in the past three years, but 50% still haven't. And I think moving forward more companies will have to start changing their business models if they're going to succeed.

25 **Richard Bland:** I think the advent, particularly social media, within internet communications has been fundamental in the way that brands perceive themselves. Not only as they perceive themselves now, but as they need to perceive themselves moving forwards. I think the fundamental shift has been towards consumer control, and a recognition that actually consumers' demands need to be met by brands
30 moving forwards. Gone are the days when brands can dictate what consumers want, and tell them what they want. The consumer is now heavily empowered, and if brands don't recognise that, they are going to lose. And we're already seeing it now with brands increasingly starting to listen to Twitter, and Facebook and YouTube etc. etc., and building them in, heavily into their marketing strategies. And understanding
35 that actually a two way conversation is the only way nowadays.

Simon Fryer: An example of that is there is an online brand called 'Vitamin Water' and they surveyed their customers to find out what would make a great new product, and they ended up coming up with caffeine and lime.

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Interviewer: On the basis of what the customer...

Simon Fryer: On the basis of what the customer said, and that's a product that's now available online for sale.

45

Changes in the marketing mix (3.33)

Richard Bland: The proportion of advertising within the marketing mix is taking a bit hit. We are seeing a large amount, or a large proportion of budgets moving into other areas now. Certainly online is probably the biggest area. But PR I think is
50 increasingly being seen as one of the most important tools in the marketing arsenal. Consumers are increasingly looking for reassurances that brands, products, services are what they hope them to be. And PR, basically getting the media on-side is a very, very important and a very powerful tool in that.

Mistakes that companies sometimes make (4.14)

Richard Bland: I think one of the major pitfalls for many businesses is to lose faith in their own brand and identity and get bored with it. Now that is a very big danger. I think if most people look at effective brands that they are used to either using or working with, that have been around for an awful long time, the one thing that they
60 will probably will get out of that... You know you take a brand like Apple or

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something like that, is that they are true to themselves over and over and over again. You know you might say from an internal perspective, it might feel a bit boring, a bit repetitive. But from a consumer's or a customer's perspective it is actually incredibly reassuring. We have often worked on the development of brands for businesses that
65 have taken maybe six months, twelve months to develop, by that time they have seen it a thousand times, and they are already starting to get a bit bored with it. Whereas what you should be thinking is that well actually the customer has only seen it once or twice, and they will be greatly reassured to know that you are on the same track. Seeing variables happening all the time, looks like uncertainty and is
70 reflected in your business perceptions. So we always try to get clients to stay on track, and don't lose faith in their brands. Brands should always be a truth of an organisation. They should never be a set of clothes that don't reflect the true identity of that business. It is all very well having an identity that is all about bright flashing neon signs, but if that isn't you. If that isn't your business. If that isn't the
75 way that you want to be portrayed it just won't work.

Comments from students of Cambridge Judge Business School (5.49)

Why do you think it is important for companies to listen to their customers?

80 **Sarah:** Social media has made it easier for people to say what they think, and then for companies to actually now hear that, because it has created a shared platform. I think companies that do not listen to their customers shouldn't be in business. You exist to serve your customers. If you don't listen to them, then you don't know what they want. Then you become irrelevant very quickly. And now it is very easy to become irrelevant quickly.

85 **Kaloyan:** However, it was Henry Ford who said 'Only if I had asked my customers what they wanted. They would have said a faster horse'. In order to have breakthrough change sometimes you have to take a step back from what the customers are telling you, they want you to invent, or how to improve your product
90 and then present them with the new thing.

DVD Worksheet 6: Accounting and finance

Angel investment with Cambridge Angels

History of Cambridge Angels (0.06)

5 **David Cleeveley:** Cambridge Angels started back in about 2001. Those of you with long memories will remember this wasn't exactly the best time to start because shortly after that everything collapsed. But there was a small group of people in Cambridge who had all made a reasonable amount of money by starting and selling companies. And that was enough to start a small group together, probably only about twelve or fifteen in the first meeting, who then managed to get people coming to them with lots of ideas. And gradually over the next three or four years Cambridge
10 Angels became quite an interesting and important organisation.

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We have grown from those initial dozen or so people to around about forty five. We invest something between two and three million pounds per year. And at the moment we have two very large deals going on which together amount to nearly two million pounds of investment.

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Cambridge Angels are all specialists in bio tech, and high technology, so we only really invest in things that are in that subject area. One of the great advantages of Cambridge Angels is that we have people sitting around the table who have all done it before, and who are all experts in particular fields. That makes us able to see whether or not an idea is going to work.

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Companies looking for investment (1.25)

David Gammon: But we have an investment criteria listed on our website, so we can narrow it down. But we have people of all ages, from young students who are still undergraduates here, all the way through to professors. So we often get some of the top professors in Cambridge or other universities pitching to us. We also get people from London, we get people from Oxford, we get people from all around the country, that hear about Cambridge Angels, because we are one of the most active Angel groups in the country, and they want to hear what we have to say, or they just want to go through the process as a practice, for some reason or other. We get all types of proposals as well, people wanting to raise a hundred thousand pounds, some people wanting to raise seven million pounds.

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David Cleeveley: Entrepreneurs come to us, or come to me, in very many different ways. For example, I attend various meetings like Cambridge University Entrepreneurs, or the Cambridge University Tech People, various other presentations and so on, or people refer somebody who is an entrepreneur to the Cambridge Angels. And then usually we will put them through a two stage process, the first one of which is called an informal pitching, that is they get half an hour with something like ten or twelve Angels to discuss their idea. If that's any good a few months later they can then go to a full pitch whereby they can actually then really ask for serious amounts of money.

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Advice to pitchers (3.35)

David Cleeveley: So the first thing I look for in investment... for a proposal is simplicity. Too often entrepreneurs and founders, and people who start businesses, overcomplicate their presentations and become extremely technical. In fact they are so technical that they blind... they try and blind one with science. And one of the things that I try and do before I make an investment, in fact I do it in every case now, is that I invite the entrepreneur and the founders of companies, before I make that investment, to come to this very room, to sit around this table with my three teenage children and my wife to explain to them what they are going to do, how they are going to create their company and what the science behind it is. Because I can be extremely confident that if they are able to explain it to my teenage children,

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55 my wife and myself, then they are also going to be able to explain it to non-technical people, overseas markets, and people who are not early adopters.

The second thing I look for is something well researched. Too often an entrepreneur at the early stage will be too focused on the technology that they are trying to
60 resolve, and not enough on what will the business actually look like at the end of the day. The other things that I would particularly recommend, or particularly look at, is that I like a product to be widely or broadly applicable. It is no good having the best chip on the planet that can only be used in a missile. If that is the case it's a very, very small niche market. It's much better to have a chip that is not only used in a
65 missile, but also in a train, in a plane, in a car, in all forms of transport. Something that I think cannot be underestimated is a degree of realism in terms of the valuation. Too many founders, too many entrepreneurs, think that their piece of paper that they have written this business plan on, and this design of this product is worth ten million pounds today, it's just an idea, it isn't a business. Bringing the idea
70 is easy, creating a business from an idea is incredibly difficult.

Comments from students of Cambridge Judge Business School (6.03)

How can business people help scientists develop their ideas in non-financial ways?

Kaloyan: When you are again so focused on the product which you have, or the
75 technology, at least what I have heard from these Business Angels coming to speak to us. One of them was the founder of ARM, the chip manufacturer. It has a chip in most every cell phone on the planet now. What they told us is we get all these ideas that are just great scientific ideas. They are a technology looking for a market, but they don't really meet an un-met need. And this is where a business person's, or
80 business student's perspective comes in. It is this healthy realism. I don't even want to call it scepticism, but it's a reality check, because you have to have a layperson being able to imagine some sort of application for it, and also we... or business students in general have the skills which the researchers haven't been focusing on.

DVD worksheet 7: Strategies and decision-making

Cambridge Judge Business School: Learning and the workplace

The MBA course at the Cambridge Judge Business School (0.06)

Jochen Runde: It is a one-year MBA. It is distinct from the two-year MBAs which is the normal model in the States. It is a pedagogical model which works very well because the students we have tend to be somewhat older, so the average age is
5 30/31, so people need at least five years of experience before they come to us. The normal model is one in which they are highly talented, high calibre people often from blue chip organisations but who have been specialising up to that point in their career. And they need to develop more general management skills in order to move to the next level. And effectively the MBA is a very intensive crash course in getting
10 that very general base in management and leadership.

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The benefits of the course (1.08)

Jochen Runde: What the organisations will get is that broadening affect so... As I say if you have people who are moving out of narrow functions they often might not have had that much in the way of having to manage people yet. Of leadership. They might not have the broader view of the world that that would require. The MBAs are very good way of getting that, both in the more technical functional areas, but also in a place like Cambridge, in that they will be getting a very good rounding in many ways. University is a very good place to learn something about the politics of another country. The class is very diverse so they learn a lot about the cultures of other countries and so on.

The importance of team building in management (3.17)

Jochen Runde: We are trying to promote a collaborative approach to leadership and to management. We think that the world is becoming increasingly networked, and particularly in high-tech technology organisations that very often people have to get other people on board, people that they are dealing with, where those other people are people as senior as them, or possibly even more senior than them. So we need people who have very general skills and the ability to connect with lots and lots of people, different cultures, and also different levels of seniority, and we work on that in a very big way.

Honesty and integrity in business (2.25)

Jochen Runde: What's interesting is that we get many major business figures, and figures from industry, heads of major corporations and they come to talk to the MBA students, and it is quite noticeable how much they emphasise personal integrity and honesty, the importance of trust in the relationships that they have with people. So we reinforce that with something that we call management practice, and we have lots of courses on things such as Business Ethics, Corporate Social Responsibility, Governance generally. In fact we have a philosophy course, Philosophy of Business, it's called, which is taught by philosophers from the university, which is very big, not so much on teaching ethics, but on teaching people how to reason about ethics.

The importance of understanding others (3.17)

Jochen Runde: The current class has 167 students in it, and there are 43 nationalities represented. So it is particularly noticeable at the beginning of the MBA when they first meet each other for the first time, because you can just see the shutters falling away. They can see the differences, they can see how much wider the possibilities are for them in terms of possible career paths, what they might do with their lives, where they might work and so on. So that is a very, very important part of the whole process. We seek to reinforce that. Again I mentioned management practice, a large part of that, so this is on the more soft side of what we teach, is about dealing with people of different cultures and as we all know the way in the world is developing that is going to be something which becomes much more important.

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The hard and soft side of management (4.12)

Jochen Runde: There is a certain core, which I think most MBA programmes would teach, so you ask about the harder side, and by that I would say things like the finance, the accounting, the management sides, which is the quantitative side of
60 management, the economics. And certainly they get all of that. It is quite interesting for us because many people, when they are coming in, think that that is what it is all about. Interestingly, when they write back to us five years after they have finished the MBA, they tend to emphasise the softer side as having been the most important for their future development.

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Comments from students of Cambridge Judge Business School (4.51)

What have you learnt from working in international teams?

Jun: I think it's one of the things that I have really experienced here in Cambridge which was... I remember the first team that we had: I had a Swedish person, an
70 Egyptian person, Bulgarian, American and myself...

Speaker 2: ...Japanese...

Jun: Yeah, Japanese, Chinese. And understanding the personalities of each at first
75 was so difficult for me, but when we got it going everybody contributed in a totally different way that was, each one, very, very crucial. That was for me a very big learning experience. I loved it.