Feeding the nation
Winners and losers in a divergent sector

Financial Services roll with the punch
Battle-hardened sector starts the fightback

Preparing for a long-haul
Tourism looks to the rebound

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business insider

SURVIVING THE CRISIS

Scottish business weathers the storm and looks to the future

RESILIENCE: ADVICE ON TAKING YOU AND YOUR TEAM THROUGH THE LOCKDOWN

Vol 37 No.3 May/June 2020 £4.00
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PLUS WHAT IS THE WAY FORWARD FOR SCOTLAND'S BUSINESS COMMUNITY AFTER COVID-19?

HOW BUSINESSES REACT IN THESE UNPRECEDENTED TIMES WILL BE CRUCIAL FOR THEM

Ken Symon's regular view on business

THERE has never been a time for Scottish business like the one that we are living through now. The majority of businesses are facing unprecedented challenges that have threatened – to a greater or lesser degree – their very existence.

While for some – in part of the food supply chain, IT and technology – the challenges have been of meeting unexpected hugely ramped-up demand, the problems for the majority are ones of maintaining their very survival following the total, or almost total, collapse of turnover and cash flow.

The COVID-19 pandemic has seen levels of aid from Government for businesses that are nothing like anything before. From the just-in-the-door Chancellor Rishi Sunak's first Budget onwards, the aid to most sectors has been stepped up and up.

It is far too early for any kind of serious analysis of the design and delivery of aid by the UK and Scottish Governments, although there have been complaints about the latter not matching the former.

> There will be many challenges for the enterprises that do continue in the weeks and months ahead

It is a situation that has brought out the best in many and the worst in some. There are businesses that simply will not survive, with some already being casualties or where their owners have decided that now is the time to shut up shop permanently. And there are other enterprises where survival is still an open question, with many working through dwindling cash reserves.

There will be many challenges for the enterprises that do continue in getting full workforces back to work and in focussing or refocussing on the imperatives of the individual business in the weeks and months ahead.

Businesses who have not and are seen to have not acted well in these past few weeks have already suffered or will do so in the coming months in future trade and in votes at the next season of company annual general meetings.

This issue of Insider is slightly smaller than of late as we face our own issues because of the pandemic but we have included all our regular smaller features and most of the in-depth longer reads that we were planning.

We have not been able to bring you the normal, full, detailed research tables in our Financial Services Review (see page 37), and that is also the case with our exclusive Scottish Football Finance research (page 44), although we have included the main index table.

We have a special feature on how businesses have been surviving the crisis (page 20) and some very timely advice from Jenny Campbell, founder of The Resilience Engine, on how you can build resilience in yourself and your team (page 23).

Our regular annual review of Food and Drink is very different this time as we report on the very many divergent ways that different parts of the sector and supply chain have been impacted by the pandemic and the response to it (page 32).

Our report on Tourism looks at how the sector has been decimated and how it – like the food and drink sector – is already looking forward to ways it can recover and rebuild for a post-virus future (page 57).

Our regular Slainte photo-led feature shows the clear division of the past few weeks – ones taken before the lockdown when we were all still meeting and those more recently in the new age of video conferencing (page 80). How much will most of us be looking forward to in-person launches, receptions, dinners etc, when we can all meet up again in person?

A huge thank you to all our readers, our sponsors, our advertisers and our partners for your continued support as we have tried to do our best to report and analyse what is going on in these difficult times. Let us all look forward to better, more straightforward and more prosperous times. Stay well. ■

contact: editor@insider.co.uk

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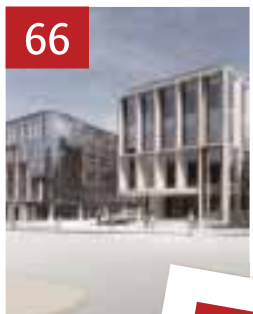

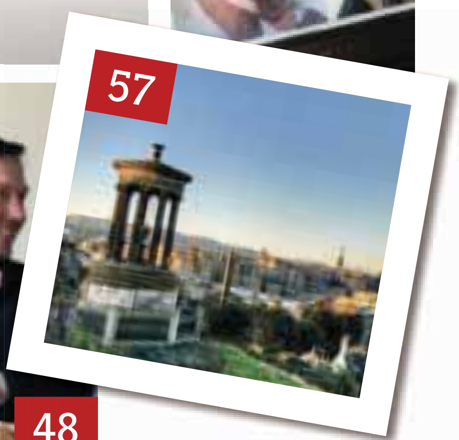

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*The Insider ranking is calculated using a computation between annualised turnover and pre-tax profit

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News and quotes compiled by **Ken Symon**

Archangels seeks chances to invest


Niki McKenzie

ARCHANGELS, the business angel syndicate, is on the hunt for investment opportunities during the COVID-19 outbreak.

The news came as the Edinburgh-based syndicate said it had led four follow-on investment deals so far this year worth a total of £6.2m.

Scotland's largest business angel syndicate pumped £2.6m into Blackford Analysis, Fios Genomics, Optoscribe, and Speech Graphics, with the Scottish Investment Bank chipping in £1m and other investors contributing another £2.6m.

Now the syndicate, which has more than 100 members, is calling for other technology and life science companies to get in touch.

Niki McKenzie, joint managing director at Archangels, said: "Each of these businesses is a shining example of home-grown Scottish innovation that is succeeding on a worldwide stage. We are both proud and willing to offer our continued support to these businesses as they scale up.

"These are difficult and uncertain times for all of our portfolio companies, but we remain confident that businesses like these – led by change makers and entrepreneurs – will play an important role in driving the Scottish economy forward when the time comes.

"Archangels remains committed to supporting Scottish businesses and I would encourage any early stage companies in the technology and life sciences space to come and share their ideas and aspirations with us."

Blackford Analysis, which spun-out from the University of Edinburgh in 2010, makes artificial intelligence (AI) software to read medical images, while Fios Genomics writes software to analyse the "big data" produced during drug research and development.

Heriot-Watt University spin-out Optoscribe develops technology for optical communication components, while Speech Graphics' eponymous software is used by clients in the entertainment industry including Def Jam Recordings and Warner Bros.

Crown Estate Scotland's £70m plan

CROWN Estate Scotland will invest £70m during the next three years to support regeneration of coastal communities, renewable energy and sustainable food production.

The body has launched a three-year plan outlining how it aims to manage sea, land and coastline for the benefit of Scotland's businesses and communities.

Since being established in 2017, the body said it had returned more than £20m to the Scottish Government for public spending.

The 2020-23 Corporate Plan aims to provide a blueprint for Crown Estate Scotland – operating under new legislation that focusses on sustainable development – to continue delivering wider value for Scotland.

The five main objectives are:
- Support the expansion of Scotland's blue economy, focusing on marine and coastal development
- Develop built environment that strengthens communities and benefits businesses
- Invest in innovation and work with tenants to enable sustainable use of natural resources
- Build partnerships for people and the planet
- Develop and deploy its people's expertise to deliver value and success

Crown Estate Scotland chair Amanda Bryan said: "We want to invest in property, natural resources and people to generate lasting value. From growing shellfish to new ways of farming, regenerating coastal communities to building Scotland's blue economy, our focus will be sustainable growth that benefits all.

"We are looking forward to working with communities and businesses to deliver positive change for Scotland."

IN BRIEF

Pivotal expansion for Scottish customers

A CASH-in-transit company is to open a new centre in Inverness, creating at least 30 jobs in the year ahead.

RMS Group is also rebranding as Pivotal and introducing merchant services along with its aim of being the leading independent provider supporting cash and card transactions of all types.

The Inverness centre will support Pivotal's growing customer base in Scotland. It will be one of four locations, with others in south-east England, Leeds and Bristol.

Founded in 2005, Pivotal is now the market leader across Ireland with a fast-growing presence throughout Britain.

The company provides cash collections, deliveries and ATM services, and serves more than 1,700 customers ranging from Metro Bank and Travelex to retailers and small businesses.

Chinese approval for Omega lab test

SCOTTISH medical diagnostics company Omega has won approval for its Food Detective test for laboratory use in China.

The go-ahead from the National Medical Products Administration, formerly the China Food and Drug Administration, is a boost for the business during the global coronavirus crisis.

Omega will now continue work with its partner on approval for a self-test version of the test. Omega CE Colin King said: "I am delighted to receive the approval for one of our key strategic goals.

"This is an excellent reward for all the hard work put in by both our and our partner's teams."

COVID-19: AAB'S PRACTICAL GUIDE TO THE STEPS BUSINESSES CAN TAKE NOW

The UK and Scottish governments are acutely aware of the financial impact of the lockdown on businesses, and the economy as a whole.

In addition to their various support measures, there are practical measures businesses can take to steer a course through this global crisis.

Employees

Employees are the back-bone of any business. Explore the Government's Coronavirus Job Retention scheme, and the Statutory Sick Pay (SSP) measures, but consider seeking legal advice before taking any action. For employees working remotely, make sure effective IT systems are in place. Now, more than ever, communication is key – being open, honest, offering support where you can and communicating regularly will help maintain morale and team-spirit.

Cash is king

Maximise whatever revenue can be generated in order to drive cash into the business. Micromanage cashflow using accurate forecasts so that you know your expected income and cash burn for each day to prevent unexpected liabilities cropping up. Forecast for every eventuality you can think of, as well as what your business will look like when normal service resumes. Review work in progress to see what can be billed now and in the short-term. Proactively manage your debtor book in order to maximise recoveries.

Remember that your clients are likely to be in the same boat, so communication and compromise are so important. Find out when and what your customers can pay. While you want to generate as much cash as possible, it is worth remembering that it's preferable to receive some payment rather than risk getting nothing at all.

Outgoings

Review your outgoings and filter your liabilities/recurring expenses by amount, frequency and whether they are critical for on-going trade. Halt any expenditure that is not vital.

Get in touch with your higher and longer-term creditors – they may be able to agree a mutually satisfactory payment plan. Also, speak to your bank and other creditors to see if they are willing to give you a payment holiday or reduction for the next few months. Liaise with your landlord to request a payment holiday or even split the next quarter's payments over a longer period. Seek legal advice first if you are unsure about breaching the terms of your lease. Remember that any deferred or time-to-pay agreements still need to be paid. Make sure you include these in your cashflow forecasts.

Lyn Calder

Supply chain

In the short-term, if you can't get business-critical goods, that will have an adverse impact on your cashflow. In the longer-term, you need to factor any supply chain issues into your resumption plan. Review your contracts with your suppliers and with your customers. Do these have 'force majeure' clauses? If so, you may be able to break them without liability in event of a pandemic or Government legislation. If you are unsure then get legal advice to confirm the position.

If you still require stock immediately, double-check that your suppliers will be able to meet your requirement within the specified time-scale before placing any orders.

Director's duties

Finally, remain mindful of your directors' duties and obligations. If it looks like your business may struggle to meet its liabilities, then you have a duty to act in the best interests of the general body of creditors.

For these and other practical steps you can take to protect your business, getting financial advice on your options as early as possible is key. Visit aab.uk and click on 'Our Response to Coronavirus'.

For more information contact Lyn Calder, Corporate Finance Partner and Managing Partner at Anderson Anderson & Brown
lyn.calder@aab.uk, +44 (0)131 357 6666, www.aab.uk

Three cyber firms benefit from support

Ian Stevenson, Cyan Forensics

THREE Scottish scale-up businesses are among 22 cyber security companies across the UK selected for the Tech Nation Cyber 2.0 growth programme.

The three are all Edinburgh-based and are SnapDragon, Symphonic Software and Cyan Forensics.

SnapDragon helps firms fights fakes and counterfeits by finding them online, Cyan Forensics helps law agencies and businesses block harmful content and Symphonic Software helps organisations track who has access to their data.

The announcement comes at a time when the world is facing increased security threats in the light of the coronavirus pandemic.

The Cyber programme aims to unlock the growth potential for early-stage cyber scale-ups.

It addresses key issues facing cyber founders, including scaling internationally, scaling company culture and navigating access to clients and stakeholders in the cyber ecosystem.

Companies who have previously been on the programme have seen considerable success.

Tech Nation entrepreneur success director Mike Jackson said: "The UK is already an acknowledged leader in cyber security, raising £7.8bn between 2015 and 2019, placing the UK third in the world for cyber after the US and China.

"In these unprecedented times in light of COVID-19, there has never been a more important time to invest in and support innovative cyber solutions."

Hazel Jane, entrepreneur engagement manager – Scotland, Tech Nation said: "I'm thrilled to see such strong representation from Scotland in the Cyber 2.0 programme.

"Symphonic Software, SnapDragon and Cyan Forensics are all pioneering companies that are excelling in the cyber sector – I'm excited to see how this programme will support their growth."

Contract boost for energy saving scheme

A SCOTTISH firm that helps SMEs get the most out of their buildings has won a £641,000 contract in a Government innovation competition.

Glasgow-based arbnco won the award in the Boosting Access for SMEs to Energy Efficiency (BASEE) competition.

The contract with the Department of Business, Energy and Industrial Strategy will allow it to develop its Digital Energy Efficiency Platform.

DEEP aims to improve energy efficiency by using a range of data to generate bespoke recommendations, with potential use across 5.9 million UK SMEs.

Phase two of the project will involve arbnco deploying the prototype for pilots in the central belt of Scotland, the West Midlands and Bridgend, Wales.

Led by arbnco, the project brings together expertise from Centrica, Energy Systems Catapult, Aston Business School, Durham County Council and Cyan Finance.

QUOTE UNQUOTE

"In the midst of difficulty lies opportunity"

Albert Einstein

Book Review

Title: *Fearless Innovation*
Writer: Alex Goryachev
Publisher: Wiley
Price: £21.99

ALEX Goryachev's book lives up to its billing as a no-nonsense guide. As MD of Cisco's global Co-innovation Centres, he walks the talk.

He stresses the need for innovation to be pragmatic. "Leaders are on the hunt for billion-dollar ideas, so the concept of moonshots takes precedence over small, measurable milestones."

It should involve diverse inclusive teams with a concerted effort to break through silos. A business, he says, should have a chief innovation officer who seeks to embed innovation in every organisation function through constant communication. A very timely book when so many businesses will need to reinvent themselves.

Rating out of five: ★★★★

IN BRIEF

University's warning over future fish stocks

FISH stocks in UK waters could suffer or collapse if forthcoming negotiations between the UK and EU fail to reach an agreement, according to research at a Scottish university.

The University of Strathclyde study found that unilaterally set fishing quotes could also lead to falls in the numbers of marine mammals and seabirds due to the reduction in their food supply.

The university said the existing Total Allowable Catches for fisheries involving the EU, UK and nations such as Norway are based on independent scientific advice from the International Council for the Exploration of the Sea and are designed to ensure that stocks remain at sustainable levels.

The EU has argued that preserving existing fishing quota arrangements will be essential to securing an overall post-Brexit deal. But the UK Government says the issue is a "red line" in negotiations and that British boats must have increased quotas and priority in UK waters.

Researchers at Strathclyde found that unilateral quota setting would lead to about a 70 per cent risk of North Sea herring and cod stocks falling to unsustainable levels within five years.

Leith 'is Scotland's top place to live'

LEITH has been named the best place to live in Scotland.

The former port tops a list of 10 locations in Scotland and 101 across the UK in the annual Sunday Times Best Places To Live guide.

Leith was described as a breath of fresh air. It was noted for its diversity, the impressive repurposed industrial buildings, including a former biscuit factory that has become a gin distillery, and its trendy places to eat, such as Tom Kitchin's Michelin-starred restaurant.

information provided by BUREAU VAN DIJK ELECTRONIC PUBLISHING

Work to tackle coronavirus sees Omega Diagnostics shares soar

Ken Symon's regular digest of Scottish stock performance

OMEGA Diagnostics saw one of the biggest share rises ever reported on in these pages, with a percentage rise of nearly 329 per cent. The rise, albeit on a relatively low share price, came after the Clackmannanshire-based life sciences business announced it had signed an agreement to make up to 46,000 COVID-19 antibody tests a day on behalf of Mologic, a London-based biotech firm.

Omega's plant in Littleport, Cambridgeshire, will manufacture the Elisa test following a material transfer agreement. The test has been part-funded by the UK Government and is designed to show whether people have had the virus, have immunity to it and could therefore return to a relatively normal life.

The Elisa test has been independently validated by the Liverpool School of Tropical Medicine and St George's University of London. At the time of writing, it had been given to Public Health England and NHS Scotland for formal validation.

Omega is also part of a consortium working on a lateral flow antibody test that could quickly show the presence of coronavirus antibodies. That test will be made at Omega's base in Alva in Clackmannanshire.

Analysts at FinnCapp suggested that if the test is approved and ultimately sells at £1-£2 per test then this could imply total revenues of £15-30m, of which Omega would get a percentage.

The news on the test followed a trading update by the company that its Food Detective test had won approval for laboratory use in China and that it saw minimal impact from the COVID-19 outbreak on its food intolerance testing business.

Omega Diagnostics was one a vast majority of risers across the two markets as stock markets regained some of their value after the virus-induced slump. There were only seven fallers across the two markets, six on the main market and one – Smart Metering Systems – on the Alternative Investment Market.

Another riser was Beeks Financial Cloud Group, which was up nearly seven per cent. The Glasgow-based fintech said it had acquired Velocimetrics, the London-based data analytics business for £1.3m. It said the acquisition would offer new services to its clients, further setting it apart from pure cloud data storage competitors.

Biggest risers

NAME	% CHANGE 1 MTH
OMEGA DIAGNOSTICS	328.85
LANSDOWNE OIL & GAS PLC	58.33
IDE GROUP HOLDINGS PLC	53.33
BRAVEHEART INVESTMENT GROUP PLC	48.84
PLEXUS HOLDINGS	32.56
ELAND OIL & GAS	31.59
JOHN MENZIES PLC	27.79
SPRINGFIELD PROPERTIES	27.1
CELTIC PLC	20.51
FRONTIER IP GROUP PLC	19.05
CAIRN ENERGY PLC	17.25
SIGMA CAPITAL GROUP PLC	16.43
FIRSTGROUP PLC	15.96

Biggest fallers

NAME	% CHANGE 1 MTH
STV GROUP PLC	-22.40
AGGREKO PLC	-13.09
SMART METERING SYSTEMS PLC	-11.36
DEVRO	-9.30
ROYAL BANK OF SCOTLAND PLC	-9.85
STANDARD LIFE ABERDEEN PLC	-9.07
SSE PLC	-8.01

Omega is also part of a consortium working on a lateral flow antibody test that could quickly show the presence of coronavirus antibodies. The test will be made at Omega's base in Alva in Clackmannanshire

Velocimetrics, which was founded in 2009, provides real-time network monitoring and trade analytics software to clients worldwide, including the Australian Securities Exchange, trading platforms City Index and X2M as well as banks and hedge funds.

Gordon McArthur, the Beeks chief executive, said: "While the Group is focussed on organic growth, we continue to assess strategic acquisitions that will complement our business model and expand our offering.

"The acquisition of Velocimetrics accelerates our product roadmap, providing us with the ability to offer our clients network monitoring and trade analytics, increasing our competitive differentiation while minimising anticipated product development spend for this functionality."

The biggest faller was STV Group, the Glasgow-headquartered broadcaster, which saw a 22 per cent plus fall in its share price as the pandemic-induced slump in advertising revenue hit its prospects.

Simon Pitts, its chief executive, announced a range of cost-cutting measures including cancelling its dividend, cutting initially £2m in costs, delaying planned capital spending of £2.5m, company directors taking pay cuts of 25 per cent and staff being furloughed.

The second biggest faller was Aggreko, the Glasgow-headquartered mobile power company, which saw its share price fall more than 13 per cent after the cancellation or postponement of major events such as the 2020 Tokyo Olympics.

Aggreko said it was in a strong financial position to cope with the Games postponement. But UK events being off such as the Scottish Open, British Masters and the Glastonbury Music Festival had also all hit its revenue.

The company offered its mobile units that had been freed up for free to coronavirus testing sites such as car parks where a connection to the mains would be difficult. ■

Main Market

	LIST DATE	MARKET* VALUE (£m)	SECTOR	SHARE PRICES 5 YEARS AGO	1 YEAR AGO	LAST MONTH	THIS MONTH	% CHANGE
A.G. BARR	02/04/1970	539.98	SOFT DRINKS	6.24	8.52	4.82	4.82	0.00
ABERFORTH COMPANIES TRUST	10/12/1990	747.60	BANKING, INSURANCE & FINANCIAL	10.80	12.7	8.22	8.35	1.58
AGGREKO	29/09/1997	1084.95	BUSINESS SUPPORT SERVICES	16.51	8.532001	4.874	4.24	-13.09
ALLIANCE TRUST	17/07/1947	2260.68	INVESTMENT TRUSTS	5.07	7.81	6.42	6.87	7.01
BMO PRIVATE EQUITY TRUST	22/03/1999	263.23	BANKING, INSURANCE & FINANCIAL	2.22	3.43	2.86	3.56	24.48
CAIRN ENERGY		535.01	EXPLORATION AND PRODUCTION	1.78	1.712	0.774	0.91	17.25
DEVRO	30/06/1993	241.07	FOOD PRODUCTS	2.93	1.99	1.592	1.44	-9.30
EDINBURGH WORLDWIDE INVESTMENT	1998	619.04	BANKING, INSURANCE & FINANCIAL	0.91	1.913	1.802	2.01	11.27
EP GLOBAL OPPORTUNITIES TRUST	15/12/2003	101.24	BANKING, INSURANCE & FINANCIAL	2.60	3.17	2.39	2.51	5.02
FINSBURY GROWTH & INCOME TRUST	24/12/1953	1642.59	BANKING, INSURANCE & FINANCIAL	5.86	8.77	7.6	7.69	1.18
FIRSTGROUP	16/06/1995	713.33	TRANSPORT, FREIGHT & STORAGE	1.00	1.104	0.5045	0.59	15.96
HENDERSON ALTERNATIVE STRATEGIES	25/07/1991	889.60	BANKING, INSURANCE & FINANCIAL	2.37	2.77	2.12	2.3	8.49
JOHN MENZIES	03/10/1962	829.60	BUSINESS SUPPORT SERVICES	3.90	4.9	0.77	0.98	27.79
JOHN WOOD GROUP	05/06/2002	1112.68	OIL EQUIPMENT AND SERVICES	6.90	4.705	1.5565	1.62	4.37
LLOYDS BANKING GROUP		20583.18	BANKING, INSURANCE & FINANCIAL	0.77	0.6257	0.32	0.29	-8.69
MACFARLANE GROUP	20/06/1973	131.93	BUSINESS SUPPORT SERVICES	0.44	1.03	0.81	0.84	3.21
MARTIN CURRIE GLOBAL PORTFOLIO	22/03/1999	234.15	BANKING, INSURANCE & FINANCIAL	1.89	2.77	2.71	2.79	3.14
MID WYND INTERNATIONAL INVESTMENT	21/10/1981	256.47	BANKING, INSURANCE & FINANCIAL	3.48	5.38	5.48	5.4	-1.46
MITIE GROUP	29/11/1988	245.18	PUBLIC ADMIN, EDUCATION, HEALTH	2.87	1.311	0.65	0.67	3.08
MONTANARO	13/05/1981	156.79	BANKING, INSURANCE & FINANCIAL	5.11	9.68	8.8	9.37	6.48
MURRAY INCOME TRUST	17/09/1953	466.74	BANKING, INSURANCE & FINANCIAL	7.46	8.28	7.04	7.06	0.28
MURRAY INTERNATIONAL TRUST	21/06/1945	1189.30	BANKING, INSURANCE & FINANCIAL	10.25	11.82	8.66	9.19	6.12
PREMIER OIL		176.12	MINING & EXTRACTION	1.75	0.9978	0.17235	0.21	21.67
SECURITIES TRUST OF SCOTLAND	28/06/2005	179.14	BANKING, INSURANCE & FINANCIAL	1.42	1.765	1.685	1.71	1.48
STAGECOACH GROUP	19/10/1998	404.94	TRANSPORT, FREIGHT & STORAGE	3.63	1.317	0.699	0.74	5.29
STANDARD LIFE ABERDEEN	10/07/2006	4657.72	BANKING, INSURANCE & FINANCIAL	5.35	2.789	2.239	2.04	-9.07
STV GROUP		96.41	MEDIA & BROADCASTING	3.50	3.75	3.17	2.46	-22.40
ROYAL BANK OF SCOTLAND GROUP	10/07/1968	12432.54	BANKING, INSURANCE & FINANCIAL	3.39	2.396	1.129	1.03	-8.95
WEIR GROUP	25/01/1946	2037.95	BUSINESS SERVICES	18.80	16.594999	7.21	7.85	8.88

Alternative Investment Market

	LIST DATE	MARKET* VALUE (£m)	SECTOR	SHARE PRICES 5 YEARS AGO	1 YEAR AGO	LAST MONTH	THIS MONTH	% CHANGE
AORTECH INTERNATIONAL	18/12/2002	11.57	INDUSTRIAL, ELECTRIC & ELECTRONICS	0.19	0.76	0.69	0.72	3.62
BEEKS FINANCIAL CLOUD GROUP	27/11/2017	44.57	BUSINESS SERVICES	N.A.	0.96	0.82	0.87	6.75
BOWLEVEN	07/12/2004	7.09	EXPLORATION AND PRODUCTION	0.30	0.14	0.02	0.02	7.71
BRAVEHEART INVESTMENT GROUP	30/03/2007	4.49	INVESTMENT INSTRUMENTS	0.10	0.08	0.11	0.16	48.84
CALEDONIAN TRUST	29/09/1995	18,264.54	PROPERTY SERVICES	1.45	2.20	1.55	1.55	0
CELTIC	22/12/2005	110,790.69	TRAVEL, PERSONAL & LEISURE	0.77	1.63	0.98	1.18	20.51
CRANEWARE	13/09/2007	536.53	COMPUTER SOFTWARE	6.18	26.70	19.15	20.00	4.44
ELAND OIL & GAS LIMITED	03/09/2012	357.57	MINING & EXTRACTION	1.28	0.90	1.26	1.66	31.59
FRONTIER IP GROUP	21/09/2007	38.01	PROPERTY SERVICES	0.22	0.86	0.63	0.75	19.05
IDE GROUP HOLDING	30/06/2010	11.52	MEDIA & BROADCASTING	0.25	0.01	0.02	0.03	53.33
INDIGOVISION GROUP	02/08/2000	28.25	COMMUNICATIONS	2.81	1.56	3.80	3.85	1.32
IOMART GROUP	19/04/2000	335.78	COMPUTER SOFTWARE	2.17	3.49	2.70	3.08	14.07
LANSDOWNE OIL & GAS	21/04/2006	3.80	MINING & EXTRACTION	0.07	0.02	0.00	0.00	58.33
MURGITROYD GROUP LIMITED	30/11/2001	62.37	PROPERTY SERVICES	6.60	5.90	5.23	6.70	28.23
OMEGA DIAGNOSTICS GROUP	18/03/2004	49.18	BUSINESS SERVICES	0.20	0.11	0.08	0.33	328.85
PLEXUS HOLDINGS	09/12/2005	14.31	INDUSTRIAL, ELECTRIC & ELECTRONICS	2.33	0.54	0.11	0.14	32.56
SIGMA CAPITAL GROUP	27/04/2000	72.97	PROPERTY SERVICES	0.66	1.11	0.70	0.82	16.43
SMART METERING SYSTEMS	08/07/2011	659.83	CONSTRUCTION	3.55	4.93	6.60	5.85	-11.36
SPACEANDPEOPLE	31/12/2004	1.02	BUSINESS SERVICES	0.63	0.13	0.05	0.05	0
SPRINGFIELD PROPERTIES	16/10/2017	96.38	CONSTRUCTION	N.A.	1.15	0.78	0.99	27.1
TOUCHSTAR	24/10/2005	2.50	INDUSTRIAL, ELECTRIC & ELECTRONICS	0.00	0.42	0.25	0.30	18
ZINC MEDIA GROUP	30/07/2001	4.09	MEDIA & BROADCASTING	31.25	1.48	0.58	0.52	-10.43

Figures to close of market Wednesday, April 22, 2020

The **burning question**

Q What is the way forward for the Scottish business community once the COVID-19 pandemic is under control?

Jen Paice
managing director
Cornerstone Asset Management

The faster we can get our workforce back to full productivity, the faster we can recover from the lasting impacts and related economic damage of this crisis.

We are prioritising our post-pandemic continuity plans – addressing the safety of staff as they re-enter an office. Home working has changed age-old processes forever, so there's the potential for more flexible working practices. External comms and the diversification and refocus of our sales strategy is a priority, while addressing any negative impacts to our income stream.

Jude McCorry
CEO
Scottish Business Resilience Centre

The pandemic will show the importance of the Scottish business community uniting and collaborating. The strength of our community lies in our innovative nature.

We are already seeing businesses in different sectors partnering for the greater good: during our recent webinars, business leaders have stepped forward to help organisations who may be going through difficult times.

Businesses will survive the pandemic by working together. If we continue to collaborate once it is under control, we will be stronger than ever.

Malcolm Roughead
chief executive
VisitScotland

Recovery will take time as businesses gear up and markets rebound at different speeds but tourism is a resilient industry bringing economic and social benefits to every corner of Scotland, critical for the future wellbeing of all our communities.

The most immediate opportunity will be with the domestic market. As long haul and short haul markets recover and consumer confidence returns, partnership working and market readiness will be crucial in addition to having the infrastructure and supply chains in place to meet increased demand.

Allan Wernham
managing director (Scotland)
CMS

Scotland's economy faces an arduous journey but we will recover. Good foundations, with businesses supporting their people more than ever before, are key.

While safeguarding public health, we must return to economic activity as quickly as possible. Trust and flexibility between the business community, government and the public sector to support each other through the recovery period will be essential.

Many firms now have creative and flexible means of working, embracing technology. We must continue this momentum.

Stuart Patrick
chief executive
Glasgow Chamber of Commerce

If under control means the lockdown is over and normal business can be resumed, we will certainly need some form of the Job Retention Scheme to continue as activity is rebuilt.

Otherwise, in sectors such as tourism, aviation, hospitality and retail, redundancies that have been avoided may still happen since it's likely demand will take time to reappear.

We will also need strong investment tax incentives since many companies will have expended reserves just to survive.

Michael Field
managing director
Workflo Solutions

The Scottish business community has always been tightly knit. When we emerge from lockdown, we must not allow anxiety to halt commercial activity. On the contrary, we need to engage in active trade quickly and passionately, and we must be wholly immersed in turning the tide of recession.

Recent years have seen much of our manufacturing move abroad for financial gain. Let's bring manufacturing home. Let's kickstart the economy by investing in home talent, let's circulate revenue in Scotland and let's prosper together.

in association with CMS Law. Tax

Malcolm Cannon
executive director
IoD Scotland

Businesses must realise the importance of collaboration more than ever, and continue to share resources and examples of good practice with other businesses for solutions.

The IoD will also place greater value on transferrable skills; creative workforces and indeed those who have taken this opportunity to reskill will be among those who fare best.

I hope we see greater empathy with cash in supply chains, too, as we will lose several excellent SMEs during this pandemic, largely due to delayed payments.

Ken Morrice
founding partner
MM Search

There will be an opportunity for organisations to reassess how they conduct all aspects of their business. More businesses will look at what they have been forced into from an operational perspective during lockdown and how this will shape their future operations.

It will also be a time when all elements of finance will be scrutinised. From a recruitment perspective, we see this impacting on how we support businesses when recruiting senior talent – the perceived barrier of location and distance will no longer be there, the power of technology has truly come to the fore.

Stuart Common
sales director
Mackie's of Scotland

We need to focus on getting the economy back to a stable place and much of that can come from businesses working together and helping one another out.

Small to medium-sized companies are the lifeblood of our business community and many will need a hand to get back into a healthy state again, in order to give them the opportunity to prosper once more.

Collaboration will be key and a joint approach, across all industries, should be encouraged.

Betsy Williamson
founder and
managing director
Core-Asset Consulting

Reassess costs and decide the quickest route to get the business back to operational capacity. That needs a strong grasp of cashflow, breakeven costs and projected sales. Identify the most disrupted business areas or channels and establish if and how they can be brought back.

Communicate your strategy with your team to ensure they pull together. Create a positive business culture. The psychological impact on staff will have been profound. Supporting employees will help them – and the business – to "snap back" more quickly.

Vicky Glynn
product manager
Brightsolid

From a technology perspective, COVID-19 forced many businesses to accelerate their plans that might have ordinarily been implemented over a longer period – there was no time to be risk-averse.

I am sure many have been surprised by how agile their organisation can be when faced with adversity.

This will hopefully further reinforce the transformative benefit that new technology can bring to an organisation and encourage more innovation once we return to business as usual.

Johan Scheepers
general manager
Intercontinental
Edinburgh The George
Hotel

Our biggest challenge is attracting domestic business over the summer, as opposed to international revenue. With the Edinburgh festivals cancelled, the loss will be felt across all sectors.

Local government and tourism bodies need to give assurances that everything is under control, travel risks are minimised and business practices in Scotland are stable.

We will refocus our strategy on local business and staycations, be agile, respond with a phased opening and ensure we're ready when the travel restrictions are lifted.

If you would like to contribute to the Burning Question or suggest topics please email editor@insider.co.uk

18+

WHAT IS AVAXHOME?

Insider's regular focus on Scotland's creative sector by **Ken Symon**

IN BRIEF

STV boosts audience and cuts costs

STV said that its nightly News At Six programme was getting an audience of more than 500,000 a night as people seek updates on the coronavirus outbreak.

The move of its current affairs programme Scotland Tonight into peak time on Thursday evenings had more than quadrupled its audience, with a pandemic special achieving an audience of more than 400,000 viewers at 7.30pm.

The increased audience figures came as the Glasgow-based broadcaster cut costs to "ensure it remains financially

Simon Pitts

resilient" in the light of the outbreak. It cancelled payment of its planned final dividend of 14.7p per share for the calendar year 2019, in a move that would retain £5.5m.

The management board and plc board also took a voluntary 25 per cent salary cut for the duration of the lockdown. The broadcaster also postponed the payment of management board performance bonuses earned in 2019.

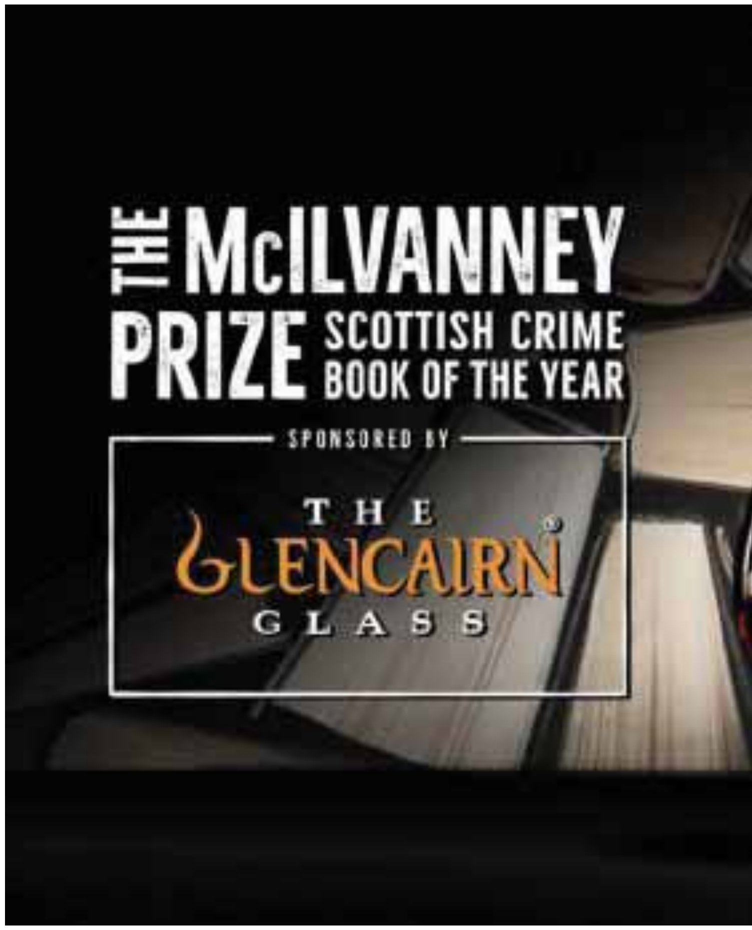
It has identified a further £2m of other cost savings across the business for 2020, along with around £2.5m of cash savings from delayed capital spending.

The group said it was taking decisive action on costs and cash flow and dividends to mitigate the anticipated advertising decline.

STV chief executive Simon Pitts said: "During the last two years, STV has demonstrated its resilience and ability to grow the business in the face of challenging market conditions.

"These are now extraordinary times and our immediate focus must be on protecting our brilliant people and fulfilling our public service role."

Who the winner will be is far from crystal clear



THE LAST thing a crime novel needs to be is transparent but the recently announced sponsor of the genre's major awards at its leading Scottish festival certainly is. Glencairn Crystal will sponsor the 2020 McIlvanney Prize for the Scottish Crime Book of the Year and the Debut Crime Novel of the Year award at the Bloody Scotland festival, which celebrates crime writing in Scotland.

Both awards will be part of the annual Bloody Scotland International Crime Writing Festival, which its organisers hope will go ahead from 18-20 September.

The family-owned business is linking its "World Favourite Whisky Glass" to the enduring and increasing popularity of crime fiction in Scotland.

Based in Stirling, Bloody Scotland has brought hundreds of crime writers together, with increasing numbers of enthusiastic festival attendees since 2012.

The festival features everything from fictional forensics and psychological thrillers to tartan noir and less challenging, cosier crime books.

The McIlvanney Prize, is in memory of William McIlvanney – the "Godfather of Tartan Noir" as author of the much-revered crime novels such as *Laidlaw* and *The Papers of Tony Veitch*.

It is awarded each year to what is judged to be that year's best Scottish crime novel. Interest in and competition for the prize has grown, with a field in 2020 of more than 60 entrants.

Last year, that longer-running award was joined by a new award to recognise emerging talent, the Bloody Scotland Scottish Crime Debut of the Year.

Glencairn described the link with the festival prizes as the perfect partnership, saying they celebrated passion, hard work and creativity in every aspect of their business.

Kirsty Nicholson, Glencairn's design and marketing manager, said: "As a Scottish family-owned company, we are excited and proud to be involved with such prestigious prizes that both celebrate and reward such a rich and talented tradition as Scottish crime fiction."

> **As a Scottish family-owned company, we are excited and proud to be involved with such prestigious prizes**
>
> Kirsty Nicholson, Glencairn Crystal

Glencairn Crystal has produced the decanter for the winner of The McIlvanney Prize for many years, so it was a natural partnership for the company to agree to be overall sponsors of the awards.

Bob McDevitt, director of The Bloody Scotland International Crime Writing Festival, said: "It's great to see that, in this time of great uncertainty, the Bloody Scotland prizes have attracted another great crop of Scottish crime novels for readers to escape into.

"It's especially heartening to see so many excellent debut authors slugging it out with the more established names. I'm also really pleased to welcome Glencairn Crystal on board as a sponsor of the prizes this year and look forward to working with them in the future."

The plan is for the winner of the Scottish Crime Book of the Year to be awarded The McIlvanney Prize on Friday 18 September.

The award includes a prize of £1000, a Glencairn Crystal Decanter and nationwide promotion in Waterstones.

The Bloody Scotland Debut Prize will receive £500 and a Glencairn Star Trophy. ■

CREATIVE VIEW Marion Cordiner, associate partner, Spey

Living the PR dream in Dubai and back home

Five years ago, I was at one of the peaks of my career working at Weber Shandwick Scotland. So when I announced to friends and colleagues my decision to relocate to Dubai to start a new life, it was met with mixed reactions.

Language, government-owned media, restrictions and even what I would drink and wear were some of the causes of concern around the city I was about to travel to. It amazes me how wrong some people can be about working in Dubai, one of the world's most forward-thinking, fast-paced and dynamic cities.

Yes, some of the newspapers are government-owned, you have to talk about "grape" instead of wine in the press. But you can drink alcohol in every licensed premises and, within reason, non-Muslim women generally wear what they want.

What's incredible about Dubai is the entrepreneurial spirit that emerges from the business community. SMEs make up nearly 95 per cent of all companies in Dubai, employing 42 per cent of the workforce and contributing about 40 per cent to Dubai's GDP.

There are stark differences to living and working in Dubai compared with working in the UK. Tax, salaries, employee benefits, healthcare, climate, convenience (you can literally get anything delivered, even petrol for your car), schooling, to name just a few.

It was a huge change from the Highlands of Scotland, and a shock to my system. However, expats make up 80 per cent of the population in the UAE and Dubai is an exciting and fulfilling place to work.

But the inequality divide is huge and you witness it every day. Maternity leave is fairly non-existent – the general rule if you work for a non-government owned company is 45 calendar days of paid mat leave, or 60 for government owned companies.

I was lucky to have a flexible employer when I had children, so I returned to part-time work after an unpaid year off.

I am always drawn to strong, female leaders. In my previous role in Dubai-based communications consultancy House of Comms, I learned so much from the two female managing partners, who grew a PR team of five when I joined to a massively successful integrated agency of more than 80 by the time I left. And now I'm home on Scottish soil, I can't wait to learn from my new employer, Jennifer Robertson, managing partner and founder at SPEY.

Just three years ago, she went against the curve and set up a communications agency for premium brands in Speyside, when it would have been so much easier to do so in the city.

Now is an exciting time to work in an independent agency, especially as the traditional PR industry has had to adapt fast with much greater service integration for the content-first age.

Big corporate clients are turning away from global conglomerates in search of brilliant ideas from small and nimble agencies who can deliver a 360-degree fully integrated communications campaign, which is where SPEY comes in.

No matter where you are in the world, if you work in PR and communications, you require an abundance of creativity, a thick skin and a love of caffeine. I'm glad I took the leap to work in a new country. I'll never regret it.

And I'm proud to be home, working for what was recently crowned the best small agency in the UK by industry titans the Public Relations Communications Association (PRCA), delivering punch campaigns for world-class brands, many of which, luckily for us, are right on our doorstep. ■

Marion Cordiner returned to Scotland in January after spending nearly five years working in Dubai for marketing agency the House of Comms

ON THE MOVE

Four senior members of Scotland's creative community have been appointed to the Scotland committee of advertising industry suport body **NABS.** They are **Andrew Dobbie,** the founder and CEO of MadeBrave; **Shona Watson,** director of SW&CO brand and design agency; **Anna Kormos,** a freelance marketing manager; and **Saoirse McKenna,** a copywriter at Union Direct.


Andrew Dobbie

Claire McKim has joined **EdinburghLive** as a content editor where she will focus on environment, health and family issues. She was previously deputy head of digital for **The Scotsman**. The website also hired **Alasdair Clark** as a journalist. He was previously a freelance journalist covering culture and politics.

DC Thomson has promoted **Derek Healey** to the role of political correspondent to work across all the publisher's titles. He was previously a senior reporter there.

Neil Pooran has joined **PA Media** as a political reporter covering the Scottish Parliament. Neil was previously a digital journalist at Edinburgh Live.

The **Daily Record** has promoted **Peter Davidson** to the post of assistant live news editor. He was previously a digital journalist with the title. He is a former **Evening Express** journalist.
The paper also has assigned **Jon Hebditch** as a reporter to cover general news across print and digital. He moved from **The Press and Journal.**
The paper also took on **Sophie Law** as content writer. She moved to the paper's Glasgow office from the Mail Online.

Sheila Hogan

Sheila Hogan launched Biscuit Tin in October 2019, the UK's first digital legacy vault used to store important information that is posthumously released to chosen loved ones. The launch won her the 2020 FinTech and Cyber Security AccelerateHER Award. The launch followed a 30-year career in IT, change and project management. Based in East Lothian, she previously ran her own award-winning maintenance business for 10 years.

Dear Sheila

LITTLE do you know that it will be the death of your beloved dad that will be the inspiration behind a business venture in your 50s, Biscuit Tin.

It will be the Biscuit Tin he leaves behind, containing all his important documentation, that will help you navigate through sorting out his estate, all the while dealing with tremendous pain at his loss.

It will be the determination you feel, that it shouldn't be so difficult and no one should experience unnecessary hassle and stress at such an emotional time, that will inspire you to start the business.

So always be kind and loving to your parents. Don't take them for granted, and give them the respect they deserve. They won't be here forever. Be grateful for the support they give you, and thankful for the unwavering belief they have in you.

Tell yourself that girls from Bradford can dream big dreams. Ignore that imposter syndrome when you start flying on business trips after moving to Edinburgh. Believe in yourself, be comfortable in your own skin and have the confidence to push yourself forward in everything you do.

You are desperate to leave school and, along with your friends, you just want to earn some money and have fun. The expectation will be that you'll enter office work or retail, but you'll see that there is a bright future in computing.

You will nurture your ability to see into the future, see problems before they happen, see the opportunities and the solutions, and deliver them with passion. It will all stand you in good stead for your future career as a business architect, helping to design and transform businesses for the future.

But why not consider university or travelling the world? You can do that later in life when you choose to start your computing career at Bradford Council and get funded to study part-time for an HNC in Computer Studies. You won't have a clue where this entrepreneurial spirit comes from, as no one you know of in your family has run their own business.

It all started with your first entrepreneurial idea of making and selling pencil cases to your school friends, after you got your first sewing machine for your Christmas present aged nine.

Learn everything you can from all your experiences from sewing, computing, party planning and even debt collecting to marrying your childhood sweetheart.

You'll start your first business in 1997, a consultancy company, followed swiftly alongside by your second in 1999, Handy Buddies, when you see a gap in the market for hourly handyman services.

You'll pour your heart and soul into this business and, along with your husband, will nurture it like you will the daughter who you will have.

A big highlight for you will be winning the Most Enterprising Business in Scotland Award at the Association of Scottish Businesswomen awards in 2003.

When the financial crash comes in 2008, when Handy Buddies gets hit hard, you will have to make everyone redundant and will fall into massive debt. But know that you have the determination and strength to get through it.

Know you will eventually have another great business idea – it is in your DNA and will happen whether you like it or not! Also know that the death of your wonderful Mum will provide the perspective on life you need to carry on when things get tough – you can handle it.

Know that this life you have been given will go quickly – you will have grandchildren before you can blink (gorgeous they will be, too!) so never lose that determination to make the most of every minute.

You will learn to embrace all opportunities and live by the mantra "only ever regret the things you haven't done rather than those you

have". Don't worry or over analyse, it only saps your energy.

You'll learn a typical entrepreneurial lesson from your Handy Buddies business: 'cash is king' and it is not a child – you need to let go if it's not profitable.

You'll vow that with any other business you put your mind to that it will pull together all your skills and experience and be digital with the ability to generate income while you sleep.

Most of all, do everything with passion, enjoy the journey and have fun with all your fabulous friends, many of whom you went to school with or met as part of the amazing network of businesswomen across Scotland you become involved in, becoming president of both Edinburgh's Businesswomen's Club and the Association of Scottish Businesswomen.

Learn all you can from your network and other experts in their field – never be afraid to ask for their advice and guidance.

Embrace your love of travel and go to all the places you might have thought you missed in your teens – make it your mission to finish your Bucket List from the Pyramids to Peru to the Fiji Island Cruise.

Push yourself further than you thought you were able – like walking on hot coals, the leap of faith with the SAS or finding your inner native American in Palm Springs and maybe even add in a Broomstick ride.

Treasure your Mum's likeness to be the life and soul of the party, especially if it involves fancy dress.

Use your passion to drive your business success. Most of all, believe in yourself and always, always have fun.

Yours, Sheila

BUSINESSES RESPOND RAPIDLY TO CRISIS WITH LASTING EFFECTS

By KEN SYMON

FOR MANY, it will be remembered as the time when business just stopped. Most will have experienced nothing like it. The COVID-19 pandemic and the social distancing moves to combat it have hit most businesses' trade like nothing before.

Unlike previous shocks to hit the economy, such as 911 or the Icelandic volcano eruption, the effects have not been comparatively short-lived nor have they sprung from one part of the economy as did the financial crisis of 2008-09.

Research such as The Royal Bank of Scotland's PMI index showed the private sector declining at the fastest rate in March since the index began in January 1988. It showed the service sector having the steepest reduction on record, while the fall in manufacturing was the steepest since early 2009.

Sectors that were immediately directly affected by the crisis saw business fall off a cliff, with cashflow drying up completely in 80 per cent of construction businesses in Scotland, according to research for a newly formed umbrellas body for the industry, the Construction Industry Coronavirus (CICV) Forum.

More than half the firms who responded to the poll said they were owed vital cash from public and private sector clients, with invoices overdue.

The greatest continuing demand for workers was in IT and tech, with more roles advertised than any other sector

As a result of the pandemic, more than two-thirds of companies in the survey say they have furloughed staff, more than a third are shut completely, while more than a quarter currently have staff and sub-contractors in self-isolation.

It was far from the only sector thus affected and Gary Gillespie, the chief economist of the Scottish Government, warned in a State of the Economy report published towards the end of April that Scottish economic output or GDP could shrink by a third due to the coronavirus outbreak.

Above: The COVID-19 virus
Below: Tracy Black, CBI Scotland

The report showed that 110,00 new claims for Universal Credit had been filed in Scotland since 15 March. Assuming the lockdown measures lasted for three months, he predicted that the economy could contract by 10 per cent in March and 25 per cent in April before beginning to recover in July.

For many businesses, the outbreak of the pandemic and the resulting lockdown meant a scramble to get the infrastructure and kit in place to allow remote working.

Of course there are many, particularly larger, companies that already had the wherewithal in place but, for others, it meant rapidly advancing plans being rolled out or trying to put them in place almost instantly.

Research from iomart, the Glasgow-based cloud computing company, suggested an unprecedented shift to remote working but often without the appropriate software already in place.

Its research showed that search queries for key remote working software such as Skype, Office 365 and Microsoft Teams increased substantially in the first three months of 2020.

Searches for Zoom in April had risen by 97 per cent since January, Office 365 queries had increased by 46 per cent, and searches for Skype has seen an 18 per cent uplift. The majority of these searches took place in the two weeks up to the middle of April alone, as the demand for remote collaboration reached a fever pitch.

This major work switch sparked unprecedented demands for more staff to meet this need. IT and technology, along with logistics, saw the biggest demand for staff as businesses adjusted to the pandemic, as research from Totaljobs and the British Chambers of Commerce showed.

The figures showed the greatest continuing demand for workers was in IT and tech with more roles advertised than any other sector. In the second week of April, there was a 31 per cent increase in searches for IT roles on the Totaljobs platform.

But the increased demand for IT and communications kit, as well as greater demand on supermarkets, saw a huge rise in new vacancies in warehousing and driving.

The other significantly increased area in the labour market was in healthcare. With increasing need, more than 4,000 nursing and social care roles across the UK were advertised each week in March, with social care the second most active industry by number of vacancies.

Candidate demand has continued into April, where there has been a 16 per cent increase in searches for social care roles.

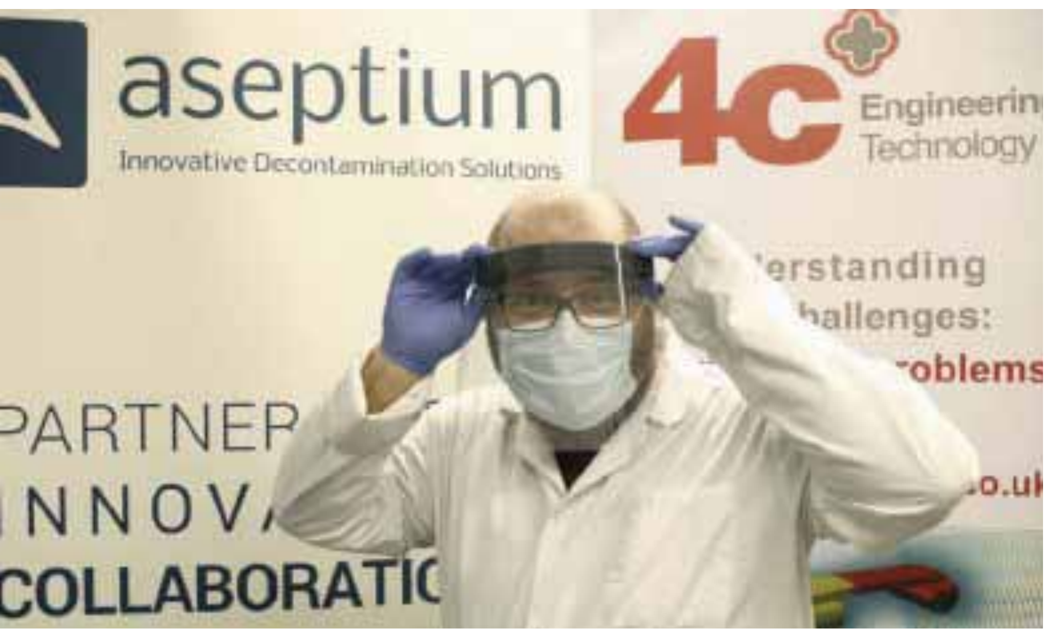
The social care industry attracted the third most applicants, with 2,500 in the first week of April and a 24 per cent increase compared with March's weekly average, as coronavirus continued to apply pressure on the UK's healthcare system. The demands from healthcare sparked a call by CBI Scotland director Tracy Black in mid-April for companies to "join the battle" to produce protective equipment for the NHS and other frontline workers.

Scottish businesses responded not only to the need for PPE but other vital items such as hand sanitiser

The organisation urged the Scottish business community to mobilise and to divert efforts and resources to personal protection equipment (PPE) such as aprons, gloves, surgical masks and eye protection.

The CBI highlighted much more was needed in addition to the 397 million pieces of PPE equipment that the NHS supply chain had delivered to NHS Trusts and 58,000 healthcare settings in the UK.

Below: Pawel de Sternberg Stojalowski, of Aseptium, shows off one of the masks made with 4C Engineering



There were individual examples of heartening innovation by Scottish businesses, including that by two neighbouring companies in Inverness, 4C Engineering and Aseptium.

The two companies combined their design and rapid manufacturing capabilities together to design and create 1,000 face shields for the local Raigmore Hospital in the space of a week. The intensive care unit team at Raigmore took up their offer to produce the face protectors.

The design was then open sourced so that other companies could take it up, with Midton Engineering in Lochgilphead in Argyll doing so and setting out to provide equipment to hospitals in Oban and mid-Argyll.

Scottish businesses responded not only to the need for PPE but other much needed items such as hand sanitiser. Distilleries in many parts of Scotland, with the raw alcohol and capability to produce the effective alcohol-based sanitiser, switched production from their normal runs of spirits.

Diageo, the spirits giant, said it would donate up to two million litres of alcohol, which would enable the making of more than eight million 250ml bottles of hand sanitiser. The raw alcohol was to go to manufacturing partners to help make the product for front-line health workers.

The underwater engineering sector also explored ways it could turn its specialist knowledge to help support the UK's effort to tackle the coronavirus pandemic.

Subsea UK, the industry body, said that underwater engineering companies had the relevant products and manufacturing expertise particularly in breathing apparatus and life support equipment, valves, and control systems.

One of Subsea UK's members stepped up to develop and bring to market a revolutionary respiratory ventilator. Giovanni Corbetta, the managing director of JFD Global, said the company was using all its experience in breathing apparatus and life support equipment to come up with the best possible solution for patients, doctors and healthcare systems.

He said: "What we have developed is a highly flexible, modular ventilator that is safe, efficient and can be manufactured and deployed rapidly across the globe. Our aim is to take

For the businesses that are desperate to trade, we need to support them as best we can and to look forward

Steve Heddle, COSLA

some of the intense pressure off ICU treatment facilities in the coming critical weeks and help save lives, as the virus approaches its peak in many countries."

Other subsea companies explored how standard diving equipment could be adapted to medical needs and provide drive systems for medical equipment.

Viewport3, an Aberdeen-based specialist in 3D scanning for the subsea industry, used its 3D print design experience to create a template for adaptors to connect equipment from the diving or C-PAP (continuous positive airway pressure) industries to be used as a moderate form of ventilation or respiration.

Another key need that Scottish business tried to meet was for testing equipment. In April, Omega Diagnostics, the Clackmannanshire-based life sciences business, agreed a deal to make up to 46,000 COVID-19 antibody tests a day on behalf of Mologic, the London-based biotech firm.

The test, part-funded by the UK Government, was designed to indicate whether people who have had the virus may have immunity to it and could return to relatively normal life.

Another business that contributed to the key testing effort was Glasgow Airport, which turned its long-stay car park into a drive-through mobile testing area. The testing centre was earmarked solely for NHS staff to allow them to work in the front line treating the virus.

Another element in the drive for effective testing for the virus was that of tackling pirates and counterfeiters providing false products. Vistalworks, the Scottish startup, launched an online tool to pick up fake testing kits, illicit homemade sanitiser and "miracle" cures on sale on eBay.

The free checker was embedded on the websites of Trading Standards Scotland and Scotland's national consumer advice service consumeradvice.scot. It was also made available as a plugin for the internet browser Chrome for online shoppers.

The measure was introduced to combat a significant rise in the number of illicit sellers trying to take advantage of worried consumers. Figures from Europol said that fakes had increased 400 per cent during the pandemic.

For many businesses, it was a major challenge to survive the pandemic and lockdown. The UK Government, Scottish Government and local government throughout Scotland put different types of financial assistance in place to support businesses, keep them going and keep their staff.

One of the types of aid was the small business grant fund and regional hospitality support amounting respectively to £10,000 and £25,000.

Steve Heddle, local government body COSLA's environment and economy spokesman, says: "There's been a huge amount of work on that to get the scheme up and running, with a simplified application procedure – there have been big volumes going through that.

"Nationally, there's 30,000 applications and £90m has gone out to just under 8,000 applicants. It's been a real testament to my colleagues at Business Gateway to be able to turn those around so quickly."

He continues: "It's been a transformative shock for just about every business and it's up to local government alongside national government to respond to this. The main focus for Business Gateway has been changing the way it works because a lot of face-to-face visits used to take place that can't happen now, so 150 advisors are operating by video conferencing or by phone.

"The phone aspects are important because you can't depend on good bandwidth for video, so a phone call is a good way to communicate, but there has been a huge focus on putting information online so that folk can pick it up when it suits them."

He continues: "I'm sure any town centres in the country will have examples of businesses that have decided enough is enough. There is a recognition that some businesses might choose to exit at this point.

"But for the businesses that are desperate to trade, we need to support them as best we can, we need to have more resilience, we need to look forward to how we can trade out of this. The immediate focus is trying to get out of this but we have to start looking forward at some point."

One of the major themes for business beyond that of immediate survival is the possibility of medium to longer-term reputational damage. There are businesses that will have had a "good war" and there are companies that will have had a very bad one.

There were businesses that suffered immediate reputational damage from pub chains to football clubs but there are others where the effects may be longer in coming into effect or coming to light.

The Pension and Lifetime Savings Association (PLSA) warned in early April that pension schemes would be watchful of how companies responded to the pandemic and would hold company directors to account.

Pension scheme trustees should note when boards had furloughed workforces but where high-paid directors and chief executives remained on full pay and bonuses.

The PLSA said investors must keep an eye on how those firms in which they invest manage the pandemic and consider voting against directors who they believe did not behave appropriately towards their workforces this AGM season.

The effects of the COVID-19 pandemic will be long lived and extensive. Businesses will need to be resilient in order to come through this and to have a future. ■

THE KEY FACTORS TO ENSURING YOUR ORGANISATION HAS RESILIENCE

How to lead resiliently during the COVID outbreak

YOU ARE probably reading all sorts of things that you should be doing right now. Your staff are being furloughed or redeployed. If key workers, they are exhausted and they fear bringing home the virus to their families.

Some people feel isolated, others feel energised. You may feel all of these things also, and multiple times in the same day.

You are being told in the media and in the business press to be caring and compassionate, to lead with heart. To manage to connect well in order to absorb anxiety.

And yet inside your business, the message is also is to keep going, get focussed, manage the risks, handle the downturn in revenue, reduce costs, do, do, do everything now, it's all priority. How can you manage to keep both perspectives?

Resilience. Resilient Leadership is the way through this. Resilience is your capacity for change. It's not just about coping or bouncing back. It is far more strategic than that. It's about being able to be proactive.

In times of difficulty, it's about holding to very clear intentions that are truly the priority, and letting go of everything else. It's about expecting to have to let go, to reconfigure, to re-evaluate, to fail and get back up. It's about investing in learning so that you adapt quickly.

Those with the highest resilience are not being hijacked right now, they are investing deliberately, daily, in enabling resilience in themselves and their people.

The Resilience Engine has more than 10 years of research into resilience. We can see the need for resilience everywhere, of course. We also can soundly dispel the myths that resilience is complicated.

Of course, some of the deeper stuff is about beliefs and values, but most of what makes for resilience is entirely practical. The Resilient Leadership Principles include the following:

1. Help people take responsibility for their own resilience

We see the world is splitting between rescuers and those that want to be rescued.

The rescuers are extremely busy, working very long hours, not seeing their families so much, hurtling through their endless to-do lists, extending the message out to everyone that they are the go-to people right now, they can handle all the pressure. They seek to act. What happens? More and more comes their way.

Those who want to be rescued are frozen, slow, muddled, fearful and cautious. They might act as victims, be dramatic, or the other extreme, withdraw. They will seek to not act.

Those with sufficient resilience – coping or upwards – do not need to be rescued. They need to be energised, to feel connected to their purpose in work, they need clarity on what they need to act on and what to let go, they need to be listened to and supported, and they need autonomy.

Do not rescue where you do not need to. This does not negate the need to listen well. Unloading and being heard during challenge is a vital part of perspective.

And this adds to what The Resilience Engine calls "Adaptive Capacity". Critical in tough times and in normal times, this is the fundamental set of skills to recharge daily your capacity for change.

Adaptive Capacity includes re-energising, getting perspective and pacing. The latter also is a strategic skill of matching the actual potential capacity of the organisation to the resilience demand. It's not about being over-cautious but it is about getting real.

2. Set out your top intentions clearly. And give control to those in the hot seats.

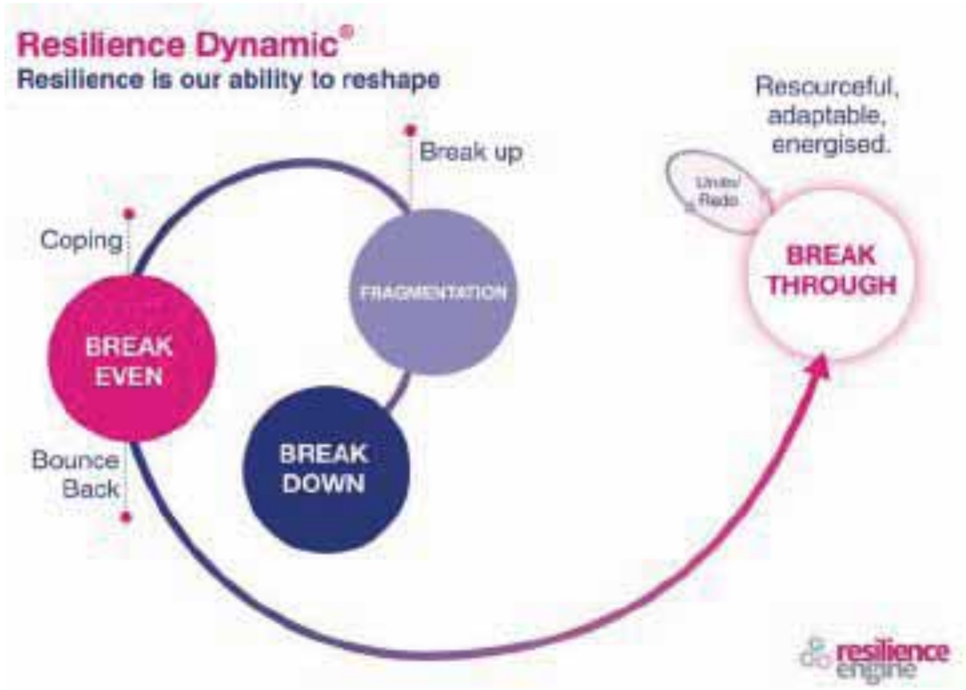
Do not faff about. Do not say that it's all priority. It is not. Do the work of ▶

leadership and strip it back to the real fundamentals. Set out your intentions clearly, be sure of why these are the top ones, and let go of everything else.

Alan Jope, CEO of Unilever, sets out his four key intentions as he runs his 155,000-strong workforce from the study in his Edinburgh home. These are: look after people, look after supply, look after demand, look after cash.

It means not only caring for the physical and financial welfare of the employees, but doing things like extending cashflow relief across the supply chain, by speeding up all payments to their SME suppliers, and providing credit to small retailers that rely on the Unilever products.

It also means dropping unnecessary strategy discussions. The operational activity is the strategy right now. The leadership role now is to support, to confirm, to ensure alignment and consistency against this. And to not interfere. Let those who are managing and leading the operations get on with it.



3. Set out to listen and learn

Google's research on what made for an excellent team is well known. There are two fundamental factors, and other that flow from it:

• That team members feel psychologically safe with one another;

• All voices are heard.

These both then enable the factors of dependability and collective meaning. The latter, what the Resilience Engine calls "Purpose", is the big daddy of team resilience.

Psychological safety comes fundamentally from a culture of listening. Not listening in order to speak, or counter the argument or show you know a lot. It's about just listening.

This goes hand in hand with learning. Looking out for the evidence of what is working and not working, not making assumptions but looking truthfully, and learning the implications and planning/executing against these insights, that is a mark of higher resilience.

At times of challenge, if you do not have capacity for learning, you are going to get stuck.

4. Notice if you get stuck on extremes

One extreme is the "we need to cope – we aren't coping – we need to cope" loop. We call it the Mediocrity Loop. It happens due to a lack of coping, which triggers a massive need to get in control.

Do not expect one silver bullet approaches will work; everyone will have a different reaction. Offer different pathways of support

Jenny Campbell, The Resilience Engine

People get asked to report on everything, autonomy goes out of the window, every decision is made by a small number in the organisation, and things slow down massively.

It's the opposite of agile, and triggers a drop in performance. Poor financial results show up a number of months after the loop (the timing is dependent on the sector), but everyone knows it inside the company. The inevitable oscillation between coping and not coping takes its toll, perspective is lost, capacity drops and the result is either failure, or being bought or swallowed up by another entity.

The second extreme is the get-tough response. Not only do pre-challenge priorities remain, more workload is normally added, because of people's drive to be busy, busy, busy. It's a false economy. While there is a sense of coping, there is, in fact, a slow degradation of energy, connection, meaning and engagement. The workforce groan under the strain of the workload.

Overload then hunts the leadership also, and everyone ends up in the same boat. Resilience in the near term is protected, but is in danger of leaking out of the organisation.

The rigidity used to enforce control becomes the enemy of initiating real change, and "stuckness" is born. The result is survival but not much else. Many of the organisations we work with are in this state.

How do you spot if you're getting stuck in one of these? Listen out for it.

5. In supporting, do not patronise

Do not expect one silver bullet approaches will work; everyone will have a different reaction. Account for their start points. Offer different pathways of support. Group chats for some, space for reflection for others.

The two top enablers of resilience are: Being Present and Energy.

How can any individual, any team help themselves be present in what they are doing?

Each will have their own pathway, but always it will involve some form of slowing down, pausing for a moment. Energy is equally individual. One person may need to ride their bike, another may need to laugh with friends, another may need to complete a task to get satisfaction.

Do not assume, but do encourage your team leaders to consider what will energise their teams right now. It's an easy conversation, but it is nothing but strategic in terms of its support for resilience.

Resilience and energy follow the same curves – while not the same, energy is a major contributor to your capacity for change, and you need to attend to it daily.

6. Put support mechanisms in place for those overwhelmed and not coping

The other side of enabling responsibility is, indeed, spotting those that are in danger.

Fragmentation, one of the resilience states from the Resilience Engine's model, shows that people who are not coping often cannot see this in themselves.

Others see anger, frustration, poor decision making, procrastination, short-termism, unpredictable behaviour. These are all signs of Fragmentation.

If someone is in this state, they need to get help in becoming more present – "Being Present" – which will help their wellbeing, and also their perspective. Then it's about regaining their energy – physical, mental, emotional, spiritual.

Leaders cannot do this all by themselves, but they certainly can set up processes and structures to help people do this.

The bottom line? As a leader, if you're not sure where to start with all of this, start with looking at yourself and your senior team. If you can embrace these factors for yourselves, your organisational resilience will start to flow more easily. Change always starts with you.

If you want to know more about The Resilience Engine's research and how to apply it within your organisation, visit www.resilienceengine.com or drop an email to jenny.campbell@resilienceengine.com. ■

Jenny Campbell is the author of The Resilience Dynamic: The simple, proven approach to high performance and wellbeing. It is published by Practical Inspiration Publishing.

IN FOCUS: Coping with the crisis

Going virtual at speed in the COVID-19 lockdown

What is striking is how quickly or not any organisation involved in delivery of education or training can turn their services to a digital platform.

Take an international learning and development company who, within two weeks, were facing an almost 90 per cent revenue drop because of the virus. No face-to-face training was possible, either in the UK, their main market, or internationally.

Reviewing their flagship programme that accounts for more than 50 per cent of their revenue, it seemed an impossible job to turn this around. The programme is known for its high-touch, relational nature, where trainers and participants build a deep trust.

How could they replicate this virtually? Spirits were low, panic had set in among admin staff who were expecting to be furloughed or, worse still, lose their jobs.

Inside this company, the culture is interesting. It's steadily confident.

The new CEO provides a huge degree of resilience across the workforce, leading recent growth in a steady and doable way. The culture is a coaching culture, where people are listened to and where people are proud of the service they offer. They know they have a high bar, and everyone is held to that standard – by themselves and by one another.

While the owners of the company are cautious, often underfunding growth, the new CEO had found a way of building steady and manageable growth, and the purse strings had been loosened a little.

Within this, any programme lead and indeed faculty massively values their autonomy. They are all smart, self-starting and enjoy the freedom they have. These were all the conditions for fostering rapid change.

The programme teachers led the way. They taught themselves Zoom for facilitators immediately. They repurposed their content to suit bite-sized chunks, and prove to the exec team it was doable.

The execs, buoyed up by the energy of their people, set about communicating and assuring their client base that their programmes were all going to be running still. Their corporate customers' programme dates were maintained.

Within two weeks, all their services were switched to online, and they set out to continue business. A massive turnaround.

From an initial panic to resourcing themselves, to remembering why they could be confident, to a huge effort on communication. The result: not just survival, a brand that has been clearly seen to react calmly, assuredly and with purpose, only increasing its followers.

How did this happen? A culture of autonomy, a belief in themselves and their services, and a very clear strategy of communication to their customer base and internally to their people.

In the middle of this, the exec team certainly had their wobbles and were looking at all the what-if scenarios for furloughing or triggering redundancies, and approaching the bank for the coronavirus loan.

Instead now, with clarity, steadiness, they are planning for a loss of revenue but also how to capitalise on the learning they have had to date. ■

KEEPING FIRMS AFLOAT IS KEY INGREDIENT FOR FOOD AND DRINK SECTOR

By KEN SYMON

SCOTLAND'S food and drink sector has been at the heart of the coronavirus pandemic storm, with different parts of the industry impacted in very different ways.

"That has ranged from hardly being able to keep up with the orders going into retail versus the complete collapse of customer bases in export and food service, so it's been a really unusual time and incredibly challenging," says James Withers, chief executive of trade body Scotland Food and Drink.

For him, as with many, it has been "like no other working time that I've ever been involved in; the pace of work, the scale of work".

He says: "The first two or three weeks were frantic and chaos and calls, morning, noon and night. It's got into a bit of a rhythm now, which is a bit better. But with almost all work stopping and swinging into a coronavirus spot, we're trying to manage all the multiple challenges facing our 450 member companies."

The umbrella trade body deals with all kinds of food businesses "from farm to fork" but there have been very contrasting fortunes even in the same part of the supply chain.

"You've got a real mix," says Withers, "with real fears in the fruit and vegetable sector. Normally, we would be having 10,000 Eastern European workers coming in to help with the soft fruit harvest. They are not going to arrive now.

"So, producers have been on a dramatic recruitment drive to ensure we don't lose this year's harvest and end up with retailers without Scottish strawberries and raspberries in the summer.

"That's working quite well, actually. Partly due to so many people being furloughed or losing their jobs, the recruitment interest in working in the fruit industry has been growing, which has been helpful."

Partly due to people being furloughed, the recruitment interest in working in the fruit industry has been growing

James Withers, Scotland Food and Drink

Above: James Withers, Scotland Food and Drink chief executive

Other parts of the farming and growing end of the supply chain have been impacted differently and at varying times. "There's no doubt that, from the first week in April, real challenges began emerging in farming and right through the supply chain that have an impact on farmers.

"There are reports already of dairy farmers in some parts of the UK being told to dump milk – just pouring it down the drain – because it's not being collected by lorries from processors.

"That's largely because now that the retail sales have gone back down to normal, and in some cases are below what sales were at this time last year, along with the loss of the out-of-home market, the shops, cafes and hospitality market, there is more milk being produced on farms than there is demand across the UK. So there are real challenges across the dairy sector and the red meat sector is starting to see it as well with prices of beef dropping.

"Beef is where the real pressure is and lamb will probably kick in towards the end of May. It's a really volatile market and that is not good news for farmers who take decisions based on months and years rather than week by week."

But the markets for Scottish food and drink are not just domestic. Withers says: "There's a real collapse in some export markets because a lot of Scottish food and drink products went into international hotels.

"That combined with there being a shortage of freight, and the high cost of freight, and the challenge of moving goods and people between borders, has all meant again that the premium-end market – one of our core markets – has been lost. Again, that is a downward pressure on prices and puts the pressure right down the supply chain to farmers."

Withers says that the constraints are particularly acute in the perishable food sector for shellfish, seafood and salmon. "Salmon is the biggest food export but so much of that went either to the US, Middle East or the Far East in the belly of passenger planes.

"But with so much of the world's aircraft fleet grounded now, that route to market suddenly has disappeared. So even where there is demand in those markets, finding a route to them is much more difficult than it used to be."

The pandemic also meant that a key event in the farming industry's calendar, the Royal Highland Show, was cancelled, with all the meetings that normally happen around that being impacted.

In mid-April, however, the organisers of AgriScot announced that the event would go ahead in November. Robert Neill, the AgriScot chairman and a Borders farmer, says: "This year's AgriScot is scheduled to take place on Wednesday, 18 November, and the expectation at present is that the event will be staged as normal.

"We are desperately sorry for events, including the Royal Highland Show, that have had to take the unavoidable decision to cancel.

"The absence of summer shows will be keenly felt by the farming community. We hope that, by the time AgriScot takes place in November, the event can play a part in life and business returning to some form of normality."

We hope that, by the time AgriScot takes place in November, the event can play a part in life and business returning to some form of normality

Robert Neil, AgriScot (right)

He continues: "Planning is proceeding on that basis and the portal for trade exhibitor online applications will be opened in May.

"We have already been working behind the scenes on plans for AgriScot 2020 and indeed for future years, and we are delighted to announce that we have recently signed a five-year agreement with the Royal Highland Centre team to ensure that AgriScot can continue to utilise the first-class facilities at Ingilston.

"As we look at plans for 2020, and indeed for future years, the current situation regarding COVID-19 has focussed our minds on how we can further reach out to audiences who may be unable to physically attend the event for any reason."

The pandemic has also produced a mixed picture for those in the middle of the supply chain – the wholesalers and big depots. Withers says: "The closure of the out-of-home food service market has had a real impact on a lot of the independent wholesalers.

"That said, a few weeks ago they were also having to keep up with the demand of retail sales breaking all records, beyond anything we had seen at Christmas before.

"It's been a real mixed bag but the settling down of retail sales has meant that the pain of losing other markets has been starting to come home to roost for a lot of companies.

"There are lot of manufacturers and wholesalers that supply into schools which are now closed but there are those that supply into the NHS and hospitals which are frantically busy at the moment as well."

The food and drink sector, like others, have had to handle these issues in many cases without a full complement of staff. Withers says: "One of the challenges right through the sector has been trying to manage workforce absence because of childcare issues or self-isolation.

"That has stabilised from about the beginning of April and is running at somewhere between 10 and 20 per cent across manufacturing floor staff, warehousing and logistics.

"But certainly with the UK haulage industry, it really is the food and drink industry that is underpinning it at the moment. Something like 40 per cent of the truck fleet is currently parked up because of the drop in demand from other sectors but the food and drink industry is the one that is keeping a lot of the wheels of the haulage industry moving just now."

One of the food and drink sector's biggest customers is hospitality but with restaurants, cafes and bars closed then that normal outlet is no longer there.

Withers says: "The market has reacted fairly quickly to adjust to a new world. You've got a lot of our food and drink producers, manufacturers and suppliers who have switched quickly into doing direct deliveries.

"The UK as a population is still eating as much as it was before but what we would have eaten out of the home, we're now eating in the home. So direct deliveries, restaurants that have switched into takeaway, are all happening but it's only scratching the service of regaining that food service, that out-of-home market, certainly at that level of spend that there was.

"I think what's happening at the moment is that everybody moved to fill the fridge and freezer, and people are now working through those supplies. So that's why we are now seeing sales of food in retail having dropped at the end of March or start of April.

> **The impact of the loss of sales into hotels and restaurants, was lessened by the fact that the sales into retailers jumped up so high in mid-March**
>
> James Withers, Scotland Food and Drink

"If you go back to mid-March, we actually saw record sales. Retail has never seen anything like it. So the sales in a number of categories were beyond the kind of peak you get at Christmas each year.

"But you have time to plan it with Christmas. This time, there was no time to plan. What's happened is that those sales have now fallen off dramatically so, towards the end of March, the sales of food in retailers was lower than at the same point last year, which suggests that people having stockpiled were working through those stocks and everyone had just calmed down a little bit."

The wave of panic buying, while boosting supermarket sales, also had another effect. Withers says: "The impact of the loss of the hospitality market, the loss of sales into hotels and restaurants, was lessened by the fact that the sales into retailers jumped up so high.

"For those businesses that sell into both supermarkets and into hospitality, the financial impact of the loss of one market was counteracted by this huge spike in the other market. But that settled back down, so we've seen a delayed financial impact on a lot of businesses."

But for some businesses that impact was immediately felt, including about 35 independent brewers who are members of Scotland Food and Drink.

Withers says: "Almost all of them have mothballed operations and furloughed staff because they were selling into bars, into the off-trade, and that disappeared almost overnight. For those that did have a balance between supermarkets and food service, they're starting to feel the financial damage of that now as retail gets back down to normal."

Independent brewers such as Innis & Gunn and Stewart Brewing have furloughed some of their staff. Withers says: "Smaller independent brewers furloughed abut 85 per cent of their workforce and those breweries are now being run with a real skeleton staff supplying the little bit of the market that is still open to them and also just to keep the brewery functioning and safe."

Petra Wetzel, founder and owner of WEST Brewery, the maker of

St Mungo Beer and other brands, said: "In line with Government guidelines, all but five WESTies have now been furloughed to save their employment.

"It was always my priority to ensure everyone still has a job to come back to when we are allowed to trade normally again and this was the only way to do this. I just hope the Chancellor will be true to his word and help us pay 12 weeks of everyone's salary, which is a lot of cash given we lost 95 per cent of our income overnight."

Beyond the independent brewers, Scotland Food and Drink does not have robust figures for the numbers furloughed but Withers says: "There are dozens of businesses that have mothballed operations or have temporarily closed.

"There aren't many yet that have gone to the wall completely but what they've done is effectively mothballed the factory, mothballed the workforce for the foreseeable future."

Withers and his colleagues at Scotland Food and Drink are very grateful for the contribution made by Government in the way of financial help and support. "The Government support has been hugely valuable both at UK and Scottish level but my instinct is that it's going to have to be evolving as we go.

"Their immediate instincts on hospitality, retail and leisure were right; they were the first impacted, but the economic disaster area in our hospitality sector also feeds down to the people that were supplying them, too, like food and drink manufacturers.

"Things like rates relief, employers' NI [National Insurance] holidays, all of these things are going to have to be looked at really hard over the coming weeks.

"That's because we're now seeing that people can get through a crisis of two or three weeks but the very real risk is that you have otherwise good businesses, well run, responsible, that are producing good products which have real demand that could face failure because of a cash-flow crisis not of anyone's making.

"So the Chancellor's comment about 'we'll do whatever it takes'; he's going to have to stand by that in the coming weeks and keep the same level of commitment that there's been to evolving financial support. I think there are going to be more steps that will be needed, certainly for the food and drink supply chain."

But despite the scale of the problems, Withers believes that Scotland's food and drink sector will bounce back and that the long-term prospects for it are still good.

He says: "We started working in mid-March on a recovery plan. So amidst all the day-to-day, trying to get through the week crisis stuff, the work had already begun on what a recovery plan looks like.

"Ultimately, all the same trends that have driven success from a Scotland Food and Drink perspective over the last year are going to be there; which is demand for quality, demand for provenance.

"Within the UK, some of the behaviours we are seeing in terms of people supporting local, sourcing stuff directly from producers – I think some of that will stick for the longer term.

"We always try to look long-term – we've got a 2030 strategy – and there's no doubt that this is going to rip the rug from the current momentum for a while.

"But the reasons that we were optimistic in January of this year will be the same reasons we will be optimistic by the time we come through this, hopefully at the back end of the year. But the work now into that recovery plan is going to be critical and that is already a large part of the focus.

"We're feeding into the Scottish Government and working across all our industry partners as well as public sector staff, building that recovery plan, which will be about how we re-enter export markets and about how we support our friends in hospitality as they get going again.

"So, I think there will be a resurgence, I think there will be a wave of momentum and optimism that will kick in when we get through this.

"The absolutely critical thing that we need to do is make sure to support businesses now; because the food and drink sector, alongside tourism, will be absolutely critical elements to drive the recovery.

"We've got to make damn sure that the businesses are still there when that recovery starts to kick in. That's the short-term need – to make sure we're still there for the long-term." ■

IN FOCUS: Mackie's of Scotland

New tubs to indulge customer desires

WHILE the pandemic has curtailed a lot of activity in the food and drink sector, new products have still been launched. One such was ice cream producer Mackie's of Scotland's launch of The Mini Collection.

The new multi-pack of four miniature ice cream tubs from the Aberdeenshire family-owned business already has listings in supermarkets including Sainsbury's and Tesco stores throughout Scotland. The unveiling took the Mackie's launch list to more than 200 products and was aimed at the latest consumer trends.

According to Kantar insights data, the UK market for snack-size ice cream tubs is worth about £18.2m and has grown by more than 20 per cent in the last year. The research found that 57 per cent of consumers would like to see more single-serving sized tubs of ice cream sold in their local supermarkets.

Mackie's sales director Stuart Common said: "Ice cream can provide an instant lift, it is an indulgent, yet simple treat. These little tubs fit the trend for convenient snacks in individual portions. The individual-sized portion is a popular form of portion control – albeit Mackie's 120ml is quite generous!

"With families all coming together, in accordance with the advice to stay safe at home during the COVID-19 emergency, I hope that our ice cream can provide a little lift to people's day."

He said it was astonishing that the new products had topped the 200 mark. "We have had a lot of fun over the years with various innovations in format and flavour – from a marmalade flavour to Mackawack macaroon, an extra posh look for the cows in tiaras, bite-sized chocolate truffles and even 'good mood food' – ice cream with a drop of happy orchid essence.

"While not every new product will succeed, our new product development team are a crucial resource to help us grow the business, adapt to changing market demands and will be the route to our next great product."

While becoming known for its seasonal and limited flavours, Mackie's Traditional ice cream flavour remains its most popular – and is made following the same recipe as its first ice cream, then called "Natural", in 1986. The blue and cream colours for the tub livery have also remained consistent, providing a clear identity for the flagship flavour of Scotland's best-selling ice cream.

Food production is in the category of essential business that is required to try to continue during the coronavirus crisis. While Mackie's administrative staff are working from home, key farm and production staff at the family business are working on site to produce milk and make ice cream.

Stuart Common added: "Our most important consideration is the wellbeing and safety of staff. We have added protection with strict restrictions on site access and the production teams have helped create new cleaning regimes and social distancing measures to bolster the already high standards required for food production."

WATER OF LIFE RISES TO MEET GLOBAL STORM

The whisky industry continues to captivate consumers and entrepreneurs. Record exports continue and, within the sector, the emergence of new brands and the rejuvenation of existing brands demonstrate a vibrant sub-set of the Scottish food & drink economy.

As new distilleries continue to open – for example at Lagg on Arran, Hawick, and other locations not traditionally associated with whisky production – so too new entrants continue to seek the competitive edge, a way to carve a niche for themselves and build distinctive brand recognition as well as a loyal following.

Financing, through overseas or home-based investors, has allowed the sector to grow and develop and, while security can be taken over maturing whisky stock, we have seen that, inevitably, many distilleries will also distil white spirit such as gin or vodka to assist with cash flow along the way.

Against this backdrop, the impact on many smaller distilleries of the COVID-19 crisis could be immense. Many are dependent on tourist visits and gift shop spend, all of which will have collapsed in recent times; it may be that those with an online presence will be better placed to adapt to the prevailing conditions and weather the storm. It will also be interesting to see if recent developments give rise to any market consolidation or changes to sector business models though, unlike white sprits, with single malt whisky little can be done to alter the key ingredients, especially that of time.

Larger M&A opportunities do arise in the sector, despite the tight control exerted on many companies and brands, in some cases through family ownership. Last year, for example, the Shepherd and Wedderburn Food & Drink Group acted for an Asian private equity fund in the multi-million-pound acquisition of the Loch Lomond Distillery Group, which produces both premium malts as well as blended whisky and vodka from its three locations in Scotland. The deal involved an auction process with competitive bids, and a winning bid that retained key management stakeholders who shared the buyer's vision of the opportunity to further develop the export potential of the Loch Lomond brands in emerging markets.


George Frier

What does the future hold?

Some of the anxiety about the impact of Brexit on the Protected Geographical Indicator ("PGI") status of Scotch whisky has been addressed with the proposed transitional arrangements. At the time of writing, the COVID-19 lockdown is in force across the UK and almost all key export markets, with controversy over whether whisky distillation can be regarded as an essential business. The potential adverse PR has, however, diminished with the offer by many spirit distilleries, large and small, to produce hand sanitiser (a key ingredient of which is ethanol), which is able to be produced after appropriate modifications. An interesting slant on the "water of life".

George Frier is head of the Food & Drink Group at Shepherd and Wedderburn LLP and has been active in advising leading whisky and drinks companies for 30 years.
For more information, contact George at george.frier@shepwedd.com

SHEPHERD+ WEDDERBURN

A MATURING APPRECIATION SEES WHISKY INDUSTRY THRIVE

By KEN SYMON

SCOTLAND'S whisky industry has seen an unprecedented investment in distillery visitor centres in recent years, investment that is currently seeing zero return with the coronavirus pandemic having stopped the supply of visitors in one fell swoop.

The most high-profile of new visitor centres being developed is Diageo's Johnnie Walker global visitor experience, which was at the heart of a £150m investment programme by the international spirits group.

It is one small sign of the industry looking to the time beyond the pandemic that Diageo is currently recruiting "experience ambassadors" or tour guides for the new Edinburgh attraction, with a start date given as "nearer the end of 2020".

While the pandemic and the reaction to it is hitting all sectors, with whisky it comes at a time of resurgence and investment, and so it is better placed than many to withstand the financial hit and bounce back afterwards.

Graham Findlay, an associate director at construction consultancy Thomas & Adamson, outlines the scale of the tourism side of the industry, saying that distilleries in Scotland attracted more than two million visitors in 2019.

He says: "It's no surprise that visitor figures are higher than ever; distilleries are the beating heart of communities up and down our country, located in some of the most breathtaking sites and putting visitor experience at the very core of their operations.

"The days of heavy industrial processes, of old men in leather armchairs, of inaccessible prices, of acquired tastes and, above all, of a spirit that could only ever be drunk neat or with a little water are long gone.

"Times are changing and we are seeing pioneering attempts to cut through the complexity, overcome consumer barriers and concentrate on telling the story of Scotch's unique provenance to make it a more accessible and attractive category for both men and women to discover.

"As such, whisky tourism has evolved into a thriving industry where Scotch's heritage, history and picture-postcard locations all play a huge role in helping communities up and down the country prosper."

Above: Distilleries such as the Isle of Raasay are located amid breathtaking scenery, adding to the visitor experience

Whisky tourism has become a thriving industry where Scotch plays a huge role in helping communities prosper

Graham Findlay, Thomas & Adamson (below)

Mike Kempton-Smith, an associate director in asset-based loans at Barclays Corporate Banking in Scotland, also points to the long-term underlying strength of the sector. "With exports continuing to grow in 2019 by 4.4 per cent, ever closer to the milestone £5bn figure, global demand continues to develop, with growth in 106 markets last year.

"While there are always some headwinds to contend with, such as tariffs, Brexit negotiations and COVID-19, the long-term planning of those involved is undoubtedly feeding into this.

"The inherent nature of the sector means that planning today will often bear fruit only some years in the future, so a balance between short-term and long-term needs to be maintained and investment decisions considered carefully.

"Funding that investment and

expectations on returns requires understanding and patience. We have seen significant investment in the sector over the past decade and more plans continue to be drawn up.

"We have supported clients that are looking to invest, be that increasing production capacity or opening completely new distilleries, building of warehouses or simply enabling them to lay down increased volumes of spirit to maximise their future stock availability."

The recent wave of investment in whisky has included the reopening of mothballed distilleries such as the £35m being spent to reopen such plants at Port Ellen on Islay and Brora in the Highlands. There has also been the development of historic sites such as Roebank in Falkirk and Bladnoch in Dumfries and Galloway.

New whisky distillery sites include Gordon & MacPhail's new distillery at Craggan on the banks of the River Spey in Moray.

The business, owned by the Urquhart family, was granted planning approval towards the end of last year to build their second distillery near Grantown-on-Spey. It completed a bulk sale of mature single whisky stocks for £9m to build up reserves to finance the project.

Another planned distillery is at Port Ellen on Islay, with drink tycoon brothers Sukhinder and Rajbir Singh having revealed revised plans for the development in February of this year.

The co-founders of London-based Elixir Distillers had previously submitted an application in August 2018 to build a distillery with timber and copper cladding and a turf-covered roof. But, after talks with Argyll & Bute Council planners, they have had it redesigned with whitewashed walls and slate-grey roof like other Islay distilleries such as Bowmore, Laphroaig and Ardbeg.

> **Distillers recognise the additional funding asset-backed lending can offer when compared to more traditional cashflow funding**
>
> Euan Cluness, Addleshaw Goddard

The brothers are building the plant just outside Port Ellen, with a floor malting, space for 16 washbacks and four sets of pot stills. It aims to use heat reclaim technology to maximise energy efficiency and minimise the impact on the environment.

The distillery will include a visitor centre and educational facility focussed on training and an apprentice programme. The Singhs' business produces a range of whiskies, rums and tequilas under brands including Port Askaig, Elements of Islay and Single Malts of Scotland. They also founded online shop The Whisky Exchange.

Another island development was the recently opened Lagg distillery from Isle of Arran Distillers. Isle of Arran announced in November it had secured a £25m funding package to support its expansion plans that included what was its second distillery on the island complete with visitor centre, restaurant and café and which has doubled the company's production capacity to more than two million litres.

Founded in 1994, Isle of Arran Distillers revived a tradition of whisky distilling on the island when it built its distillery at Lochranza at the north end of Arran.

When a three-year old cask was opened by actor Ewan McGregor in July 1998, the first legal dram of Arran whisky in more than 160 years was served. In 2020 the company will release their first 25 year-old Single Malt.

The Lagg distillery was funded by Barclays on asset-based lending that uses the whisky stock to lend money back to the business. Whisky is ideal for this type of funding because the stock increases in value as the whisky matures. One of the advantages for businesses of this type of funding is that there is no fixed repayment schedule – whisky companies can pay down the facility when they choose so it provides flexibility.

It means that distillers do not have to sell stock early to generate cash, they can hold on to it for a longer time, meaning that distilleries can make decisions on long-term strategy rather than short-term necessity.

Euan Cluness, an Edinburgh-based partner in the corporate lending and borrowing team at law firm Addleshaw Goddard, has advised on a number of such deals in whisky.

He says: "The whisky sector is ideally suited to exploring the option of asset-backed lending (ABL) as whisky is identifiable in numbered casks, matures with age and there is an active market both for casked and cased stock.

"Distillers recognise the additional funding ABL can offer when compared to more traditional cashflow funding. Leveraging off a distillery's whisky stock can provide the capital to increase production

or fund capital expenditure. It can also provide the additional funding required to finance acquisitions.

"Traditionally, ABL has always involved an element of invoice financing with inventory effectively topping up the invoice discounting availability.

"The trend in the distillery sector is increasingly for a whisky stock financing line to be provided on its own without the need for any invoice financing, which is attractive for distillers if they are comfortable with their own invoicing arrangements."

Speyside distillery GlenAllachie secured a £30m asset-backed lending package from the Clydesdale Bank against its stock of whisky barrels.

The distillery is owned by Billy Walker, who sold his previous distillers, BenRiach, GlenDronach and Glenglassaugh to Brown-Forman, the American spirits giant, in 2016 for £285m. He bought it and a warehouse full of slowly maturing whisky from Chivas Brothers in 2017.

The financing exercise for GlenAllachie was led by Bruce Walker, an Edinburgh-based director of HNH Group, the Belfast-headquartered corporate finance advisory boutique, who conducted a competitive tender process for funding, which was won by the Clydesdale Bank. Bruce Walker says: "Appetite for the credit was strong, reflecting the strength of both the business and the whisky market more widely."

One of the other changes in distillery development in recent times is that they are now no longer confined to rural areas.

Kempton-Smith at Barclays says: "While both Glasgow and Edinburgh have lacked their own distilleries until relatively recently, there is a raft of investment coming into both cities. Glasgow Distillery and The Clydeside Distillery are already operating, with more investment via Douglas Laing to follow.

"Meanwhile, on the east coast, Holyrood Distillery and the development of facilities by Crabbie Whisky and Port O' Leith, show that both cities are finally getting involved. With a £150m investment, the Johnnie Walker visitor experience in Edinburgh promises to be a landmark destination for dedicated enthusiasts and first timers alike."

Another area of expansion for the Scotch whisky industry during the past year prior to the pandemic is the growth in export markets. An example of this came in William Grant & Sons announcing that it plans to launch a wholly owned distribution company in Germany in 2021.

The move is part of the group's strategy to get close to customers in international markets, including its whisky brands Glenfiddich and Grant's.

The distiller appointed Marcus Kramer to run the German distribution business from Hamburg. He has a wealth of experience in the spirits industry having held senior management roles in Diageo, Hamburg-based spirits business BORCO and Bacardi.

The new wholly owned company will replace William Grant's previous arrangement with Campari Deutschland, which for the past seven years has acted as its exclusive distributor. The two companies have jointly agreed not to renew their distribution agreement, which is due to end in December 2020.

While the scale of the impact of the coronavirus pandemic is still to be fully revealed, the wide-ranging underlying strengths of the business speak to there being good longer prospects for the water of life".

The John Walker exhibition in Kilmarnock

IN FOCUS: History of whisky brand

Fascinating items record start of the Walker phenomenon

ONE OF THE attractions of the tourist side of the whisky industry that has drawn so many visitors to Scotland is its rich history and heritage. Some treasured historical artefacts were set to go on display for the first time this year in Kilmarnock.

They tell the story of one John Walker, who in 1820 set up in business with the opening of a grocery store. The business founded in that shop sowed the seeds of the Johnnie Walker whisky brand, now the world's number one Scotch whisky in sales.

The exhibition is a partnership between the Dick Institute in Kilmarnock – Ayrshire's most prestigious museum space – and the Johnnie Walker Archive – the world's most extensive alcohol brand history collection.

Items being displayed for the first time include the 1819 hand-written inventory from the sale of Todriggs Farm near Kilmarnock: The oldest item in the Johnnie Walker Archive collection, recording the sale of the farm after the death of John Walker's father, which funded the establishment of his grocery store.

Also included is an 1825 hand-written inventory from John Walker's grocery store. The oldest existing record from John Walker's shop detailing its stock of exotic teas from China, spices from Jamaica and, of course, Scotch whisky.

Also in the exhibition is a John Walker stock book dating from 1857, recording the growth of the business and its increasing focus on whisky in the year of John's death, when the business passed to his son Alexander.

A rare original copy of a book by renowned Victorian whisky writer Alfred Barnard, who visited the Walker's premises in Kilmarnock in 1893, and the first international medals awarded to Walker's whiskies, from the Sydney International Exhibition in 1879, Adelaide in 1887 and Melbourne in 1888 are also among the artefacts.

A WORD OF CAUTION OVER ONLINE SECURITY AS YOU TURN TO TECH FOR BUSINESS

IN THE dystopian disaster movie in which we are all currently trapped, many of us are working from home. Offices languish empty and staff do as much as possible from their own computer, collaborating on reports and proposals with their colleagues, logging on remotely to their office systems, and attending meetings via videoconferencing technology.

Until relatively recently, none of this would have been possible. But the last few years have seen the rapid growth of highly effective tools for collaborative working, and improved internet bandwidth has allowed us to routinely join virtual meetings.

The big winner in this changed world is Zoom, a videoconferencing system which is so easy to use that it has been widely adopted by organisations large and small – from family virtual "get-togethers" and company meetings up to, reportedly, sessions of the British Cabinet. It has suddenly become one of the backbones of today's dysfunctional economy. At a time of universal plunging stock prices, theirs has more than doubled.

Zoom is not unusual in these failures. Silicon Valley has a reputation of being slapdash when it comes to security

Innovation is vital right now – when desperately needed new treatments are urgently required, we all accept that any new medical developments will be thoroughly checked before they can be deployed, a process that involves extensive testing and trials.

But that is not the way that Silicon Valley works. Zoom is driven, like most in the Valley, by the "move fast and break things" approach.

Technical specialists have criticised a variety of Zoom's security and privacy failures, declaring the company "sloppy" on security. The company's response has been to fix breaches only when they are exposed by others, but not to explain or apologise.

Until last year, when you loaded Zoom on your computer, it installed a tiny web server that lacked even basic security features, opening you to attack from anywhere. Apple actually put this on its malicious software list.

Zoom has always claimed "end to end" encryption but have been forced to admit that in many circumstances, such as when one participant is joining from a mobile phone, sessions can be unprotected.

On 30 March, a lawsuit was filed in California contesting Zoom's undeclared practice of sending key data about its users to Facebook, and on the same day New York's Attorney General sent a formal letter asking the company to detail the processes by which it manages security risks.

Such security flaws are extremely serious if organisations are relying on them for reliable company corporate secrecy, up to and including the confidential discussions of the British Cabinet.

Zoom is not unusual in these failures. Silicon Valley has a reputation of being slapdash when it comes to security.

As company executives have suddenly left their offices to work from home, they have also often left behind the security features inherent within their corporate IT systems.

It is well known that Chinese and Russian authorities routinely scan the internet seeking to grab any unprotected information.

It is a reasonable assumption that the Chinese are currently having a field day collecting huge amounts of secret corporate and government information now stored on individual's domestic laptops and tablets.

Gordon Jackson QC was unbelievably indiscrete on the Glasgow-Edinburgh train when he spoke openly about the Alex Salmond case and disclosed the names of two of the claimants, contrary to court direction. If he had just looked around, he should have realised that he could easily be overheard in an open train carriage.

Many of us, in our confidential meetings held via Zoom, will have a much better expectation that our discussions are private. Those assumptions may not be correct. ■

Ian Ritchie is a leading businessman who advises start-up technology companies.

WE NEED YOUR HELP.

Between April and September 2019, we saw a 22% increase in food bank parcels needed in Scotland compared to the same period in 2018. This isn't right.

Now, as the coronavirus pandemic unfolds in Scotland, it's likely that more people are going to need a food bank's support. Our priority is ensuring the safety of everyone who comes to a food bank – whether it's someone needing help, someone volunteering their time, or someone making a donation.

But that isn't easy. We're working with each and every food bank in our network to look at what options are safe for everyone involved. Across Scotland, amazing volunteers are working hard to make sure emergency support is there for people in crisis. But we need your help to make sure that support can continue as the outbreak develops.

There are three things you can do to help.

1. **Donate.** Check your local food bank's website to see what they need most and how to get supplies to them.
2. **Volunteer.** Without volunteers, food banks couldn't do the incredible work they do. We're looking for people who aren't in high-risk categories to help us meet demand during this time.
3. **Campaign.** No charity can replace the dignity of having enough money to buy your own food. We must get money to people so they can afford essentials, both during and after the pandemic. It's more important than ever that we end the five week wait for Universal Credit to make sure our benefits system is the life raft it was created to be. Right now, the wait is #5WeeksTooLong.

Together, we can get emergency support to people who need it most in Scotland. Together, we can work towards a future where food banks are no longer needed.

www.trusselltrust.org

the trussell trust
Stop UK Hunger

WE'RE WELL PLACED TO BOUNCE BACK FROM THIS CRISIS

By PERRY GOURLEY

ALTHOUGH no one doubts that the economic shockwaves from the coronavirus pandemic will prove significant for all sectors, Scotland's financial services industry can draw on a recent experience of navigating a major crisis.

However, Scottish Financial Enterprise chief executive Graeme Jones stresses "this is a very different situation" to the global financial crash of 2008. "The coronavirus outbreak affects everyone, simultaneously and globally. It impacts all sectors, their customers and clients," he points out.

But Jones believes the regulatory push to increase capital strength across the sector, combined with structural changes to the banks, means the industry is "much better capitalised and structured to cope with the present emergency".

Jonny Williams, head of the financial services team at law firm Womble Bond Dickinson, in Edinburgh, says that the profitability of all financial institutions is "bound to be hit by the effects of the crisis on income".

He says: "We've seen a number of our clients in the sector inundated with requests for repayment holidays and loan variations from customers."

However, Williams also says that Scotland has demonstrated it is on the front foot to lead the response to the current crisis and the inevitable changes following it. He highlights as an encouraging sign the fact that Scottish-headquartered banks have been driving industry measures to quickly help customers deal with the financial fallout.

"In terms of working through this, Scotland's financial services sector is a close-knit community," Williams also points out.

SFE's Jones says that at such a time of turmoil, Scotland's "credentials of excellence in risk management" is a real strength for the industry.

Last year, a new academia-industry initiative was launched by the Scottish Financial Risk Academy, founded by a consortium led by Heriot-Watt University and the University of Edinburgh, to improve the understanding of financial risk.

Although the incredible pace of change brought by new technologies was a key driver behind the new industry group, its focus will also be valuable as the sector navigates its way through the impact of COVID-19.

> **In terms of working through this, Scotland's financial services sector is a close-knit community**
>
> Jonny Williams, Womble Bond Dickinson (below)

While industry leaders believe the sector is well-prepared to deal with the crisis, there will undoubtedly be difficult times ahead as the economic effects of the crisis unfold.

Stephen Phillips, partner and financial services specialist at law firm CMS, says Scottish banks will have the "monumental challenge" of having to decide how and if they are going to support struggling companies, some of which have already maxed out their banking facilities.

"Whereas the problem around the credit crunch was essentially centred on liquidity, which could be addressed by central bank intervention, this crisis is more deep-rooted as it's created a dramatic fall in the income sources of borrowers," he points out.

He believes banks increasingly finding themselves caught between a rock and a hard place. "They are still expected to make sensible lending decisions, which require credit decisions about the viability, but they face criticism for failing to support the economy if they don't lend."

Owen Kelly, who led Scottish Financial Enterprise during the financial crisis, also believes there are key issues which emerged then that should be borne in mind currently.

"Banks, in particular, but the whole industry, in some ways, can be caught between their public function as facilitators of economic activity and the private interests of actors in an open economy," he says.

"In the late 2000s, when there was a desperate demand for more lending, the banks were expected both to be prudent and to lend expansively as instruments of public policy. They were blamed for doing too little and for doing too much, at the same time, and their reputation has still to recover.

"It will be difficult to avoid the same thing happening again," he cautions. Kelly also warns that, as the events of the global financial crisis showed, extreme crisis can lead to rapid change that takes a long time to reverse, "if that happens at all".

"Once public authorities and governments become involved in directing the industry, substituting judgments based on their perception of the public interest for those normally based on commercial grounds, it can take a very long time for that involvement to withdraw.

"For example, UK taxpayers still own a lot of stock in RBS and some very large financial companies, while notionally privately owned and controlled, are designated as 'systemically important' and part of the infrastructure of the financial markets and controlled accordingly. A crisis can lead to a one-off and sudden shift in the boundary between public and private," he says.

Stuart Robertson, a co-founder of Edinburgh-based fintech iDelta, which works with many leading banks, highlights the risk to the wider sector if the major financial institutions pull back on the investment programmes which many suppliers in Scotland depend upon.

"The stock reaction to times of uncertainty or risk is to protect service to customers at the expense of project delivery. Many organisations will be running with a change freeze or restrictions in place at the moment, to minimise the risk of service interruptions," he says.

Although Robertson says such a reaction is understandable, the cancellation or suspension of programmes of work would force many SMEs in the sector to scale back, resulting in further job losses, reluctance to spend and invest and leading to a negative trickle-down impact throughout the economy.

"There is an opportunity here for our finance sector PLCs to help by maintaining or increasing the volume of project work and keep staff, suppliers and contractors engaged so that our sector of the economy is part of the economic solution," he argues.

Betsy Williamson, founder of Edinburgh-based financial services recruiter Core-Asset Consulting, also urges the sector to avoid responding to the crisis by "cutting swathes of middle management".

She warns: "These people are our future leaders – and without a healthy pool of mid-level operators, we face a succession crisis." Williamson also

JPMorgan Chase has plans for a new Glasgow office

Graeme Jones, SFE

Betsy Williamson, Core-Asset Consulting

There is an opportunity for our finance sector PLCs to help by maintaining or increasing the volume of project work so we're part of the economic solution

Stuart Robertson, iDelta (below)

believes that the unique challenges being faced "will force the sector to be less rigid to flexible working and the importance of culture".

Although there is little doubt a shock will be felt in every corner of the econony, Stephen Ingledew, chief executive of Fintech Scotland, argues the drivers remain in place for significant long-term growth of the financial technology sector.

"The demand curve to find better ways of doing things – whether it's in banking payments, assurance, investing or pensions – is very much on the up," he points out.

The number of fintech businesses

based in Scotland has risen to about 130 and Ingledew says he can see "another 20 or so" in the pipeline through plans for start-up businesses or firms planning to inwardly invest.

Fintech has been a key factor in Scotland continuing to be the most attractive location for international investment into financial services outside London, according to figures compiled by EY.

Although the pandemic may lead to a temporary hiatus of investment, there had been an encouraging level of activity by new entrants and expansion moves by existing players across the financial services sector in the months before the outbreak.

Platform firm FNZ, Scotland's first fintech unicorn, announced a new operations centre in Dundee, adding more than 200 roles across the city as well as in its existing Edinburgh HQ.

JPMorgan Chase unveiled plans to build a new hi-tech home in Glasgow, coinciding with the firm's 20th anniversary in the city. The building in the International Finance District gives the firm the capacity to grow further in the city, with space for up to 2,700 employees when it opens its doors in 2022.

Later this year, the first building at Barclays' new campus at Buchanan Wharf at Tradeston is also set to become fully operational and eventually will see its workforce double from 2,500 to 5,000.

In Edinburgh, Multrees Investor Services, which provides outsourced platform services and technology for investment firms, has taken on larger Edinburgh premises on Princes Street to accommodate further expansion of its 80-strong staff.

Tesco Bank is adding about 100 technology and change roles to its base in Edinburgh, and other firms were looking at new service lines and expanding offices prior to the COVID-19 lockdown.

New entrants to the Scottish market include specialist business lender Cynergy Bank, which established an office in Edinburgh, with private equity investment manager Foresight Group also launching in the capital.

Fintech Scotland's Ingledew also believes a positive sign for the wider industry is the increasing collaboration being seen between smaller technology firms and the big players in Scotland.

"Obviously, the likes of RBS, Tesco Bank, JPMorgan and Baillie Gifford are already doing a lot themselves to innovate but they can also learn so much from innovative small business models," he stresses.

"The other big change we've seen is that it's not just banks who are now working with fintechs but also the insurers and the asset managers, who very much want to be involved.

"They have particular challenges and feel they would benefit from being connected with a different business model and recognise that they need to step outside the normal boxes of who they work with."

Ingledew says the scale in opportunities in financial services is also seeing a number of businesses that started life in other sectors, such as oil and gas or health tech, now becoming part of the fintech community. "That's really exciting as its driving collaboration opportunities across different areas of the Scottish economy."

Derek Pennor, of technology group Capco in Scotland, believes that, in many ways, the industry here is at the leading edge of new developments.

He points out that AI, robotics and machine learning are now being widely deployed across the wealth, asset management and assurance sector in Scotland "from front office investment functions through to back office settlements". He argues: "The Scottish investment community has taken a lead in deploying these cutting-edge technologies."

He cites Aberdeen Standard Investments using machine learning to drive investment decisions in funds, Scottish Widows' JV platform with Schroders Wealth offering a "robo-advice" service and FNZ leveraging blockchain technology to reduce cost, complexity and risk in its back office to benefit customers.

"Scotland is at the forefront of the technological revolution and I am confident that we have what it takes to continue to flourish in this challenging environment," he says.

Given long-term growth projections for the sector, ensuring ready access to the talent needed has been a major concern, leading to initiatives such as the Skills, Talent and Research (STaR) Network that brings together firms, universities, business schools and public sector agencies to provide a long-term collaborative approach.

Chris Divito, a former Standard Life executive who was recently appointed head of financial services at Edinburgh Napier University, argues that one of the biggest current challenges for universities and the industry more generally is to make financial services a "much more aspirational career".

"Like many people of my age, it wasn't an industry I had been planning to join when I was at school but something I just fell into," says Divito, who headed up Standard Life's first office in Dubai.

He believes a perception that it was "too cut-throat and not sufficiently client centric" may have deterred potential candidates in the past.

Divito says that a study of potential skills gaps in the sector had also highlighted that while relatively high pay levels used to be a key attraction for many joining the industry, that is less the case now.

"There is a focus now on business for good, and many undergraduates are motivated by a strong sense of social purpose in addition to a desire to secure a degree that offers them a financially rewarding career," he explains.

> **Many businesses here will need every available resource to rebuild once the coronavirus health crisis is behind us**
>
> Stephen Phillips, CMS (below)

"What can be more fulfilling than helping ensure people have financial security in this uncertain world? That is the potential with a career in the finance sector, either through managing service delivery, developing new products or giving tailored personal advice."

Although the industry's main focus for the foreseeable future will inevitably be the issues arising from coronavirus, the fine detail of the UK's withdrawal from the EU and how financial services firms will have access to the European market remains a key issue.

"While Brexit has been overshadowed by the COVID-19 pandemic for the time being, it still presents a threat and it remains to be seen if there is political will to extend the transition," says Stephen Phillips, of CMS.

"The timescales for completing a basic deal and free trade agreement were already ambitious but now the UK and the EU have far more pressing challenges to deal with.

"Any efforts to force through an agreement by the current 31 December deadline will very likely lead to a 'no deal' exit that, prior to the economic fallout of the coronavirus, presented a serious threat to jobs and businesses.

"The UK Government's proposed changes to migration and customs are also now an even bigger concern as so many businesses here will need every available resource to rebuild once the health crisis is behind us."

For now, though, navigating the immediate challenges posed by the pandemic will be the critical focus for the sector.

Core-Asset's Williamson says although it is difficult to predict what the long-term implications will be, she does expect that home working is likely to increase and those with the skills to help businesses adapt to such an organisational change will be in demand.

Williamson also wonders whether there will be in a shift in mindset at major financial institutions about their global footprint.

"In the late 1990s and early 2000s, global companies and large financial institutions made huge inroads into 'offshoring' large operational hubs to low-cost global business centres, predominantly in Asia and India and central Europe.

"The question now is whether this trend will turn and the centres will be repatriated to the UK?" she asks.

Scottish Financial Enterprise's Jones stresses the sector is "incredibly resilient", a trait that has been in evidence throughout the many crises seen over its 350-year history.

He concludes: "All industry sectors and global economies are facing what is perhaps the greatest challenge of modern times but the fundamentals remain strong for financial services.

"The financial services industry in Scotland has built a legacy based on strong financial acumen, pushing the boundaries of innovation while staying prudent and investing in talented, skilled individuals." ■

IN FOCUS: The sector in Scotland

The financial services industry in Scotland employs almost 100,000 people directly and around the same again indirectly.

It generates around £8bn for the Scottish economy, more than eight per cent of onshore economic activity and about £800bn of funds are managed here.

The sector accounts for 24 per cent of all UK employment in life assurance, and 13 per cent of all banking employment.

SHAKE-UP IS GALVANISING THE BANKING SECTOR

ALTHOUGH Alison Rose set out a raft of priorities when she took up the reins as RBS's new chief executive last November, it was the decision to change the 293-year-old group's name which dominated the headlines.

Adopting the NatWest name aims to put its 2008 government bailout and the fallout from a string of scandals firmly behind it.

Donald Brown, senior investment manager at Brewin Dolphin in Edinburgh, says the change is "another way of making a break with the past" as the bank continues on the road to recovery, evidenced by the almost doubling of profits it achieved in 2019.

The starting gun has also been fired on the centuries old Clydesdale name starting to disappear from high streets. CYBG is rebranding the Clydesdale and Yorkshire banks as Virgin Money, part of wider plans to develop new products and improve customer service.

The rebranding among some of the biggest names in banking in Scotland underlines the pace of change in a sector where challenger brands are continuing to gain traction, particularly among younger customers.

One in four under-37s are now using digital-only banks and 14 per cent of UK bank customers across all age groups have at least one mobile-only digital banking provider.

New entrants are increasingly benefiting from being able to focus on very specific components of banking services or products to lure custom away from the big players.

Open Banking, the regulatory regime that forces banks to share more customer information than ever, is also continuing to see competition intensify.

Although the pace of change since Open Banking was introduced in 2018 has been slower than many commentators expected, Douglas

Larger banks and technology players look to accelerate innovation by acquiring smaller, more nimble firms

Douglas Gourlay, TLT (above)

Gourlay, Glasgow-based partner at law firm TLT, says the last 12 months has seen "significant uptake and acceleration", with challenger banks and fintechs proving to be key drivers.

He says the growing number of banking-related technology firms which have set up bases in Scotland – including Australia's Gobbill, Norway's EedenBull and QWallets of the US – shows this is now a "booming marketplace".

Gourlay predicts consolidation may also be on the horizon.

He says: "The larger banks and technology players frequently look to accelerate innovation by acquiring smaller, more nimble firms to maintain a market advantage. Mergers and acquisitions among the smaller fintechs may also increase in order to build scale in an increasingly crowded market."

Although Open Banking has been regarded as more of a threat than an opportunity to the established banks, Stuart Robertson, of Edinburgh data analytics firm iDelta, argues that is now changing, with some responding to the increased competition by innovating to become better digital banks themselves.

"Customers are going to have their heads turned by new features and younger fintech companies can be more agile and introduce new products and services at a much faster speed," says Robertson, whose firm has developed an app to help mainstream banks fight back against upstarts.

"But banks like RBS have looked at what they were having to do from a regulatory standpoint for Open Banking and realised that the capability they were creating for that could help them deliver better service for the organisation and for customers."

Although the technology giants have been seen as a potential competitor to the established financial services sector, there is also now growing evidence of collaboration, highlighted by agreements including one struck recently by Bank of Scotland owner Lloyds with Google's Cloud arm aimed at accelerating its digital drive.

Zak Mian, group transformation director at Lloyds, says its greater use of technologies such as artificial intelligence and machine learning will help it deliver increasingly personalised services to customers.

"At one level, the underlying needs of customers haven't really changed over time but how we deliver that service has absolutely changed and they rightly want to be treated as individuals.

"It is about how we make sure use of data and machine deliver brilliant customer experience at the right time and in the right tone," says Mian. ■

AGENOR TECHNOLOGY - DELIVERING CHANGE, MANAGING RISK

Agenor Technology is an award-winning IT consultancy headquartered in Edinburgh, with regional offices in the Scottish Borders and the Netherlands.

Established in 2006, we have grown year on year building a strong track record along the way for successfully delivering complex large-scale Digital Transformation and Infrastructure Programmes for clients, on time and on budget.

We are not, however, just another Digital Transformation consultancy. With our strong and supportive team culture and highly collaborative, client focussed approach we can quickly establish ourselves at the centre of a client's business, adding value from inception to implementation. We see ourselves as end-to-end delivery partners that clients can trust to accelerate the planning and implementation of their IT programmes.

Gary Montgomery, CEO, supported by a highly experienced senior leadership team who are specialists in their respective fields, has a clear vision and strong sense of purpose for driving the business forward: "Our clients are driven by trying to optimise value. Quite simply, our ambition is to build our reputation as highly skilled, experienced and trusted partners who deliver excellent outcomes and value for clients."

As a progressive business, we also take responsibility for conducting our business in a way that not only meets the expectations of our stakeholders, but has a positive impact on the environment and society as a whole. We are guided in all that we do by our Corporate & Social Responsibility principles based on:

- **Operational integrity**
- **Commitment to our colleagues**
- **Care for the environment**
- **Giving something back to the community**

Our employees have the flexibility to work from client premises or from remote locations. They organise their work and personal commitments in a way that maximises productivity, engagement and trust in the business. This operating model has been particularly resilient for us in dealing with challenges posed recently by the COVID-19 virus.

Agenor Technology attained ISO 27001 in Information Security and ISO 9001 in Quality Management in 2019. We are working with Quality Scotland to implement the European Framework for Quality Management throughout the business ensuring our quality standards remain high.

Our Services

The role of a conventional IT consulting firm is to work in partnership with clients, advising them on how to use information technology to meet their business objectives or overcome problems.

Gary Montgomery

We are different and focus on effective delivery. We work with our client base through the strength of our core service capability to deliver outcomes and solutions to defined specifications:

- **Program Delivery:** this is at the heart of what we do. We have a successful track record delivering technology programmes in some of the world's largest organisations.
- **Digital Services:** we are specialists in solution design and architecture, software upgrades and platform migrations. We deliver all our digital projects ensuring zero impact for our client's business operations.
- **Testing services:** we offer a full range of testing services to help clients achieve their organisations business and technical goals.
- **Client Delivery Management:** an experienced Client Delivery Manager is established for all client engagements, who is the key point of contact for our clients to provide Delivery Assurance, Client Engagement, Commercial Management and Consultant Management.

Key to our long-term success is the continuous development of the capabilities and services we provide for our clients. Gary says: "We are proud to provide a network of highly qualified consultants who use their expertise and extensive experience to help clients meet their goals. We invest in our people to gain the latest qualifications and accreditations across a range of practices and are focused on delivering value for every client."

For more information on how Agenor Technology can help your business visit agenor.co.uk

AGENOR.

FURTHER MAJOR CHANGE IS NOW MORE LIKELY THAN EVER

FEW WOULD argue with the forecast of a "turbulent" time ahead made by Standard Life Aberdeen chief executive Keith Skeoch when the Scottish fund management giant published its annual results recently.

It is too early to know what the longer impact will be on the asset management sector after the dust settles on one of the most turbulent periods ever seen on the markets.

However, Scotland's fund managers will be hoping they may benefit from a predicted shift in approach from investors back towards active management after a period that has seen a huge rise in flows into passive investments.

Although Skeoch believes the world is facing a shock to economic activity that's bigger than he's seen in his lifetime, he also maintains that active managers really come into their own in such uncertain times.

This will be welcome news for an active fund management sector that has come under increasing pressure from the onslaught of low-cost passive offerings from the likes of Vanguard and Blackrock.

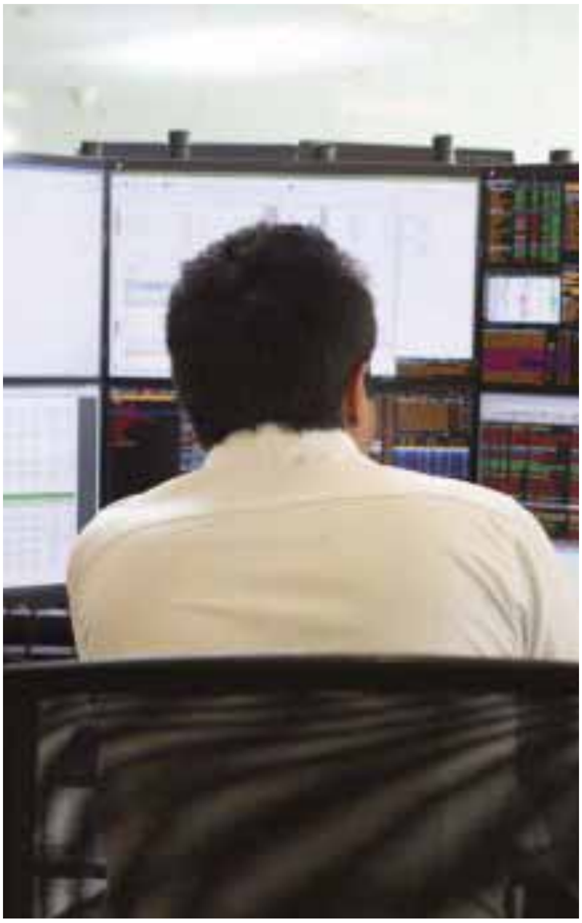
That shift has led to significant sector consolidation in recent years, leaving a market dominated by large global players and boutique managers, with few mid-sized companies left.

According to Alan Reid, a partner at Cornerstone Asset Management in Edinburgh, the COVID-19 impact is also now likely to see an increasing pace of change in Scotland's wealth management sector, which itself has already undergone significant consolidation driven largely by greater regulatory burdens.

Reid says some advisors will now need to make decisions on whether their business model is now viable.

"Scotland traditionally has a very strong wealth management sector built on a large number of smaller independent financial advisory firms. However, the environment is changing and, once the after-effects of COVID-19 are felt, the sector will be on a path to change that will be difficult to halt," he predicts.

He says profit margins and cash flow in the sector have been continually squeezed due to factors such as the increase in Capital Adequacy rules and increases in FCA fees.



Scotland's wealthy need sound advice, a steady hand at the tiller and a robust yet flexible investment approach

Evangelos Assimakos, Rathbone Investment Management

With the additional pressures that coronavirus brings, Reid says some firms may now ask whether now is the time to leave the industry altogether or consolidate with others for safety in numbers.

In the months leading up to the pandemic, the Scottish wealth management sector had already seen a number of firms acquired by larger rivals.

Brooks Macdonald bought Edinburgh-based Cornelian Asset Managers in a deal worth up to £39m.

The Turris Partnership, a Glasgow-based wealth manager that has more than £65m of assets under advice for clients, was acquired by Mattioli Woods, which already has offices in Glasgow, Edinburgh and Aberdeen. Charles Stanley also expanded further into Scotland by opening an office in Glasgow.

Consolidation among smaller players continued, with deals include Glasgow-based Gilliland Neilson Brown acquiring the client portfolio of Bishopbriggs-based Prudent Financial Management, taking funds under management up to £100m.

Evangelos Assimakos, investment director at Rathbone Investment Management, which acquired Speirs & Jeffrey in Glasgow in 2018, believes the COVID-19 impact will drive greater demand for advice from Scotland's high-net worth individuals.

"As Scotland navigates a difficult environment, with the expected economic fallout from the virus outbreak, its wealthy need sound advice, a steady hand at the tiller and a flexible yet robust investment approach from the wealth management professionals they employ." ■

THE DRIVE TOWARDS A MORE ASSURED FUTURE

THERE is no shortage of issues to contend with in the in-trays of the newly appointed leaders who now oversee much of Scotland's assurance sector.

For Andy Briggs at Phoenix Group, Barry O'Dwyer at Royal London and Mike Holliday-Williams at Aegon UK, the drive to achieve greater efficiencies at the same time as meeting fast-changing customer expectations continues apace.

Although not immune from the impact of coronavirus, the focus of the sector on longer term returns and the fact that individuals may increasingly look to protect themselves against future economic shocks may mitigate it to some degree.

Louise Powrie, of recruitment firm Core-Asset, says that cost efficiencies remain key across the sector and argues that future success for firms will require them to "remain relevant, differentiate in service and meet the demands of ever-increasing regulation and customer accessibility/functionality".

"As an industry, the challenges faced remain consistent: How to ensure customers will have an adequate pension provision that is cost effective, accessible and easy to understand, and getting the message across to young generations on the importance of saving over the long term," she says.

Derek Pennor, of technology group Capco in Scotland, agrees that ensuring products and services appeal to younger consumers will be critical.

"Millennials are becoming more engaged in their longer-term financial planning but typically take a more transient approach to company loyalty," he points out.

"A well-designed investment platform or targeted 'green' investment product will likely resonate to a higher degree with this audience.

"On the other hand, firms still need to be focussed on maintaining current services for long-standing customers such as older retirees, who may be less willing or able to embrace new technologies. A blend of these approaches will undoubtedly be the optimal model.

"In terms of firms' business models and end-user experience, we are seeing a notable customer-led change in expectations around how products and services should be provided, as well as their look and feel.

"This means bringing new products to market faster, and ensuring they are more tailored than ever before to meet the needs of specific market segments."

In the long term, Scotland is well-placed to take advantage of shifts among the sector's big players.

> **We are seeing a notable customer-led change in expectations around how services should be provided**
>
> Derek Pennor, Capco

Industry consolidator Phoenix, which acquired Standard Life Assurance (SLA) in Scotland in 2018, remains on track to deliver £1.2bn in synergies from the deal.

It also recently announced the £3.2bn acquisition of ReAssure, which will bring additional scale and cash flow to its operations that employ more than 3,000 people in Edinburgh and Glasgow.

SLA chief executive Susan McInnes says its Scottish presence will also benefit from a recently announced deal with Tata Consultancy Services to drive growth plans in the workplace pension market.

The partnership will create a new workplace pensions and savings digital operating platform for SLA.

"A key element of this will be to establish a technology and operational service hub in Edinburgh to deliver greater innovation and continued excellence in customer service. Setting this up will be a key focus for this year," she says.

One of Scotland's smaller players is also taking advantage of changes to the business models of major operators.

Glasgow-based mutual Scottish Friendly completed the acquisition of a substantial life and pensions book from Canada Life, which effectively doubles the size of the business. The deal is the latest expansion move from Scottish Friendly, which in 2018 took over business from Mobius Life.

The latest deal sees assets under management at Scottish Friendly increase by £2.4bn to more than £5bn and about 50 jobs created to take the headcount in Glasgow up to 170. ■

CRISIS LEADS TO A MIXED SET OF RESULTS FOR CLUBS

The Insider Football Finance Index is a complex decision analysis model designed to rank the top Scottish football clubs – there are 20 in the current index. The index was originally designed in 2017 based on interviews with accountants, lawyers and financial experts and other research to produce 11 main criteria, categorised into three sub-sections of financial discipline, corporate governance and stakeholder engagement.

The index used proxy measures for the area of study to give high-quality secondary data where primary data is not available. The research for this year's index was carried out by Steven Wilson, Insider's in-house researcher. In the interests of full disclosure, it should be noted that the author of this article is a lifelong supporter of Motherwell Football Club and served for a time on the Board of the Well Society, the fan ownership group.

By KEN SYMON

ONE OF the casualties of the coronavirus pandemic was the football season. The Scottish football authorities and the clubs announced on 13 March that the season would be shut down because of the outbreak.

Football finance specialists warned of the monetary hit facing clubs, with the extent depending on the length of the shutdown and whether the season could be reconvened. Leeann Dempster, the Hibernian FC chief executive, describes it as "one of the biggest issues that has ever faced the game in Scotland".

Neil Patey, an Edinburgh-based partner with accountancy firm EY in Scotland, warned in a broadcast interview in March of the pandemic's financial impact on Scottish clubs.

Patey has a strong knowledge of football having acted for the current owners in their acquisitions of Chelsea, Manchester City and Liverpool. He said then: "For the smallest clubs, it could be tens of thousands of lost income, for the largest clubs it's well into hundreds of thousands.

"Now, some clubs will have the resources to be able to soak that up – spare cash, debt facilities, shareholders who are able to support them through that financial shortfall.

"But undoubtedly there are some clubs that will not have those buffers or resources to call upon and that's going to put them in a very perilous position for sure.

"We don't know the precise numbers at this stage but, I think, there could be many clubs that will

Above: Aberdeen v Hibernian just before the coronavirus lockdown

The clubs that will thrive or survive will be the ones with sufficient cash reserves, a wealthy backer or both

Ken Pattullo, Begbies Traynor

IN FOCUS: How the FF index works

The rise and fall of major clubs

INSIDER'S regular analysis of the business side of Scottish football gives us a snapshot of where the top clubs were before the pandemic. The Insider Scottish Football Finance Index examines and analyses three areas of business performance: financial discipline, corporate governance and stakeholder engagement, which are then weighted to give an overall financial score.

As last year, the 2020 index features the top 20 clubs in the Scottish leagues. The rankings this time are very much in line with the divisional structure, with almost all of the top clubs from the 2018-19 season in the top places. The marked exception is Livingston FC, whose 16th position in the index contrasts markedly with that of its position in the Scottish Premiership when the season was halted – it was standing at number five in the league.

The consistency of the club's on-pitch performances had lifted them to a higher place in the league points table than many observers might have predicted. The gap between Celtic FC and the rest of the pack has closed, after the club had a less successful financial performance than previously. It had a negative cash flow, which hit their ranking under the financial discipline heading.

One of the biggest changes in the rankings is that of Falkirk, which dropped to bottom spot from 10th position in 2019. The main reason was because of the club's corporate governance after a year in which the club itself conducted "a full root and branch review of the board, management and governance of the club". A notable riser is Heart of Midlothian, which rose to fourth place in the index, with the Tynecastle club improving its financial position and its moves further down the road to fan ownership.

Aberdeen FC has slipped back, with the boardroom changes at the club seeing majority shareholder Dave Cormack doing the two jobs of chairman and managing director after the Pittodrie club ousted Duncan Fraser from his then chief executive role.

Partick Thistle FC has fallen to 13th place from ninth last year after a strange few months that saw a boardroom coup, with three directors including the chair ousted, only to see their return earlier this calendar year. The remarkable financial scam that hit Hamilton FC took its financial discipline ranking to the joint lowest within the Scottish Premiership. The fact they finished in the index as high as 11th place is due to their good management of player investment.

Insider Football Finance Index 2020

Rank	Team	Insider FFI Score	Financial Discipline Score	Corporate Governance Score	Stakeholder Management Score
1	**Celtic**	68	79	47	81
2	**Hibs**	61	57	59	75
3	**Rangers**	57	57	42	83
4	**Hearts**	55	51	39	92
5	**St Mirren**	54	50	50	69
6	**Aberdeen**	52	55	43	63
7	**St Johnstone**	50	52	61	28
8	**Dundee**	49	38	63	49
9	**Kilmarnock**	48	60	38	38
10	**Motherwell**	45	40	45	56
11	**Hamilton**	44	31	63	36
12	**Inverness**	43	32	61	34
13	**Partick Thistle**	42	41	50	32
14	**Dunfermline**	41	36	37	59
15	**Ross County**	40	43	35	45
16	**Livingston**	37	31	48	30
17	**Dundee United**	36	31	48	28
18	**Queen of the South**	35	38	38	24
19	**Greenock Morton**	33	24	54	13
20	**Falkirk**	29	32	11	54

be facing real financial difficulties were they not to get those home games for the rest of the season."

Ken Pattullo, managing partner in Scotland of insolvency advisor Begbies Traynor, cited his view that Scotland's medium-sized full-time clubs would be the ones at greatest risk of going into insolvency.

He said: "The clubs that will thrive or survive will be the ones with sufficient cash reserves, a wealthy backer or both. I feel for most of the clubs who are in the middle.

"I think the smaller part-time clubs can probably rely on the Government, where the Government will pay 80 per cent of the salaries of their employees, but that only goes up to a certain level."

One football financial analyst suggested privately that all but a small handful of clubs – he named Celtic, Hibs and Aberdeen – were put at risk of going under depending on the length of outbreak and the measures to deal with it.

However, this major blow to Scottish club finances came at a time when the overall picture was more positive than it often has been. In last year's Football Distress Report, Begbies Traynor said that no professional Scottish club was then in danger of insolvency for the first time in six years.

But the shutdown had led to a very different picture now. Pattullo said: "There is an increased likelihood of insolvencies across the football sector, as indeed there will be across the whole business sector.

"I think it's unlikely we'll see any going completely out if business – you have to go back to Third Lanark for the last football team in Scotland that physically went out of business, albeit there have been a number of insolvencies since then. I suspect what will happen will be another team will rise, phoenix-like, from the ashes."

Clubs moved more or less quickly to cut costs, with Hearts, for example, asking players and staff at the club to take a 50 per cent pay cut.

Dave Cormack, the relatively new major shareholder of Aberdeen FC, said that his club was braced for a £5m loss in income during the crisis and warned that such a loss "is almost impossible to sustain for a prolonged period".

The club was in a better financial

position than many others in Scotland, having no debt and £1.5m in the bank, but Cormack had forecast the shortfall of no matches being played until July at £1.2m a month.

At the end of March, Jacqui Low, who had been ousted and then reinstated as chairman of Partick Thistle FC, set out the club's position. She said that all the staff would be retained on full pay until the end of May, what would have been the end of the season in normal times.

She said that the club would look to use the Coronavirus Job Retention Scheme if available for certain staff members but that the club would make up any difference to reflect the employee's usual rate of pay. She said that the financial aid offered to the club by its fans totalled just less than £35,000 raised in a week.

The Scottish Football Association (SFA) moved to provide help to the clubs to deal with the crisis at a meeting in mid-March. The body announced that it would release £1.5m in funds to help mitigate the effects of the Coronavirus shutdown.

Rod Petrie, the president of the SFA, said then: "I am pleased to announce the immediate cash payments to members of Club Licensing and Club Academy Scotland amounts which were budgeted to be paid later this year.

Given the financial uncertainty faced by clubs, we have looked at areas of distribution where we can accelerate and pay approximately £1.5m now

Rod Petrie, Scottish Football Association

"Given the financial uncertainty faced by clubs, we have looked at areas of distribution where we can accelerate and pay now, rather than wait to pay on the usual distribution dates.

"The combined amount forward funded in this way is approximately £1.5m, which we believe will be of great support to clubs who face uncertainty and, worse still, a significant loss of revenue as a result of the impact of coronavirus in Scotland."

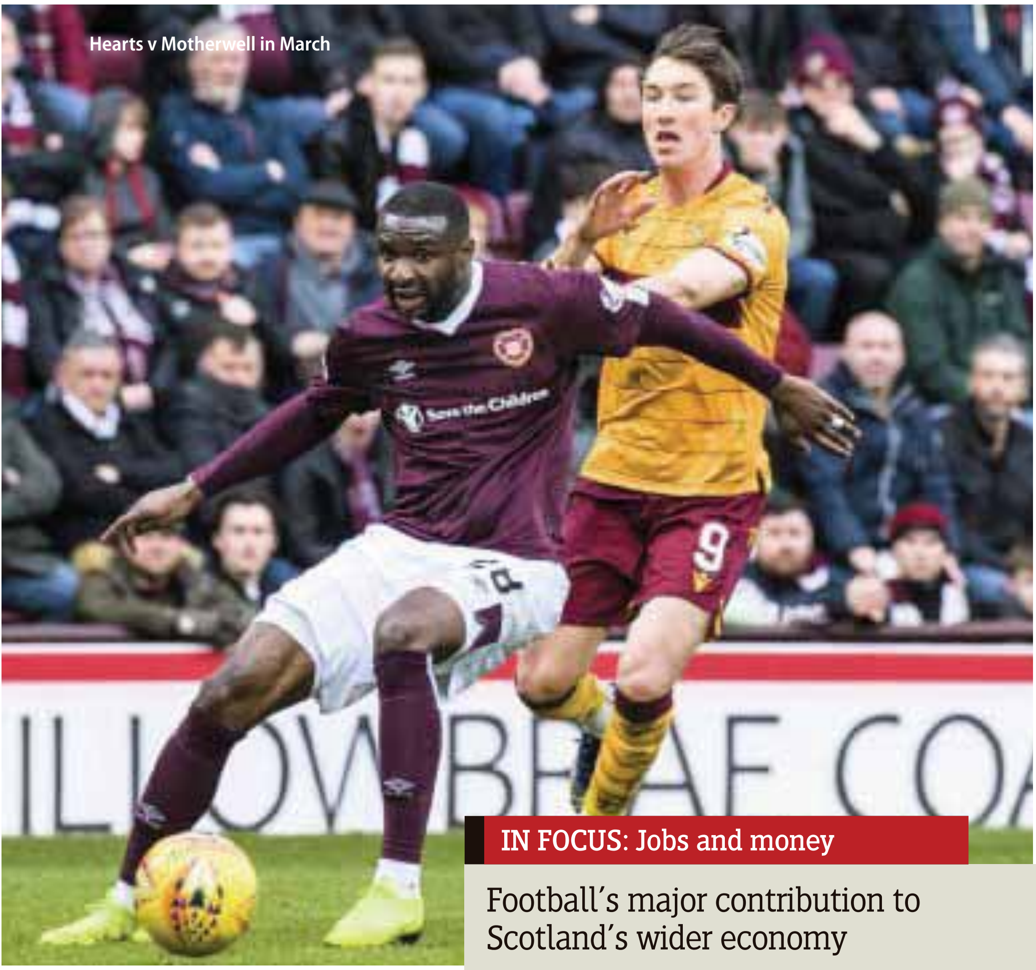
In the first week of April, the Scottish Professional Football League set out its plan to call an early halt to the 2019-2020 season. What followed provoked a remarkable war of words, of claim and counter-claim with threats of legal action.

Above: Hamilton Accies v Kilmarnock and Rangers v Bayer Leverkusen

The events stoked toxic rivalries and provided a stark reminder – if any were necessary – that Scottish football is very different from a normal sort of business activity.

The proposal was that all 42 clubs would be asked to vote on whether the three leagues below the Premiership – the Championship, League One and League Two – should have their seasons ended and the current leaders, respectively Dundee United, Raith Rovers and Cove Rangers promoted, and the bottom clubs in the Championship and League One, Partick Thistle and Stranraer relegated.

The plan was greeted by objections, particularly from Rangers and Hearts, who believed if it went ahead it would set a precedent for them not winning and being relegated from the Premiership if the same approach was applied to it, with the resulting blows to pride and



Hearts v Motherwell in March

the club balance sheets. The voting on the issue resulted in unsavoury scenes, with questions over whether club votes had been submitted and withdrawn or not submitted or not received.

Eventually, the vote did go ahead after Dundee FC – the last vote need for the plan to pass – had asked for time to reconsider and then eventually voted in favour of the plan.

Ian Murray MP, the former chairman of 8,000-strong fans group the Foundation of Hearts, said the way the vote had been handled turned Scottish football into a laughing stock. Anne Budge, Hearts' main shareholder, said: "The whole situation has been incredibly badly handled."

But it meant that the SPFL confirmed that the three league winners would be promoted and Patrick Thistle and Stranraer relegated. That decision meant that the payments based on league position paid out by the SPFL could go ahead, which they did on 17 April.

The SPFL board had also decided on a task force to be led by Anne Budge, of Hearts, and Les Gray, of Hamilton Accies, the club second from the bottom in the Premiership, which would face play-offs to stay in the league if they finished in that position.

As I write, the taskforce on extending the top flight and therefore the resulting financial implications for the affected clubs were still very much in the balance.

UEFA, football's international governing body, "strongly recommended" towards the end of April that top-flight league and cup competitions should be completed in full but said that provisions would be made for "special cases" among its 55 member organisations.

This was a softening of its previous stance that any country deciding unilaterally to end its league season before the scheduled matches were played would risk losing its places in Europe next season. It was UEFA's previous stance that led to the Scottish football authorities delaying their decision on the Ladbrokes Premiership.

As I write, this means that the possibility of completing the 2019-20 season in July and August, before starting the 2020-2021 one in September has been left open by the SPFL, with some top flight clubs retaining this as the best hope for regaining as much revenue as possible.

But First Minister Nicola Sturgeon's comments in the last week of April and the Scottish Government paper on its approach to lifting the lockdown restrictions appeared to leave little hope of that. It would, however, leave many anomalies.

It might mean, for example, Rangers playing the second leg of its tie against Bayer Leverkusen from the 2019-2020 season, while starting matches in the SPFL 2020-2021 season.

For every Scottish Premiership club, if the 2019-20 season does reconvene in July and August, it would leave significant questions over how to handle player's contracts, which normally run until June, plus many other contractual obligations and administrative arrangements to be sorted out.

Those may be significant hurdles to be jumped but, for Premiership clubs that are still haemorrhaging money, it may well be the best option for the continuity of their operations and their financial future. ■

IN FOCUS: Jobs and money

Football's major contribution to Scotland's wider economy

Research by the University of Strathclyde's Fraser of Allander Institute showed that the SPFL contributes more than £200m net to the Scottish economy every year and supports 5,700 jobs.

The research project, which was launched last year, was commissioned by the SPFL to examine the contribution of the league to the Scottish economy.

The independent analysis carried out on the 2017/18 season shows that SPFL clubs' activities, plus all spending by spectators at SPFL matches, contributed a gross figure of £444m to Scotland's GDP and helped to support around 9,300 full-time equivalent (FTE) jobs.

Adjusting for the impact of spending, which is not additional to the Scottish economy, the net contribution was £214m, helping to support around 5,700 FTE jobs.

The research examined the contribution of the SPFL to the Scottish economy through two channels – the economic footprint of the SPFL clubs themselves and the economic boost from fans attending matches in the SPFL's League and Cup competitions.

The Fraser of Allander Institute examined information on clubs' economic activities including their revenues and day-to-day spending. Data was taken from club accounts and detailed research on a select number of SPFL clubs across all four divisions.

The Institute also undertook a fan survey to capture detailed information on spending at football matches in Scotland, specifically the sums spent outwith stadia, which would not be captured in club accounts.

It then used a detailed economic model to capture the direct impact of club and spectator activities and the wider spill-over effects on the Scottish economy.

The analysis showed that, during the 2017/18 season, the turnover of SPFL clubs was £223m, they directly employed around 2,770 people and there were 4,871,000 attendances at SPFL league and cup matches, with the majority of these in the Premiership.

THE ACADEMIC ROUTE TO BROADENING OPPORTUNITIES

By VICTORIA MASTERSON

THE THREE founders of a new distillery being built in Luss, on the shores of Loch Lomond say studying a Master of Business Administration (MBA) programme at the University of Strathclyde helped unlock their spirit of enterprise.

"The MBA provided a wide range of skills and techniques that worked to complement our existing experience – and support our ambitions to explore business opportunities beyond the nine to five," says Patrick Colquhoun, sales director of Glen Luss Distillery.

Colquhoun completed his Strathclyde MBA in 2017 and is setting up the distillery with fellow alumni Trystan Powell, visitor experience director, and Daniel Lewis, operations director. The three previously worked in a diverse range of industries including oil and gas, healthcare and retail.

"The distillery will provide a year-round, world-class visitor attraction, catering to more than a million visitors a year, while creating full-time employment opportunities for the local community," Colquhoun continues. "We'll be producing a range of premium drinks, including a single malt Scotch whisky, a locally sourced botanical gin, aged and new-make rums, small batch vodka and craft beers."

The University of Strathclyde Business School has been offering an MBA since 1966 and typically sees professionals who are looking to advance their career or move sideways into a different arena.

Employers are increasingly looking at the individual's capabilities and skills – including 'helicopter skills'

George Burt, University of Stirling Management School (below)

"The MBA is such a broad degree that it teaches someone about all aspects of business – human resources management, economics, finance and strategy," explains MBA programme director Professor David Mackay.

"So choosing an MBA is one way of ensuring you are versed in all aspects of business and have a strong broad-based knowledge, ready for the next stage in your career."

Above: Students at the University of Edinburgh Business School take trips abroad for projects

With the COVID-19 pandemic shutting down classrooms, Strathclyde is promoting its flexible distance learning option.

There is a rise in the number of online MBAs being offered globally, Mackay adds, and also increasing interest in specialist masters. Strathclyde expects to offer a growing number of MBA specialisms in areas such as shipping and supply chain management.

Future megatrends will also be a key focus. "The world, including the world of business, is changing at a rate never witnessed before and aspects such as digital disruption, business analytics and artificial intelligence will feature in programmes going forward," says Mackay.

At the University of Stirling Management School, professor George Burt sees a growing demand for recruits who are able to negotiate working conditions that might be volatile, uncertain, complex and ambiguous.

"Employers are increasingly looking at both the individual's capability and skills," MBA director Burt explains.

"This includes 'helicopter skills' – being able to cope with the fast-changing and unpredictable environments which businesses experience."

He adds: "With the UK Government re-introducing post-study work visas for international students, it's important for business schools to be able to provide opportunities for these students to develop and sharpen their skills – which will make them more attractive to potential employers."

An MBA provides and develops high levels of self-awareness to be wise to complex business situations, Burt said, and gives students the "wisdom to understand there is no right answer".

It also helps future managers understand the strengths of colleagues, which in turn strengthens the ability to build teams to solve problems.

Stirling MBA students have the option of a summer consultancy project with a local business, rather than the traditional dissertation. "This year, the challenge was to identify how Fitbit, owned by Google, could use technology and innovation to challenge Apple's dominant health-care business," Burt explains.

The personal and professional development modules also include business challenges set by local firms, with students given a short time period to develop potential solutions.

The University of Edinburgh Business School says its Edinburgh MBA programme has attracted students from 22 nationalities and 34 per cent of alumni are directors or managing directors.

One of the optional modules for full-time MBA students is a week-long immersive project in an emerging market country called International Business in Context. In previous years, students have visited Colombia and its two biggest cities, Bogota and Medellin.

"We group students in teams to look at consultancy assignments given to us by Colombian companies," explains Julian Rawel, director of MBA programmes. "Students build their consultancy project through the week and then present their project findings to the client at the end of the week's trip."

The programme also includes off-site industry visits called Business Engagement Treks to learn from organisations including Amazon, RBS, the National Health Service and a range of start-ups across sectors and geographic locations.

Above: The University of Edinburgh Business School attracts students from overseas

For the past five years, students have visited Iceland to see innovative businesses including Össur, owner of Scottish artificial limb specialist, Touch Bionics.

Before the coronavirus travel restrictions, this year's Business Engagement Trek was due to take students to Eastern Europe.

Every year, a two-day student-led Women in Leadership Trek to London also offers students the opportunity to hear from keynote speakers and take part in workshops led by inspirational business leaders.

An MBA is one of the most prestigious postgraduate qualifications, valued by leading employers internationally

Mammed Bagher, Edinburgh Napier Business School (below)

Rawel says he has seen the Edinburgh MBA help to pivot or promote many careers. "One of our students was in the military and now works for Google," he says. "Another student came from a major bank based in Scotland. After the MBA, he decided not to return to banking and now runs his own successful lettings company in Edinburgh.

"Another of our students came from investment banking and after the MBA moved on to do a PhD and then become an assistant professor."

Edinburgh Napier University says it has developed the managerial skills of thousands of students from more than 130 countries through its own MBA programme.

"A Master of Business Administration is one of the most prestigious postgraduate qualifications, valued by leading employers internationally," says Mammed Bagher, programme lead for MBAs at Edinburgh Napier Business School.

"The opportunity for a senior management role in international business is highly competitive at any time.

"An MBA allows students to gain an internationally recognised qualification that reflects enhanced strategic leadership skills applied to global economic issues – whether it's post-Brexit opportunities in the UK or post-coronavirus recovery planning for an international hotel group.

"That strength in strategic insight combined with proven analytical thinking is also a tremendous asset for an entrepreneur. So regardless of how a student wants their career to evolve, completing an MBA will always be a key foundation for future success."

The university offers its online MBA in 15 specialisms, including hospitality and tourism management, entrepreneurship, health management, logistics and supply chain management, marketing, banking and event management.

New additions in September 2019 included online MBAs in criminal justice and engineering management.

Bagher says the programme develops managerial skills and draws on students' real-life experience and case studies, with opportunities for placements at global businesses such as Hilton Hotels.

"The MBA enables students to hone their skills in creative problem solving, critical reasoning and strategic thinking," he says.

"Our specialist MBAs supplement this core content with industry-specific modules that allow them to stand out as a management candidate in their preferred sector, regardless of their initial undergraduate degree."

Beenish Haleem, an arts and business graduate from Pakistan, recently completed Edinburgh Napier's Leadership and Practice MBA.

"It not only provided me with theoretical knowledge, but also important practical skills that will prepare me for my future career," she says.

"As I am from Pakistan, where there is much less women empowerment, I want to contribute to the Pakistani economy as a female leader and I want to achieve a senior management position in a multinational firm. Along with that, I want to do my PhD and do further research in management and business studies."

One of the MBA alumni from Heriot-Watt University's Edinburgh Business School is Corinne Caldwell, from Vancouver in Canada. She already had an established career as a chartered accountant, but wanted to "go beyond finance".

Since completing the online MBA programme at Edinburgh Business School, she has moved into a more strategic leadership role with a real estate association in British Colombia.

"Within my company, I'm the chief operating officer," she explains. "We do economic analysis, we do advocacy with the government. My responsibility is to make sure that everything goes the way it needs to.

"I think the biggest change the MBA has brought about for me is really that ability to consider options – to look at different types of roles, different types of organisations – and being able to spread my wings a little bit more."

Edinburgh Business School pioneered one of the first distance learning MBA programmes in 1975 and has campuses in Dubai and Malaysia as well as the UK. It has more than 20,000 MBA alumni globally across Europe, Asia, Africa, the Middle East, Australasia, the Pacific Islands and South and North America.

Recent developments include partnering with educational charity Theirworld to offer 20 MBA scholarships in Lebanon for refugees and Lebanese nationals to study the degree online in Arabic.

"Our partnership with Theirworld is designed to remove barriers to education and to empower individuals as they seek to build a better future for themselves and their families," says Professor Heather McGregor, executive dean of Edinburgh Business School.

Edinburgh Business School also offers five specialist MBAs in finance, marketing, oil and gas management, human resource management and strategic planning.

The University of Aberdeen Business School offers an on-campus MBA programme, specialist MBAs in finance and energy management, an online "Global" MBA and a part-time Executive MBA. This is delivered in London and was also launched in Shanghai this year with the university's Hong Kong-based business partner, TML Education.

The biggest change the MBA has brought about for me is the ability to consider options and spread my wings a little bit more

Corinne Caldwell, Heriot-Watt MBA alumni (below)

One of the university's alumni is Martina Besong Chukwuma-Ezike. After completing a Bachelor of Science in sociology at the University of Calabar in Nigeria, she wanted to develop her career in management.

Not long after completing the University of Aberdeen's on-campus MBA, she went on to set up medical charity that provides health information, confidential advice and support to people with asthma, their families, carers and friends across the north-east of Scotland.

"I founded the Asthma and Allergy Foundation, Scotland's only dedicated asthma charity, in 2009, shortly after my graduation," Chukwuma-Ezike explains. "The charity has grown from a community group to a big charity that recently opened the first Asthma Support Centre in the UK. This provides support services for people with asthma and allergy in the north east of Scotland.

"Through my work at the foundation, I've been able to put into practice all I learned at Aberdeen Business School, including critical thinking, business strategy, problem solving, presentation skills, project development and self-confidence."

Dr Ian Robson, director of accreditation and programme leader for the Executive MBA at University of Aberdeen Business School, said the school's MBA graduates had gone on to work in organisations such as Accenture, Shell, KPMG and Bank of Scotland.

"Our business connections mean we provide opportunities to network and work with industry," Robson says. "MBA students will also have the opportunity to work on live business projects, conduct project work and workshops with visiting lecturers and industry specialists, and conduct site visits to prestigious multinational organisations."

Instead of running programmes around exams, the MBA is assessed through a portfolio of work-based assignments, with the opportunity of tailoring the content to specialist subject areas including HR, finance or marketing. ■

EDUCATION ON REMAINING RESILIENT AND RELEVANT HAS TO BE UP TO DATE

WE HAVE become accustomed to hearing policymakers admitting: "We are taking expert advice – but, frankly, we are having to make it up as we go along." This was already a familiar mantra in the most enlightened boardrooms and business schools, although I have yet to read it expressed in such stark terms in annual reports or brochures for a management development programme.

Organisations have nothing to fear in being open about the uncertainties of the fast-changing world we live in. Digital disruption has destroyed the oligarchic business world of "Might is right".

Business is no longer about being incrementally better than your competitors; they might not be getting it right, either. Long-established business models have collapsed and the true business objective now is to be resilient and relentlessly relevant to the consumers' changing world.

Investors' sentiment has moved from B2B to B2C business models. Tectonic shifts over the decades have resulted in the world's largest listed companies changing from being 90 per cent B2B models to now being 90 per cent B2C models; the composition of market value of our largest companies has moved from being 80 per cent underwritten by tangible assets to now being more than 80 per cent intangible assets.

You may email or Tweet the experts and ask them your questions. Today's experts want to hear from you

As a corporate financier, I used to spend time with boards looking ahead at corporate strategy and scoping potential partners, acquirers and/or targets. This work has changed dramatically in the past three years because no one can be sure which businesses will be around in the next five years.

We now work with futurists and regularly scope possible scenarios as trends are changing by the day. Effective leaders in corporates are training for the skills needed to thrive in a VUCA (volatile, uncertain, complex, ambiguous) world.

Military strategy developed to cope with a post Cold War world is alive in forward-looking board rooms. Agile business schools are updating content on a quarterly basis and the tentacles of behavioural sciences are spreading.

The changing content is to be wholeheartedly encouraged – but the underlying business models have changed little and, clearly, the MBA is struggling to remain relevant.

The FT reports that demand for MBAs at the world-leading business schools has declined for five straight years. In 2019 alone, demand was down 6.9 per cent on the 2018 numbers.

There is consensus that change is needed, but little agreement as to what change is needed and why. Cost/benefit equations dominate the discourse. League tables are still produced providing comparator analysis on the average earnings of the alumni to justify the costs of MBA, often between £50,000 and £100,000.

Providers are moving to fully online delivery, with costs down substantially to sub £30,000 – but why pay all this money? You can absorb the most up-to-date guidance from leading experts in books hot off the press or online lectures or articles.

You have questions for the experts as to how their teaching fits your own assessment of the issues? You may email or Tweet the experts and ask them your questions. Today's experts want to hear from you.

If you are seeing something that they are not factoring into their thinking, they want to know because clear communication of current realities is vital to their own relevance and resilience.

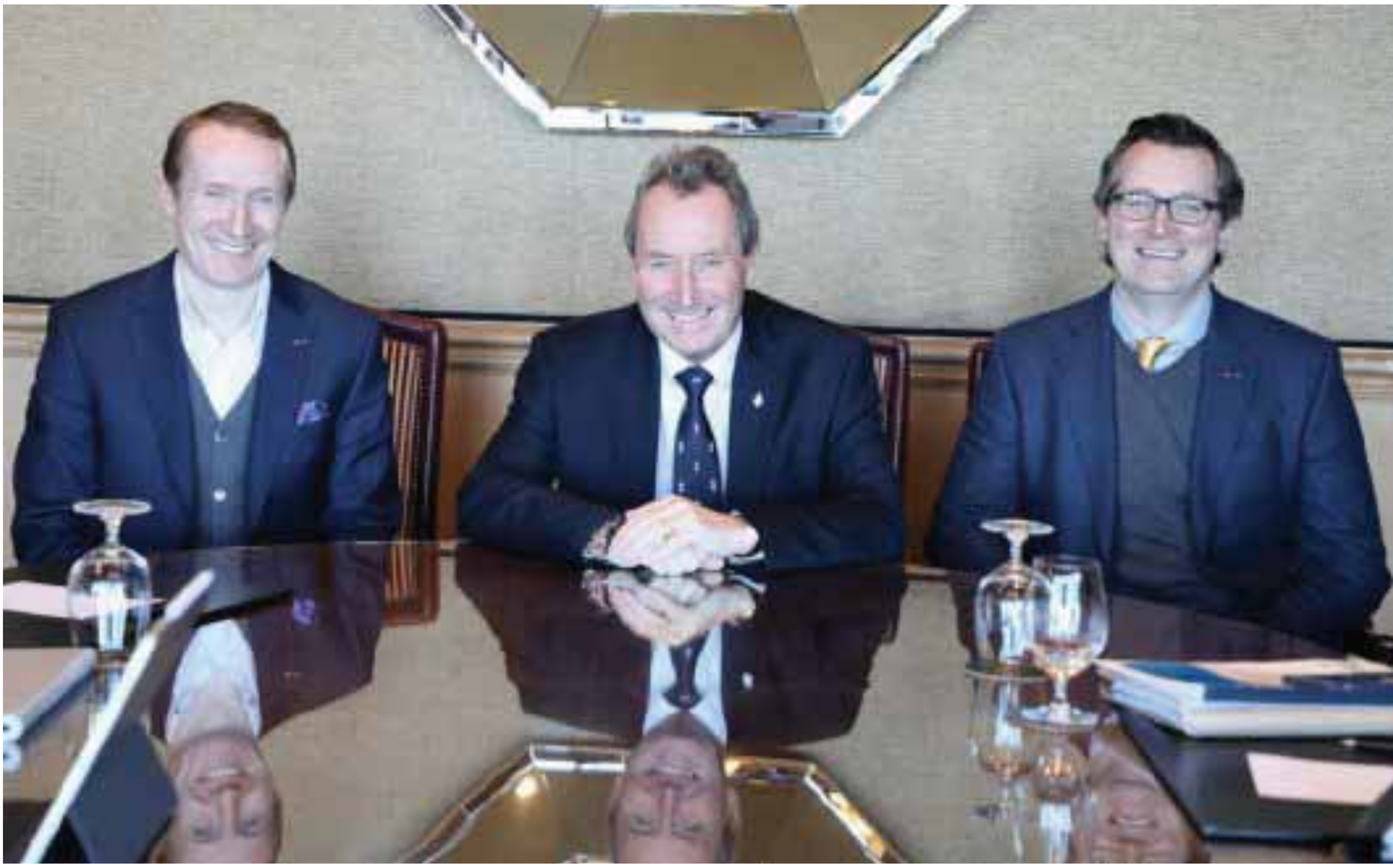
If it's all about your specific needs for your business, the experts will come to you and run a highly engaging bespoke Advanced Management Programme.

So how do MBA programmes adapt to this changing landscape? How does our whole education system change? Because change we must.

In March, The Goodison Group think tank issued its report Schooling, Education & Learning 2030 and Beyond, articulating the changing expectations of consumers in our schools from three to 18-year-olds.

The messages on change, leadership and action resonate from kindergarten to the board room, to the Cabinet rooms: expert advice on helping build resilience and relevance is needed today more than ever. ■

Mary Campbell OBE is the managing director of international corporate finance player Blas.



COMPLEX RELATIONSHIPS BEHIND FAMILY SUCCESS

By CLAIRE MUIR

EMPLOYING about 885,000 people, Scotland's family firms account for a substantial 86.2 per cent of our national companies – and, at almost 300,000, they are on the increase, according to Kirsty Ross, head of KPMG's family business consultancy in Scotland.

"Family businesses are in it for the long-term and have proven again and again that they can outride the storm," says Ross.

"Quite often, you will find that there is longevity of service of staff, and staff are incredibly loyal.

"Family businesses tend to be trusted more than non-family businesses and people are attracted to working with them due to the strength of culture and values that often exist.

"They have the same challenges as other businesses, in addition to the complexities of having to consider the relationships between the family, the business and the owners.

"They are often the pinnacle of the community and responsibility comes with this. At times like this, the emotional side of dealing with decisions is as important as the practical side."

Ross is, of course, referring to what is practically the only topic on the news agenda at the time of writing – COVID-19 and our unprecedented lockdown.

But are there any notable differences between family-led organisations and their non-family counterparts when it comes to dealing with the fallout of a pandemic? Stuart Duncan, a partner at law firm Davidson Chalmers Stewart, thinks there is – and it comes down to one word: resilience.

He says: "At a time when many businesses are facing huge challenges, quickly responding to new opportunities at the same time as putting in place a robust survival plan could well give family firms an edge over non-family firms in getting through this current crisis.

"The family dynamic will enable those who run such businesses to make quicker decisions with less time needed for wider consultation."

And when it comes to that survival plan, diversification is key, according to Gordon Scott, executive director and regional team head at the Edinburgh office of Julius Baer.

The international corporation is a specialist provider of wealth management services for ultra-high-net-worth individuals and companies, some of which are family firms. Looking to traditional

> **The family dynamic will enable those who run such businesses to make quicker decisions**
>
> Stuart Duncan, Davidson Chalmers Stewart

Above: Andrew, Neil and Michael Donaldson, James Donaldson & Sons Ltd
Below: Kirsty Ross, KPMG

family business sectors that will have naturally been hit hard with the current situation – hospitality, leisure and tourism, for example – he advises: "It is imperative that these businesses understand the points around diversification of risk.

"In times such as these, family businesses need to look for investment opportunities, growth capabilities and the ability to manage outside of the core trading business."

Topical challenges aside, succession remains a prickly subject for family-led companies.

The latest spanner in the works was revealed in the STEP (Successful Transgenerational Entrepreneurship Practices) 2019 Global Family Business Survey, which reported that millennial family business leaders plan to retire before their 50th birthday.

That's quite a shift from the existing senior generation, who plan to retire between 61 and 70, and the older leaders we see working well into their 70s and 80s.

"There is definitely a gap here," says Ross at KPMG. "The senior generation need to start thinking about passing the reigns over earlier if the next generation is looking to retire so much younger. There is a risk that they won't get their opportunity at the top."

She adds: "Interestingly enough, more than a third of global CEOs don't plan to spend time in the business after they retire, which is not something that we have seen happen in the past." Unsurprisingly, she advises discussing and planning a succession strategy as early as possible.

For family-run James Donaldson & Sons Ltd, which has six businesses that provide building components and services to the construction industry, this came naturally.

Michael Donaldson, who is deputy chairman at the Glenrothes-based business, explains: "The transition from one generation to the next actually began about 10 years ago when our father, Neil, decided to step down as managing director of the group and Scott Cairns was appointed.

"Scott has been with the business since 1995 and he was the right person to take over at that time.

"As part of his objectives, he was asked to train Andrew and I up in all areas of the business in the hope that one day we would both be ready to take the step up."

Michael Donaldson will become chairman in July as he and brother Andrew, who became chief executive officer in April, mark the start of the sixth generation of Donaldson leadership. That's not a stage that many of their counterparts get to. So, with the STEP survey finding that fewer CEOs plan to be involved after handing over the reins, will the incoming Donaldson duo be given full control?

Open and honest conversations are the best routes through the thicket of variables that succession presents

Kate Cooper, The Institute of Leadership & Management (below)

"Our father will always be there as a sounding board but he will be fully stepping away from the business," says Andrew Donaldson.

"He believes that it is the right time to hand over to the next generation, often citing to us that 'every year you stay on is a year's experience you deny your successor' – something that is especially relevant in a family business."

With that said, however, the brand's ethos and moral compass, which was lived and breathed by their father and those before him, will remain at the heart of the 900-strong organisation.

Andrew Donaldson continues: "The business has always had some key rules that we don't break and this will remain the same – good governance, partnerships with our suppliers and customers, looking after our employees and always being honourable and trustworthy."

Fewer family firms are said to make it to even the third generation these days but the Donaldsons are bucking the trend. What is the secret to successful succession, then?

"The key here is to be scrupulously honest about your expectations as early on as possible," advises Kate Cooper, head of research, policy and standards at The Institute of Leadership & Management.

"It is vital to have succession plans in place on a rolling basis that are ironed out and at the ready for any eventuality.

"Those plans should reflect the nature and values of the business and how it should be operated, and come complete with all the job descriptions, role specifications and strategic plans that are deemed essential for the firm's survival.

"That way, if there's a match in the family line – not only in terms of skills but desire, too – then it will make obvious sense for one or more younger members to take on the relevant responsibilities."

It is a tough formula to crack, though, says Cooper: "Owners – who will always have a very personal attachment to their firms – will be very wary of where they choose to lay their trust.

"Also, owners often worry about

James Donaldson & Sons Ltd

what they will do when they step down. Family firms are renowned for being all-consuming draws on their leaders' energies and sense of purpose, and that is very difficult to relinquish. Old habits die hard.

"But in the end, open and honest conversations are the best routes through the thicket of variables that family succession presents. Difficult conversations are often the most effective way to forestall difficult situations."

Cooper highlights another succession plan, however – going external. She explains: "One option that is always open to the owners of a family firm is to sell it.

"That way, the business will continue its fine tradition and remain sustainable so there will be a legacy for the founders. The only difference is that it is no longer run by members of the family. Of course, it is a weighty decision so every conceivable option must be mapped out."

Ross and her team at KPMG are seeing a shift from just passing the business on to the next generation to families considering self-commitment, competence and an individual who will be the "best fit" as the main criteria for selecting the next CEO.

She adds: "Family businesses often attract people due to the strength of the values and culture and non-financial goals and aspirations – the social emotional wealth. With this in mind, there are more female leaders in family businesses than non-family businesses."

Regardless of gender, however, an external arrival does not mean the family cannot still be involved in key decisions.

Ross continues: "We are seeing more and more families appointing external CEOs to run the day-to-day business, with the next generation still wanting to be involved and sitting on a family board or council."

But how can that harmonious balance be reached? What are the key challenges of succession planning with a non-family leader?

Ross presents a few scenarios: "When that external person doesn't really understand fully what the purpose of the family business is, what the purpose of their role within the family business is and who is going to make what decisions.

"It is so important that this is firstly discussed, agreed and the relevant governance is put in place.

CEOs comment on the fact that they like the long-term nature of a family-owned business that is focussed on building a legacy

Jim Hinds, Russell Reynolds Associates (below)

Jean-Christophe Granier, J&D Wilkie

This governance may have existed informally over the years with an implicit, 'This is the way things are done around here.'

"But when changing the dynamics and no longer having the leader from the family, it is important that this is more formally agreed and documented.

"We have seen a number of occasions when non-family CEOs have joined the family business and really not understood the importance of the 'shared purpose' and the non-financial metrics on which they are being assessed, whether these are to 'be a good employer' or 'provide employment for the local community'.

"When bringing in an external leader, family businesses would also do well to check that they really understand what it is like to work in a family business."

Once they are in, though, there is great potential. A recent study by Russell Reynolds Associates on family-owned businesses in key European markets revealed that an external chair will typically stay in role for more than 14 years – significantly more than in public companies.

"CEOs comment on the fact that they like the long-term nature of a family-owned business that is focussed on building a legacy," explains Jim Hinds, managing director for Europe, the Middle East and Africa at the management consulting firm.

"Being the CEO of a family-owned business is an immense privilege and people know, when coming in, that they are there to take the business to the next stage and pass the mantle on."

Although CEO successions with an external leader can be more complicated, Hinds insists it is more often than not the right thing to do: "Businesses reach a point where the business needs a new set of experiences and capabilities to take it to the next stage," he explains.

"They might need someone who brings deep experience in driving international growth or a difficult turnaround. Often, the business has outgrown the incumbent CEO and the company needs someone to take it to the next level of size and complexity."

And the key to keeping that legacy going while maximising the incoming CEO's success? Risk management, says Hinds.

He explains: "This requires clear alignment from the family on what the most important priorities are for the incoming CEO. Agree what is the involvement of the family in the strategy and running of the business."

Hinds also advises ensuring appropriate structures are in place to support the business and an incoming CEO – a family council that represents the views of family assembly, for example.

In addition, a full assessment of the new leader is recommended, digging into personality, behaviours and attributes to give the company an idea of how they will perform under pressure, lead a team and drive performance.

For Jean-Christophe Granier, joint managing director at Angus-based family textile firm J&D Wilkie, this "assessment" happened quite naturally. It led him to leave a successful legal career in favour of a new opportunity and the existing leader at Wilkie, Hamish Rowan, to trust a 29-year-old lawyer to run his global business with him.

Jean-Christophe was familiar with the firm as Hamish is his brother-in-law. And, at the helm of the sixth generation of the family business, Hamish had been tasked with finding a team to take the company forward with him.

"Hamish and I had had many discussions over the years about how to do business and we had similar views and ambitions. Our skill sets are complementary and discussions progressed where we both took the leap of faith to work together at Wilkie," recounts Jean-Christophe.

And, despite dreams of being a lawyer for life dating back to Jean-Christophe's primary school years, a combination of factors – including his frustrations at the pace of business in law – meant he was extremely interested.

"The then owners of the Wilkie business were very brave and forward-thinking by putting in place group board succession when they were still actively running the business. This permitted a multi-year transition that was undoubtedly beneficial for all parties involved – but particularly for the Wilkie business, and our valued customers and suppliers."

"I have found one of the main benefits of working in a family business is the fact that there is no desire in the family to sell the business. I am a custodian of the Wilkie business.

"It is my responsibility to look after it, keep it healthy and grow it wherever possible. This approach permits me and the board to take medium to long-term decisions and not only have to focus on short-term performance."

The current group board members are all in their 30s and, unsurprisingly, have an overwhelming drive for innovation. This led to the development of the company's Advanced Textile Technology proposition – Wilkie's assumption of responsibility to deliver the needs and wants of its customer's customer.

"This is our mindset that drives the actions within our business. Wilkie always puts the customer first and we have built upon this foundation to become key strategic partners to our customers, working collectively to deliver the needs and wants of their customers," explains Jean-Christophe, who attributes his Transformational Leader accolade at the EY Entrepreneur of the Year Awards to this approach.

"It felt like the judges had understood Advanced Textile Technology and they were challenging myself and my team to maximise its potential. We're relishing this challenge." ■

One of the main benefits of working in a family business is the fact that there is no desire in the family to sell it

Jean-Christophe Granier, J&D Wilkie

IN FOCUS: Technology

Are family firms lagging behind when it comes to digital?

Boards of family businesses across Europe are said to be lacking in tech expertise, with just four per cent of chairs and directors boasting experience in digital or new technology, according to research from Russell Reynolds Associates.

Released in February, the findings suggest that a failure to embrace digital leadership could see the current 30 per cent of family businesses that make it into the third generation drop further – at a time when family-led organisations make up 60 per cent of European countries' businesses and at least 40 per cent of the jobs, according to the European Commission.

Commenting on the report, Stuart Duncan, a partner at Davidson Chalmers Stewart, said: "Family businesses, most of which are small enterprises, have probably assumed that they are able to continue using manual processes rather than utilising technology but this attitude will simply prevent the business from growing and meeting customer expectations.

"There really isn't any financial reason why family businesses shouldn't invest in technology, particularly given the existence of cloud technology, for example. Family businesses need to be encouraged to invest in technology to give them the same capabilities and firepower as larger enterprises."

Michael Donaldson, deputy chairman at James Donaldson & Sons Ltd, agrees: "If family businesses think of themselves as small and slow, that is how they will behave."

His firm has focussed on IT in recent years and benefited hugely from bringing in a business technology director from a PLC background. Now they can move faster and capitalise on opportunities that would have previously been out of reach.

Michael continues: "We can now integrate the businesses much more easily due to cloud-based software and a larger IT team. And, crucially at this moment in time, we can now offer staff remote working, which we couldn't do very efficiently before. This is something which has been of significant value since the onset of COVID-19."

BUILDING RESILIENCE FOR FAMILY BUSINESSES

Family-owned businesses, the backbone of the UK economy, are currently navigating a period of unprecedented challenge.

In the UK alone, the Institute for Family Business Research Foundation suggests in its 2018/19 The State of the Nation report, family-owned businesses account for 85% of all private sector firms, generate £1.7 trillion in revenue and collectively employ more than 13 million people.

The COVID-19 pandemic has impacted almost all sectors of the economy and businesses of all sizes: the oft-quoted collective term "all in this together". And yet it is the founding principles of a successful family business, often honed over generations, which will likely see this critical component of the UK economy emerge from this crisis and ready to meet demand, albeit with government-backed support undoubtedly required through the crucial recovery phase.

A great many family businesses are and remain successful over generations, operating across a variety of business sectors, often diversifying to adapt to changing needs and demands.

The key to their continued success lies in prudent planning, in cultivating trusted, long-term relationships with customers and suppliers, and in building a business that values employees and goes the extra mile for its customers.

In these unprecedented times, businesses of all sizes will have to be doubly resilient to mitigate the challenges ahead, and prudent planning will be essential in weathering an imposed period of economic inactivity.

Our message to clients is that, despite the knock-on effects from unforeseen events of such magnitude, the foundations of success remain unchanged.

When formulating their response to a rapidly evolving situation, family businesses should be sure to:

- have a robust business continuity plan in place, one that is understood by leaders of the business;
- demonstrate the strength of leadership required to provide reassurance as well as make difficult decisions thoughtfully and expeditiously in line with the core values of the business;
- work to collectively agreed business values;
- communicate regularly with employees, customers, lenders and suppliers: open, honest communication from the leadership team is key in any business, and builds trust, confidence and credibility; and
- explore and take advantage of the financial assistance on offer from the UK and Scottish governments.

Keir Willox

In times of crisis, family businesses can become a cauldron of emotions, with competing views on how to act a recipe for conflict. An effective way to navigate such tensions is to have a family-business constitution or family charter in place, agreed by and regularly reviewed by all interested parties: a collective agreement defining the values of the business, its collectively agreed business plan and a clear succession strategy.

Family businesses will be key to rebuilding growth and prosperity in a post COVID-19 world – navigating through these choppy waters, and accessing the support on offer, will be key to ensuring these businesses are in a position to capitalise when the dark cloud of the global pandemic lifts.

The strength in family businesses is knowing first-hand the importance of "all in this together".

Keir Willox is a Partner in Shepherd and Wedderburn's corporate team. For more information, contact Keir on 01224 343 542 or at keir.willox@shepwedd.com

SHEPHERD+ WEDDERBURN

TAKING THE LONG-HAUL JOURNEY TO AN EVEN STRONGER TOURISM SECTOR

Above: The tourism industry is a major employer in Edinburgh

By VICTORIA MASTERSON

TOURISM in Scotland will recover from the coronavirus crisis, industry leaders say. But it may look very different – and it will be a long haul.

The Scottish Tourism Alliance (STA), the largest member organisation for tourism businesses in Scotland, has led industry calls for support since the COVID-19 crisis started to unfold.

"We are in uncharted waters and I don't think the severity of the impact on the industry and the cost of damage is appreciated," says STA chief executive Marc Crothall.

"And it's right the way through the supply chain. If you're a hotel, for example, will your food and drink supplier, your laundry provider or the maintenance man who used to do all the odd jobs still be around?

"What about the vital organisations that help with recruitment and training? Or the coach companies and transport operators?

"There are so many different elements to the tourist's journey. "If some of them have not made it through this storm, we'll need clarity on how we replace the customer journey, or provide alternative solutions.

"And it will be challenging, because people's decisions to part with cash will be even more considered given the squeeze on their own household budgets."

People see travel as a right. I think we treasure our freedom of movement and people will adapt accordingly.

Chris Greenwood, VisitScotland (below)

The association welcomed the UK Government's pledge to cover 80 per cent of workers' salaries but feared this was already too late for some businesses.

As the outbreak took hold, the STA led lobbying for a raft of measures, including the scrapping of all business rates and local taxes for all travel and tourism businesses for 2020 and deferring all corporation tax, VAT, PAYE and other tax payments for 12 months.

On a positive note, the industry was working collaboratively across sectors in ways not seen before – a key vision of the Scotland Outlook 2030 strategy launched by the STA, VisitScotland and Scottish Enterprise in early March.

"Working together in partnership culture will be far, far stronger than it's ever been before," Crothall says.

"We are already working closely with the food and drink sector and looking to facilitate, for example, how some of the displaced hospitality workforce might be made available temporarily to fill a recruitment gap like picking soft fruit – rather than losing them from the industry altogether."

Based on previous experience of dealing with the impacts of foot and mouth disease, avian flu and SARS, national tourism agency VisitScotland reactivated its emergency planning process and recalled the Scottish Tourism Emergency Response Group.

This aims to deliver a co-ordinated response to COVID-19 and includes industry, government, enterprise agencies and the transport sector.

Chris Greenwood, senior insight manager at VisitScotland, has been tracking 20 years of market trends.

"Historically, travelling consumers have demonstrated a level of resilience either by adapting their behaviour or rebounding quite quickly," he says. "People see travel and tourism as a right rather than a privilege. I think we treasure our freedom of movement and people will adapt accordingly."

In 2002, after travel restrictions were lifted following 9/11 and the foot and mouth outbreak, UK attractions saw an eight per cent uplift in visitor numbers.

"Outdoor activities related to wildlife watching and agri-tourism saw significant double digit growth of about 40 to 50 per cent, because these had been off the cards during foot and mouth," Greenwood adds.

After the 2008 financial crisis, when incomes were squeezed, people adapted by holidaying at home rather than going abroad, giving birth to the "staycation" trend.

Brexit uncertainty also saw tourists defer foreign travel. But a surge of late bookings followed after Britain left the European Union at the end of January.

In the current crisis, Greenwood says flexibility and adaptability are key for businesses, and he has already seen this – for example, in distilleries converting production to hand gels.

"For me, small business resilience augers well for the sustainability of the industry," Greenwood says. "That's the message that's come from previous crises. It's that flexibility that builds resilience. That's not taking away from the fact that many businesses out there are really trying to come to terms with what's happening here and now."

At Marketing Edinburgh, the capital's official destination marketing organisation, head of business tourism Amanda Ferguson believes coronavirus may profoundly change the industry's policy direction.

"Tourism is an £11bn industry for Scotland and employs 34,000 people in Edinburgh," she says.

"I think the city is about to realise how widespread tourism, the visitor economy and the hospitality industry actually is. Aside from coronavirus, the debate in the wider sector has been about over-tourism – and that's being written into strategies covering the next 10 years.

"So it's not about growing tourism, it's about managing it. I would argue that this is a game-changer, that we need to re-evaluate the value of tourism and we need to be focussed on building the industry on the other side of coronavirus."

We anticipate a 2021 surge in domestic interest and zest for breaks in Britain, with the heart of Scotland featuring in many travel itineraries

Robbie Cairns, Heart 200 (below)

Ferguson says she had seen great examples of invention and selflessness.

These include an Edinburgh hotel offering free rooms and breakfast to key clinical and medical staff commuting from other locations to help fight COVID-19. Some freelancers, such as technical and audio-visual specialists, were also opting out of competitive tenders to give others a better chance of securing the work.

"We need people to be self-sacrificing and thinking of the wider community – and we're seeing more of that coming to the fore," she says.

Looking ahead, COP26 – the UN Climate Change Conference originally scheduled to take place in November 2020 in Glasgow and now postponed until 2021 – is a "phenomenal opportunity" for Scotland and the UK.

"It's going into Glasgow, but will be spread across both Glasgow and Edinburgh because of the sheer volume of bedrooms needed for delegates," Ferguson explains. "For us as an industry, I hope it will lead to further investment in sustainable tourism, which is a key pillar for tourism in Scotland and Edinburgh."

Before the event was postponed Ferguson says she was fielding inquiries from organisers trying to

source electric vehicles. "It's been an insight for me to see the number of electric vehicles that can already be privately hired as taxis," she says.

"I hope this will be the catalyst for increasing the number of charging points not just in Edinburgh but across Scotland. And I hope it will ensure hotels and venues who are already quite far ahead in their green credentials go that extra mile."

Scottish Canals runs the Caledonian, Crinan, Forth & Clyde, Monkland and Union Canals and manages destinations including The Falkirk Wheel, The Kelpies and Fort Augustus, a historic village on the Caledonian Canal at the most southern tip of Loch Ness.

"We're working on a three model basis," says Catherine Topley, Scottish Canals chief executive.

"One is that we will lose the whole season, which would be very unfortunate. But we are currently planning to maximise, if possible, the opportunity to undertake core maintenance and activity.

"Then there's the more likely potential scenario, where we're planning hopefully within three months to be coming out of the end of this and providing services to encourage people back into tourism and open spaces.

"We acknowledge that people will have gone through quite a difficult period emotionally and also financially. So we want to create an environment that's healthy to come back to and recognises the price point required."

Meantime, Scottish Canals is monitoring developments in other countries and keeping in regular contact with the Scottish Government. As public assets, the canals will remain open.

"The canals are a great place for people to go for a walk around," Topley says. "There are 148 miles of canals where you can go and enjoy the fresh air, as long as you're sensible and careful about social distancing."

Serviced apartment provider Lateral City is part of real estate development and investment business Chris Stewart Group, and owns The Edinburgh Grand, a five-star hotel residence in Edinburgh's St Andrew Square, and the Old Town Chambers off Edinburgh's Royal Mile, a five-star development of 50 serviced apartments.

Above: From Floors Castle near Kelso to the stunning peaks on the Isle of Skye, Scotland has plenty to offer tourists

Below: Professor Anna Leask says the crisis might reverse the previous skills shortages

Earlier this year, the business was also appointed by Royal Collection Trust – which manages the Queen's residences – to operate Abbey Strand Apartments, a new development of nine serviced apartments in the grounds of Holyrood Palace, the Queen's official residence in Scotland.

Grant McKenzie, operations director for Chris Stewart Group, says: "We have a beautiful product and will showcase our apartments in whatever way we can. There is resilience in the hospitality industry and we have been reacting at pace and robustly as new announcements are made to ensure that we can continue to offer people the option of a home from home.

"This is uncharted territory and so we have to think ahead and think creatively." In the year to March 2020, McKenzie says Lateral City's apartments showed significant year-on-year growth.

In October 2019, Hays Travel, the UK's largest independent travel agent, acquired the 555 high street branches of former tour operator Thomas Cook – saving more than 2,000 jobs. The deal included more than 50 stores in Scotland.

"Hays Travel saw the gap that the demise of Thomas Cook left for the travel industry in Scotland," says Tanya Cooper, regional sales manager for West Scotland at Hays Travel. "It was also undeniable that Thomas Cook left behind extremely knowledgeable and experienced staff with consistently high customer service levels."

As well as taking Scottish tourists abroad, the Sunderland-based business brings tourists into Scotland, mainly from elsewhere in the UK. "We offer theatre, hotel, hot tub and lodge breaks all across Scotland," Cooper explains. "Bus trips and weekend stays in Edinburgh are always popular around Christmas."

Like all businesses, Hays was having to take measures to lessen the impact of coronavirus on its company.

"At this stage, we are simply looking to cut non-essential expenditure," Cooper says. "Our primary concern is for our customers who have been affected while on holiday and we have redoubled our support systems so that we in are touch with those clients to assist them every day.

"While this is a difficult time in the short term, the travel industry as a whole is very resilient and has bounced back from other setbacks in the past."

Heart 200 is a new circular touring route covering 200 miles around Perth, Stirling, the Trossachs and Highland Perthshire. It was launched in 2019 to help reinvigorate tourism in the region, which has seen a drop in domestic visitor numbers since 2011 – particularly in Perthshire, where there has been a significant 17 per cent drop.

The new route is the brainchild of founder and managing director Robbie Cairns, who owns the four-star Fortingall Hotel near Aberfeldy and is originally from the Borders.

"Once the current situation has subsided, the tourism sector will need all the help it can get to get back on its feet again," Cairns says. "Heart 200 aims to be a vehicle for tourism businesses in the region to collectively come together and market themselves to the world as a unified force."

Cairns says the launch earlier this year of a new Heart 200 guidebook showcased the region as a "go-to" destination in Scotland.

"We anticipate a 2021 surge in domestic interest and zest for holidays and breaks in Britain, with the heart of Scotland featuring in many travel itineraries," he adds.

Roland Smyth, head of the Scottish hotels & leisure group at law firm CMS, says it is important to remember that Scotland's hospitality sector has lived through previous global crises.

He says: "Data from Savills shows that, although the 9/11 attacks impacted heavily on international travel, the full recovery window for international visitors to the UK was 16 months, while the full recovery window from the 2008 global financial crisis triggered by the collapse of Lehman Brothers was 69 months."

As part of the sector's recovery, it would be important for hospitality and tourism businesses to increase footfall in what have traditionally been quieter months.

"In the capital, one of the key challenges will be to fill the city's events calendar with new events to

Canals are great for people to walk along

We want to inspire and enliven human talents, unlocking commercial value for companies so that they can have a more positive environmental impact

Gib Bulloch, Craigberoch Business Decelerator (below)

The Falkirk Wheel has become a major attraction

help spread visitors across the year and mitigate the traditional summer and December peaks," he adds.

Scotland's fundamentals remain strong, Smyth says, including a strong culture of excellent customer service, historic cities and buildings, and experiential tourism opportunities, such as hillwalking, outdoor sports, distillery tours and castles.

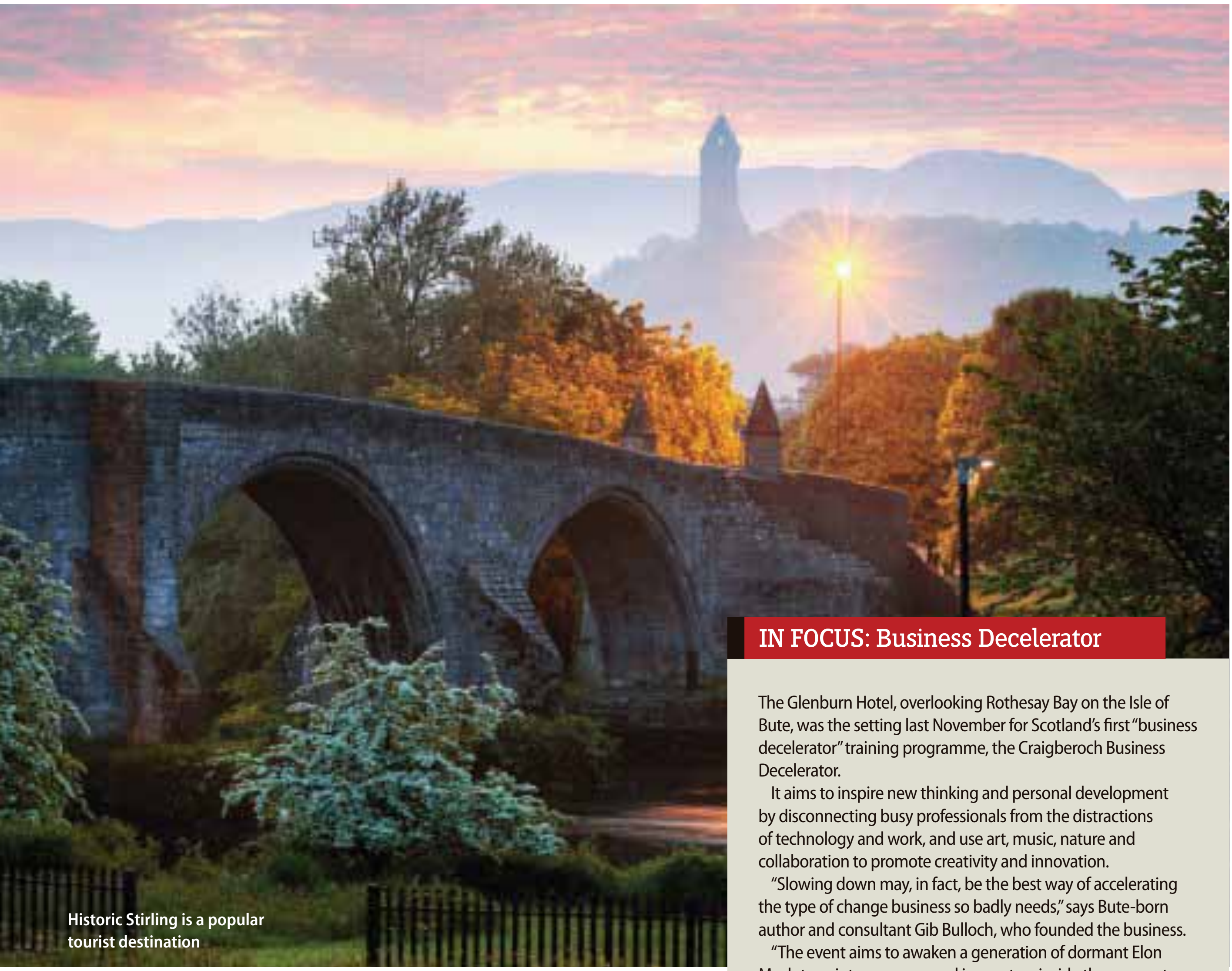
Anna Leask, professor of tourism management at Edinburgh Napier University Business School, suggests that the COVID-19 crisis might reverse the industry's previous skills shortage.

"We may now have the totally opposite situation, where we have a wealth of available talent to draw upon," she says.

"So tourism employers may need to move from a position of being creative in how they recruited and retained staff to now working out ways to simplify their recruitment processes to identify the best suited staff from a large labour pool.

"That said, many skills that form the basis of the Scottish tourism experience may well have been lost. For example, qualified and knowledgeable tour guides and visitor attraction interpreters who may have moved on, away or developed new careers."

Scotland's tourism industry was performing well before the



Historic Stirling is a popular tourist destination

coronavirus hit, with strong growth in the volume and value of both international and domestic visitors.

Rebuilding this might involve collaboration across particular locations or sectors, with VisitScotland's themed years potentially providing the vehicle for this.

"I imagine that tourism providers will need to work on communities to develop specific solutions for specific sectors and to gradually build these up," Leask says. "Campaigns like the themed years have been popular in providing an impetus for businesses across destinations to work together.

"For example, in the Year of Food and Drink (2015), we had The Real Mary King's Close in Edinburgh working with whisky merchant Royal Mile Whiskies and local chocolatiers to offer specialist tours that combined their individual expertise and products into one augmented product for visitors. The Year of Coasts and Waters 2020 this year hasn't really had a chance to get going, though events such as Write by the Sea over in Tighnabruaich on Argyll's Secret Coast managed to sneak in successfully before the lockdown.

"That was an excellent example of local businesses – hotels, restaurants, farms, coffee roasters and writers – all pulling together to offer a festival based on writing inspiration drawn from the local coasts and waters."

Looking ahead to a rescheduled COP26, Leask adds: "It's likely to provide Scotland with the opportunity to be at the leading edge of decision-making.

"While some commentators seem to think that climate change is losing out in light of the response to coronavirus, I imagine the data on how airlines and travel have been impacted will see key issues gaining potentially greater importance moving forward." ■

IN FOCUS: Business Decelerator

The Glenburn Hotel, overlooking Rothesay Bay on the Isle of Bute, was the setting last November for Scotland's first "business decelerator" training programme, the Craigberoch Business Decelerator.

It aims to inspire new thinking and personal development by disconnecting busy professionals from the distractions of technology and work, and use art, music, nature and collaboration to promote creativity and innovation.

"Slowing down may, in fact, be the best way of accelerating the type of change business so badly needs," says Bute-born author and consultant Gib Bulloch, who founded the business.

"The event aims to awaken a generation of dormant Elon Musk-type intrapreneurs and innovators inside the corporate world. We want to inspire and enliven human talents, unlocking commercial value for companies so that they can reinvent themselves to have a more positive social and environmental impact on the planet."

At the time of writing, Bulloch had postponed the first of three further deceleration labs planned for 2020, but was mulling over possible online classes as COVID-19 confined travellers to their homes.

"Deceleration does feel a little prophetic right now as the corporate hamster wheel is gradually grinding to a halt," says Bulloch, whose previous roles included setting up and running the not-for-profit arm of professional services firm Accenture. "There'll definitely be a lot of disruption and negative effects. But I'm also thinking a lot about the possible silver linings that will come out the other side of this.

"I've been discussing this with the trainers and there's an appetite – for example – for virtual improvisation, virtual art, virtual yoga. These would be teaser sessions to give people a taste of what to expect when we're able to be together again on Bute. It feels timely and important while people are going to be spending so much time at home in forced deceleration."

Craigberoch's trainers include Alexander Inchbald, an "extreme" artist and creativity mentor; leadership coach David Pearl, former Royal Marine and personal development entrepreneur Calum Morrison and Delphine Dèpy Carron, a qualified neuroscientist who coaches on business innovation.

LOCKDOWN COULD OPEN UP MANY POSITIVE POSSIBILITIES

By MICHAEL FEELEY

ONE WEEK before Jude McCorry took up her role as CEO of the Scottish Business Resilience Centre (SBRC), the global lockdown surrounding COVID-19 changed the world as we know it.

"All the plans for my first month in post – to be out and about, meeting with businesses and community partners – were scrapped. What's more, the whole outlook of the SBRC and our role within the business community had to pivot in response to this truly unprecedented situation," says McCorry.

"I took a call from Paul Atkinson, of Par Equity, asking what we could do together to help, so we have quickly established a cross-industry group to help people navigate this strange new world.

"We're not going to sit back and watch companies fail who could have survived if they had some sort of mentoring, practical advice or simply a confidence boost to keep going."

Created six years ago, the SBRC is a non-profit organisation that works in collaboration with Police Scotland, Scottish Fire and Rescue Service, the Scottish Government and the business community. In "normal" circumstances, the centre offers a wide range of services and advice covering all aspects of business resilience, from premises and insurance requirements to employee safety and cyber security.

Now, the SBRC, along with some of Scotland's most senior business leaders, is hosting a series of 60-minute webinars to answer the urgent questions being posed by Scottish businesses, with follow-up mentoring if required.

Many people are using online collaboration tools for the first time. If the pandemic had happened 30 years ago, we wouldn't have had the tech

Jude McCorry, SBRC (below)

McCorry says: "Early topics have included directors' duties and obligations, supply chain issues, additional lending considerations from a solvency perspective and the financial support measures available from Government and other sources.

"We'll continue to address issues such as organisational health, remote leadership skills, contract renegotiations, crisis communications, and the increased cyber security threats posed by the coronavirus outbreak.

"We've already seen a huge increase in reports of cyber-attacks, with the historical phishing scams being overtaken by COVID-19 ones. People are vulnerable during a state of flux and fraudsters are usually the first to exploit any new situation.

"But there will be positives that come from the lockdown, too. Many people are using online collaboration tools for the first time. If this pandemic had happened 30 years ago, we wouldn't have had the technology to communicate on a personal or business level."

The ultimate stress-test

What of the resilience of Scotland's broadband infrastructure itself? With more of us now working from home than at any time in history, can our telecommunications networks be expected to cope with such a fundamental shift in online behaviour?

Graeme Gordon, co-founder and CEO of Internet for Business (IFB), headquartered in Aberdeen, believes so: "It's important to remember that

Scotland is part of an international network. IFB, for example, operates a trans-North Sea fibre that gets us directly into mainland Europe. We've seen more traffic coming in and out of Scotland using that fibre than ever before.

"Almost overnight, the internet has proven itself as the default mechanism for business and social communication. With so many businesses and essential public services now relying on Cloud services, being connected is absolutely vital.

"Plus, we're all working and schooling from home, which is presenting another interesting challenge. Home broadband is usually about downloading content, but with so many of us working from home, we're all pushing more data out than ever, particularly in the form of video chats.

"Make no mistake, as little as five years ago, the domestic connectivity network couldn't have coped with this. That it is standing up so well is testament to the massive investments the major telcos such as BT and City-Fibre have made, working with companies like IFB on a regional basis, to upgrade these networks.

"With the 'nationalisation' of broadband back on the political agenda, I question whether a nationalised network would have benefited from the same levels of investment and innovation and whether it would have coped with this situation."

Gordon, a former chairman of tech industry body ScotlandIS, feels that the current crisis will be a springboard for innovations that will outlive the lockdown.

He says: "Beyond this, we'll start to ask whether we need everyone back working in the office or back in the classroom, five days a week.

"A new economy will develop around the increased acceptance of homeworking and the need for more formalised support for homeworkers, from helping them to create a dedicated workspace to ensuring the security of sensitive files being accessed at home.

"As a society, the cultural barriers to digital transformation – particularly around remote and homeworking – have been forcibly removed. How do we now leverage this to help address climate change, to support the vulnerable, to create smarter models of public transport and education?"

The kids are all right?

Ah, yes, education. If (like me) you are attempting to juggle the combined demands of homeworking and homeschooling, you'll recognise the massive lifeline the internet represents in terms of keeping your kids educated and entertained.

However, with traditional limits on "screen time" no longer realistic under lockdown conditions, managing our children's' relationship with online tech has become increasingly tricky.

Jess McBeath is an online harms consultant, specialising in digital citizenship, who has recently been delivering training programmes for Scottish teachers in association with the charity SWGfL, a partner in the UK Safer Internet Centre.

"Perspectives have changed rapidly," says McBeath. "Last year, the WHO defined 'Gaming Disorder' as a disease and addiction. This month, they're promoting online gaming as a way of safely playing without spreading COVID-19.

"Suddenly, live video chat apps, previously shunned for fear of grooming, are quickly adopted by families to help children connect with friends. And organisations are rolling out live chat to children irrespective of minimum age requirements.

"Maintaining friendships and playing online will be important to many children just now, but we mustn't underestimate the increased risk that children now face online as a result of the pandemic.

"We're braced for an uptick in online grooming, sexual abuse, exploitation and domestic violence involving tech abuse."

McBeath adds: "Parents are learning that the children they thought of as 'digital natives' can make a TikTok video but can't operate Word. Our kids don't know it all and they absolutely need our guidance and protection online. The key is for parents to balance safeguarding with empowerment.

"A starting point is to have fun, game and learn online together. Manage privacy settings and parental controls to reduce access to inappropriate content. Talking as a family about misinformation and scams you come across helps everyone hone their critical thinking skills.

"Consider where children use technology in the home – if one-to-one online chat with a younger child is required, how can you supervise it? Remember that parents can be groomed to enable access to their children. Just because someone seems helpful, doesn't mean their intentions are good." ■

The barriers to digital transformation have been forcibly removed. How do we leverage this to address climate change, transport and education?

Graeme Gordon, IFB (below)

ARMING SCOTS TO BE AT THE CUTTING EDGE OF SWISS BUSINESS LIFE

By PERRY GOURLEY

WITH A population of just more than 8.5 million, Switzerland may rank among Europe's smaller markets but, according to Scottish businessman Iain Martin, it is very much a gateway to the world.

"It's remarkable just how many major global companies have their headquarters in Switzerland. Zurich Insurance, Swiss Re, UBS, ABB, Roche, Novartis – the list goes on and on," points out Martin, who runs leadership advisory firm IJ Martin & Co Ltd from Zurich.

Martin has leveraged the global reach of some of those international businesses to secure long-term contracts in countries stretching from the Far East to Latin America.

He is now a key figure in a new drive that has begun to raise awareness among Scottish businesses of the opportunities across the wider region, including Austria and Lichtenstein.

Scottish Development International, which has two trade development staff based permanently in Berne, has recently established a Swiss Regional Advisory Board that initially aims to increase Scottish direct exports into the area by more than 10 per cent, from £890m to £1bn and beyond.

As part of the initiative, moves are also under way to increase the number of members of the GlobalScots network operating in the region by 50 per cent. Martin, who is chairing the newly established advisory board, believes the region is a natural trading partner for Scotland.

"Scotland and Switzerland have much in common, including a similar economic sector profile, with expertise in areas such as financial services, life sciences, electronics, tourism and renewable energy," says Martin, who has more than two decades of experience in working in Switzerland.

"We aim to capitalise on the many connections and initiatives that already exist as well as making new ones to ensure that both Scottish and Swiss companies make the most of the opportunities that each country offers."

As well as punching above its weight in terms of global corporate influence, Switzerland is an attractive market in its own right, boasting the second-highest gross domestic product per capita in the world, with neighbouring Austria not far behind at 14th.

Scotland and Switzerland have much in common, including a similar economic sector profile

Iain Martin, IJ Martin & Co Ltd (below)

In addition to hosting the headquarters of many of the world's best-known companies, Switzerland is also home to key international organisations, including the World Health Organisation and the International Labour Organisation, which have very significant budgets.

Above: A watch made by Glasgow-based anOrdain, which uses Swiss components

However, those considering trading with Switzerland or setting up a physical presence there need to be aware of a number of practical considerations that make it a market which needs to be carefully approached.

Switzerland is made up of 26 different cantons, varying in population size from just 16,000 up to the 1.5 million of Zurich, and all with their own unique identity, history, traditions and public holidays.

Despite its relatively small size, it also has four national languages

IN FOCUS: Switzerland

With almost 250 banks in Switzerland, the financial services industry is seen as a key sector for Scottish firms to look to tap into.

Swiss institutions are increasingly looking for outsourcing partners across areas including digitalisation and optimisation of business processes, IT security, personal finance management and data analytics.

Last year, businesses including Fife-based Renovite Technologies took part in a fintech trade mission to Vienna and Zurich to highlight strengths in the Scottish sector to banks, venture capitalists and other organisations.

Jim Tomaney, chief operating officer at Renovite, says the sheer scale of the number of financial institutions based in Austria and Switzerland makes it a market "any fintech would have a keen interest in".

Above: historic city center of Zurich with famous Fraumunster Church and swans on River Limmat

– German, French, Italian and Romansh.

Scottish public relations consultant Jamie Barclay, who last year moved to Lausanne, where he now works for academic publisher Frontiers, says that language issues are generally not a significant challenge given the number of international organisations and workers in the country and that English is widely spoken.

"However, it may be more of an issue when it comes to working out tax, mandatory health insurance, and other bureaucratic headaches," he says.

"Operational languages vary from canton to canton, so you might be filling out your taxes in French and dealing with a landlord in German on any given today. Second and third languages are business-as-usual for a good number of people in Switzerland."

For overseas companies looking to employ staff, Barclays says it is also important to be aware that work-life balance is a priority for the Swiss.

"Workers are, for example, encouraged to take a minimum of two consecutive weeks off during the year to avoid burnout and in many cases, workplace policies do not allow out of hours emails," he points out.

"The cost of living in Switzerland is also high compared to the UK but that is, of course, reflected in wage packets.

"While income tax might, in some cases, be marginally lower than in the UK, mandatory health insurance is fairly expensive."

Second and third languages are business-as-usual for a good number of people in Switzerland

Jamie Barclay, Frontiers (below)

Although Lewis Heath, founder of Glasgow-based watchmaking company anOrdain, now has strong relationships with his component suppliers in Switzerland, he says it has taken longer than he thought to get to that stage.

He says he initially found the specialist engineering firms there quite difficult to deal with. "It is the only country where I found it a struggle to get businesses to engage with you and actually sell to you," explains Heath.

"You have to persevere and put the time in to build the relationships but we now find them very good to work with and the quality of the components they supply is the best there is," says Heath, who has recently raised £60,000 in funding to source more materials from Switzerland to expand his range.

According to Iain Martin, firms from Scotland considering doing business in the region have a head start over those from many other European countries.

"The Swiss are very interested in Scottish culture – there are no fewer than 16 piping bands here and Scotch whisky is very popular.

"And, particularly in the German part of Switzerland, the Swiss and Scottish are also very similar people in terms of attitude and sense of humour and even the language sounds pretty alike. I often refer to Scotland as Switzerland-on-sea when I speak to business people out here," he says. ■

THE PROPERTY SECTOR IS TRYING TO PLAN AHEAD

By FRANCIS SHENNAN

AS THE 1987 pop song Star Trekkin said: "It's life, Jim, but not as we know it." But the deserted streets and closed bars during the coronavirus pandemic felt more like science fiction than Star Trek ever did.

The Scottish Government ordered a halt to all "non-essential" construction, effectively any work other than on hospitals or facilities that would contribute to fighting the pandemic. The UK Government allowed work to continue if sites could observe safe distancing rules.

Hence the stop-go effect on the £250m Sighthill Transformational Regeneration Area. Morgan Sindall had planned to open the site on 30 March but accepted client Glasgow City Council's advice to follow Scottish Government guidance.

Work resumed on 3 April with distancing rules in place but, four days later, the Scottish Government spelled out that essential work covered only facilities used directly in activities to fight COVID-19, projects to accommodate key workers or free space to help combat COVID-19, and maintaining essential public services or critical infrastructure. So the Sighthill work stopped again.

However, elsewhere, activities that could be adapted to remote working were continuing. One of the most important was planning, where the Scottish Government's chief planner, John McNairney, put in place measures to allow it to continue.

"We are encouraged by the quick response by the chief planner," says Alastair Wood, head of Savills' planning in Scotland. "Planning, by its very nature, looks forward and it is important that the system in Scotland keeps going so it can play an important part in moving the economy forward once the world returns to normal."

Savills' planning team in Scotland has been liaising with the chief planner and his team along with Homes for Scotland and the Scottish Property Federation on temporary procedures to maintain the system.

Above: The New Town North proposed development in Edinburgh
Below: Gary Louttit, Shepherd Chartered Surveyors

> **Now, more than ever, we are 100 per cent committed to progressing with our planning application this year**
>
> Ross McNulty, Ediston

McNairney and Scottish housing and planning minister Kevin Stewart MSP put details of the procedures in a joint letter. Planning applications will be determined through virtual meetings or widening delegated powers to include major planning applications.

The need to hold a public pre-application consultation event was temporarily suspended and replaced with online consultations. Application documents would not have to be put in public spaces like libraries for inspection but could be placed online instead. The need for public site notices and neighbour notifications may be paused until a work-around is found.

The Coronavirus (Scotland) Act of April allows planning permissions due to expire by 6 October and applications for the approval of conditions due to be made by 6 October to be automatically extended to 6 April, 2021.

Savills collated the procedures being followed by councils covering Scotland's main cities. All their planning teams were working remotely. All committee meetings were suspended except in the cases of Aberdeen and Perth & Kinross, which opted for virtual meetings.

One of the first online consultations to go ahead was for New Town North, one of the largest regeneration projects in Edinburgh for a generation. Developer Ediston launched www.newtownnorth.co.uk after the previously planned public event was cancelled.

The 5.9-acre site between Dundas Street and King George V Park was formerly the headquarters of the Royal Bank of Scotland, which developed the site in 1978 into offices and a data centre.

The project by property company Ediston on behalf of Orion Capital Managers would turn it into a development of new homes, build-to-rent apartments, office space, a hotel, shops, gym and health facilities.

After the online consultation, Ediston will submit a planning application later this year. “Now, more than ever, we are 100 per cent committed to progressing with our planning application this year,” says Ross McNulty, development director at Ediston.

“New Town North will provide a significant boost for the local area, which will have a positive impact on local businesses – who are in desperate need of some good news.”

Although it is the project’s first online consultation, it is the third for it so far. “We are aware that this is a complex and large brownfield site with important links to some of Edinburgh’s finest streets and green spaces,” he says. “We are ensuring we consult properly with local people to deliver a high-quality development.”

A report for Ediston from planning and engineering consultancy The Waterman Group says the operational phase of the development would create more than 700 full-time jobs and generate an annual Gross Value Added (GVA) uplift of £34.4m to the regional economy.

The construction phase alone would create a further £27.7m GVA at regional level, creating 60 full-time jobs. McNulty adds: “From our discussions with the local business community, we are aware of the impact that a large redundant site can have on the area, and the huge potential of creating a new attractive destination and focal point for it.”

On the same day the consultation was launched, the Santon Group announced its application for planning permission in principle to convert a vehicle repair workshop and car park in Main Street in Edinburgh’s Davidson’s Mains into a residential development.

Designed by Yeoman McAllister Architects, 36 two and three-bedroom flats would be in four separate blocks between two and three storeys high.

The Coronavirus Act also gives some respite to commercial tenants. “Commercial leases normally contain ‘irritancy clauses’ that allow landlords to terminate a lease by giving just 14 days’ written notice to tenants for non-payment or outstanding arrears of rent,” says Alison Newton, partner and head of the Glasgow office of Addleshaw Goddard.

“However, the new Act will extend this period from 14 days to 14 weeks.” She adds: “While this will give tenants an extended period of time to come up with any sums due and should offer some peace of mind to businesses struggling with cashflow due to COVID-19, it will present some uncertainty for landlords over the next six to 18 months.”

Robin Blacklock, chair of the Scottish Property Federation, says: “Leading members have already been supporting tenants to manage rental obligations as the economy adapts to the restrictions on population movements, and as residents and businesses struggle as a result with financial obligations.

“However, we must also recognise that landlords are businesses and employers that depend on cash-flow to stay in operation and maintain jobs. Many commercial property owners in Scotland will also have significant responsibilities to their investors, including pension funds.

“Landlords also need to be supported and should not be penalised with empty property rates charges for vacant premises that they cannot relet during this crisis.”

Shepherd Chartered Surveyors has called for rating appeals to be lodged and backdated. Gary Louttit, head of hospitality & leisure at Shepherd, says: “We think the effective date for these appeals should be March 4, when the Government first talked of ‘social distancing’. This resulted almost immediately in a significant downturn in trade for most bars, restaurants, cafes and hotels.”

He adds: “We would recommend that all commercial ratepayers give urgent consideration to instructing appeals to be submitted.”

Alan Gordon, senior partner in the Glasgow North office of DM Hall Chartered Surveyors, believes any recovery will hinge around timing.

“We have to recognise that the Government has implemented extraordinary financial support measures but, for some businesses, these inevitably involve taking on more debt,” he says. “If borrowing is necessary to pay overheads, the model is basically unviable for any length of time.”

He warns: “The leisure sector is unlikely to come back in the same shape and size as before the wrecking ball hit. It already underwent a major shakeout post-credit crunch and there probably was a bit of over-capacity in some areas, so a further thinning may be on the cards.”

Colliers International warns it is impossible to predict short-term commercial property transaction volumes due to the fast-moving nature of the COVID-19 crisis. Walter Boettcher, head of research and economics at Colliers, says: “The Q1 2020 data suggests UK investment held up relatively well although, by the quarter end, few new deals were in the making.

“The real test will be Q2: will sentiment shift rapidly when the virus trajectory turns? This is a key question. Given the weight of global capital and weak sterling, cross-border investors may not need too much encouragement – we hope.” ■

The real test will be Q2: will sentiment shift rapidly when the virus trajectory turns? This is a key question

Walter Boettcher, Colliers International

Main image: The New Town North proposal
Above: Alan Gordon, DM Hall Chartered Surveyors

MAINTENANCE IS ESSENTIAL DURING OFFICE LOCKDOWN

By FRANCIS SHENNAN

YOU CAN'T just lock the door and walk away. Even if all the staff are working from home, owners, landlords and tenants still need to maintain their buildings.

Full closure and shutdown are a long-term action that would make it difficult to get the building up and running again quickly when the crisis recedes, warns the Building Engineering Services Association (BESA). Parts of the building may also need to support staff working from home, such as server rooms.

"With companies sensibly shutting down their workplaces and allowing staff to work from home where possible, it's important that unoccupied commercial properties are properly 'mothballed' before the doors are locked," says Ian McCall, managing director of Glasgow-based Alba Facilities Services, which is a BESA member.

"It is critical that heating, air conditioning, water supplies, plumbing, drainage and electrics are properly shut down in order to minimise risks both while the building is unoccupied and also when the time comes to reactivate the building.

"Problems such as continued power consumption, water escapes and water stagnation and Legionella are just some of the issues that can easily happen in an unused building.

"It is important to maintain compliance even if the building has been mothballed. Emergency lighting testing, fire-fighting and detection systems, smoke extractor systems, security systems, fixed wire testing, water quality monitoring and gas safety inspections should still be maintained in line with regulations."

For longer periods, insurance companies will need to be told as they will want fire alarms and sprinklers maintained if the building is left empty.

If buildings are partially or fully occupied, lifts will need to continue operating and thorough examination will need to be carried out as normal. However, you may be able to reduce the lift maintenance if lift journeys are demonstrably reduced.

Heating systems could be put into summer mode and not necessarily drained down but an injection of chemicals could help to leave the system fully charged while stopping oxygen and "bugs" causing issues.

The industry standard for building maintenance is SFG20, created by BESA based on its members' engineering expertise. Its SFG30 standard includes a step-by-step process for maintaining critical services during low occupancy, ready for rapid reactivation.

It includes the Health & Safety Executive's rules for Legionella control, active and passive fire protection systems, and electrical and gas service safety. BESA is making SFG30 free to members for 12 months and half price to non-members.

It is important to maintain compliance and safety inspections even if the building has been mothballed

Ian McCall, Alba Facilities Services (below)

Heating, ventilation and air conditioning (HVAC) are "part of the solution and not part of the problem", according to Graeme Fox, head of the UK's F Gas register REFCOM. The European Federation of HVAC associations (REHVA) advised that humidification and air conditioning had no practical effect on transmission and says should be operated normally to support critical activities and maintain wellbeing.

BESA's legal and commercial director Debbie Petford has advised contractors to review their contracts so supply chains could work together to manage delays to projects.

Many contractors are now entering into deeds of suspension with their clients where both parties agree to suspend obligations and work out how to apportion risk. She says: "This is a really sensible approach. There is no one-size-fits-all remedy here."

For the essential buildings that are operating at higher levels than normal, BESA chief executive David Frise says building engineers and the maintenance they carry out is essential to keep schools, hospitals, care facilities and supermarkets open.

He adds: "These workers must be able to continue travelling to critical sites during the current lockdown period. They are carrying out crucial work." ■

Genuine value and adapting to change are key to real deals

DEALMAKING in future will need more imagination and dealmakers will need to produce clever combinations of companies to deliver real value.

Colin Welsh, a veteran dealmaker and now international partner of SCF, set out the challenges and opportunities for dealmaking in energy at Insider's Deals and Dealmakers Business Breakfast in early March.

He said: "This is a time for clever combinations of companies, deals that don't require much cash and really bigger and more cash-generative businesses with better debt capacity and the opportunity to squeeze out cost.

"If you can't sell a company for a good price, at least get it into a position where you can get it within the shareholding, that way people will stick with you."

He told the audience of nearly 200 in Aberdeen: "To the dealmakers and aspiring dealmakers in the room I say this: this is a time for real dealmaking.

"And I mean not just doing a sell-side mandate or a bank refinancing, but coming up with an original idea that creates real value." Welsh explained that it was a difficult climate for dealmaking.

Above from left: Host Rona McDougall, keynote speaker Colin Welsh and the listening audience

He said: "M&A isn't high on the radar for the big traders unless it involves technology that is truly game changing. So the good old days of Schlumberger paying $100m for a small technology company are gone, at least for now."

He continued: "Turning to private equity: in the specialist world of oil and gas private equity, a major change is taking place because PE managers are finding it virtually impossible to raise new capital because of poor performance, a lack of exits and ESG [environmental, social and governance] pressures.

This is a time for real dealmaking – coming up with an original idea that creates real value

"Investors in private equity funds often roll over the gains that they achieve from one fund and they put the money into the next fund. But if a fund can't monetise their existing investments, there's a reluctance to allocate more capital into more illiquid assets."

He pointed to investment houses that closed offices in Aberdeen and London and that were no longer investing in oilfield services.

"The bottom line is that the pool

business insider

of buyers is greatly diminished and, obviously, that's not good news for anyone that's wanting to sell.

"Currently, there is a backlog of oilfield services that were bought in the run-up to the downturn in 2013 and 2014 that are good, solid, profitable companies. But, because they were bought at high valuations and funded by high levels of debt and then the market deteriorated, they now have little or no equity value and way too much debt.

"Unless the private equity owners are prepared to walk away and the banks take a haircut, it's difficult to see a way forward for these companies."

Energy transition to low carbon will provide companies that are willing to diversify with opportunities for growth but businesses need to prepare now for the change.

Melanie Clark, assistant director of Dow Schofield Watts Corporate Finance, told the audience that her company's clients were mainly SMEs. She said: "We think it's really important that they start thinking now about what impact energy transition will have on their business and what they can do."

And she said this would provide opportunities, particularly for Aberdeen and the north-east of Scotland. "We already have the energy expertise in Aberdeen and the skilled workforce, R and D capabilities, infrastructure and the supply chain, so this makes this a very good place for the region to make a real difference in the transition towards carbon neutral."

She said: "At DSW, we are still very busy but we're finding it slightly harder to get away deals where the business is purely oil and gas. This is due to nervousness about the sector."

She said that renewables and other sources of energy generation were now more attractive to investors.

She said that specialist private equity houses were still investing but they could not do everything.

"More generalist private equity houses don't want to invest in oil and gas because they're not popular and a lot of them have had their fingers burned in the past."

Frank Fowlie, of law firm CMS, said that the market was seeing fundamental changes from the transition to different forms of energy, with exploration and technology companies having seen the biggest impact so far.

But he said he believed the reduction of investment in US shale should see badly needed capital diverting back to the North Sea.

CMS was also seeing large oilfield services companies moving towards smaller technology acquisitions.

Sheila McIntyre, a senior director of structured finance at Clydesdale Bank, said: "Even at this time last year, few people would have predicted how much the drive to cleaner energy has moved up the agenda.

"Our region is already involved in developing new energy technologies and it is well positioned to be at the forefront of this transition through a range of built and natural assets.

"We enjoy a world-leading capability in subsea engineering and the world's largest floating offshore windfarms are off our coast." ■

We're well positioned to be at the forefront of this transition through a range of built and natural assets

Above from left: Colin Welsh, Melanie Clark, Rona McDougall, Sheila McIntyre, Frank Fowlie and Ken Symon

Business Insider Made in Scotland Awards in partnership with the Advanced Forming Research Centre

SnapDragon Rachel's ready to share her winning ways

RACHEL Jones, who turned her efforts to track pirates counterfeiting her products into an award-winning standalone business, is to be the keynote speaker at the Insider Made In Scotland Awards.

The founder of SnapDragon will outline how she fought the fakes in China targeting her earlier Totseat business.

Jones turned the frustration with the counterfeiters into an opportunity and a growing tech company that is helping more and more SMEs in fighting the fakes targeting them. As she said: "It took a long time but we were very tenacious about it."

And she wanted to turn that experience along with the use of specially designed software to become a powerful tool to help other businesses fight their own fakes. The success of the software in the business led to SnapDragon being awarded the Innovator of the Year at the Made In Scotland Awards 2019.

Jones said: "We were thrilled when SnapDragon won a Made in Scotland Award last year for our innovative software designed to fight fakes online.

"It's been a long haul, inspired by the very personal experiences of having to fight counterfeits of my own product. To now have clients around the world using it to keep their own customers and brands safe is fabulous.

"I'm delighted to be part of the Made in Scotland Awards, where we can celebrate the very best of our ingenuity, creativity and soul. And aren't we going to need it after these current weeks!"

Jones will outline the path that she has taken to create the business, which has continued to win accolades over the past few months.

In April, it was announced that SnapDragon would be one of three Scottish businesses joining just 22 across the UK on the Tech Nation Cyber 2.0 cohort, meaning they will take part in a programme designed to unlock the greater potential of early stage tech scale-ups such as SnapDragon and help them on to further growth.

Then later in the month, SnapDragon won the Queen's Award for Export, giving even wider recognition to the company and its contributions to sales overseas.

Below: Rachel Jones, SnapDragon

The Made In Scotland Awards 2020 has been moved from its original date in May to the new date of Tuesday, 6 October, at the Glasgow Science Centre. Nominations for the 10 awards close on Wednesday, 17 June.

In addition to the Innovator of the Year Award, the other categories are the Best New Product, Engineering Company of the Year, Food and Drink Company of the Year, Exporter of the Year, Inventor of the Year, Life Sciences Company of the Year, Manufacturer of the Year, Young Innovator of the Year and the overall Made In Scotland Award, which is selected by our independent judging panel from one of the other category winners.

There is also an exhibition at the event which gives innovative companies in Scotland the chance to showcase their products. ■

I'm delighted to be part of the awards, where we can celebrate the very best of our ingenuity

Further information on the awards can be found at www.insidermadeinscotland.co.uk. To discuss sponsorship, contact Lisa Lynas 07950 847 133 or email lisa.lynas@reachplc.com

WOMEN'S ENTERPRISE SCOTLAND AWARDS

Time to nominate outstanding women in Scottish business

FEMALE entrepreneurs, chief executives, managing directors and board directors who are making an outstanding contribution will be celebrated in the Women's Enterprise Scotland Awards.

Run by Business Insider for the second year in partnership with Women's Enterprise Scotland, the event will be held this year on 1 October.

You have until Sunday, June 7, to self-nominate or put someone else forward by filling in the form from the awards website – www.womensenterprisescotlandawards.co.uk. It's free to enter.

The entries will be collated and checked by our research partner, the University of Glasgow's Adam Smith Business School. A shortlisting is carried out and then those entries that are picked will be interviewed by members of our independent judging panel.

Those interviews will take place on Tuesday, 18 August – please ensure that you, if you self-nominate, or the person you nominate is available for interview on that day.

There are 10 categories in this year's event, with a breadth of awards aiming to capture the rich variety of women's contribution to the business, economic and entrepreneurial life of Scotland.

They include Start-Up of the Year for a business that is three years old or less and Emerging Business Leader of the Year for a woman just beginning to make their mark in the world of enterprise.

The awards seek to reflect the whole of Scotland, so Best Rural-Based Business is a category that helps to achieve that. The Growth Business of the Year category focusses on expansion and financial performance.

The Innovator of the Year Award, sponsored by Govgrant, marks the development and implementation of new ideas in a women-led business. The spread of the awards is also exemplified by the Best Social Enterprise category, which celebrates this increasingly important area.

The Invested Business category marks the women-led companies in Scotland attracting wider investment. The Board Member of the Year category will recognise the outstanding contribution of a woman on a board of directors or a board of trustees.

The Business Leader 2020 award will go to the person who has done most to enhance the landscape for women-led businesses. The Business of the Year award will be won by a female-led business that is more than three years old and has up to 250 employees and up to £12m turnover.

By shining a spotlight on Scotland's pioneering businesswomen, we create inspirational role models

Above: Carolyn Currie, Women's Enterprise Scotland

Carolyn Currie, chief executive of Women's Enterprise Scotland, said: "Women-owned businesses contribute £8.8bn GVA to the Scottish economy and account for more than 230,000 jobs. The contribution of these businesses to all aspects of our lives is already considerable, but there is scope to do so much more.

"That's why the Women's Enterprise Scotland Awards are so important. By shining a spotlight on Scotland's pioneering businesswomen, we create the visible role models which show other women and girls what is possible and create a source of inspiration.

"It's an privilege to celebrate the best of Scotland's women-led businesses, but we need to hear from you so that we can showcase the remarkable women who are growing businesses, creating jobs and supporting communities every day across Scotland."

For further information, visit www.womensenterprisescotlandawards.co.uk. To discuss sponsorship, contact Lisa Lynas 07950 847 133 or email lisa.lynas@reachplc.com insider DEALS:DEALMAKERS AWARDS 2020

A chance to honour the best deals and dealmakers

THE CORONAVIRUS pandemic has cut across much business activity but some deals are still being done. Indeed, the very changed circumstances caused by the outbreak will create opportunities for businesses to divest, acquire or combine.

As I write, Beeks Financial Cloud, the Glasgow-based specialist cloud computing business, has just announced a deal to buy London-based Velocimetrics for £1.3m.

Deals completed in the financial year to 31 March 2020 are eligible to enter into this year's Insider Deals and Dealmakers Awards.

Entrants are asked to register their initial interest online and they will then be asked to complete a questionnaire setting out the detail of the deals or dealmakers nominated and their contribution to them.

People have to fill in a quick form to register their interest, which needs to be done by 15 May. Then, within a couple of working days, a questionnaire will be provided that must be completed and returned by Wednesday, 20 May. The plan is for those who make the shortlist to be interviewed by the judges on 23 June.

Despite the difficulties caused by the pandemic, we shall still celebrate the best of the deals and dealmaking done in the 12 months in question. This year, there will also be a special category of award – that of Deal or Dealmaker of the Decade.

What is the deal over that whole period, in your view, that was most notable and delivered most value? Or who was the dealmaker that made such a contribution via one mega transaction or a range of deals?

Looking to this past year, the Scottish-headquartered company that delivered the most innovative or ambitious acquisition or deal strategy will be honoured in the Acquisitive Company of the Year category. Individual transactions will be focussed on in the Sale of the Year, Transformational Deal of the Year and SME Deal of the Year categories.

Above: The judging panel at the 2019 Deals and Dealmakers Awards

This year there will also be a special category of award – that of Deal or Dealmaker of the Decade

The Early Stage Deal of the Year category will recognise investment capital, the level and quality of the syndication, the scale of the market opportunity and the potential return. Notable individual contributions will be highlighted in the Emerging Dealmaker of the Year and Legal Advisor of the Year awards, while it is a group of people that will be lauded in the Corporate Finance Team of the Year category.

In an award that is aimed at recognising the funding community, the Funder of the Year category will go to those who have provided debt, equity or a source of alternative finance and have gone above and beyond in supporting the management teams of Scottish companies involved in deals.

The independent judging panel will deliberate on all of the category winners and pick one to be Deal of the Year 2020.

The award category winners and the overall winner will be announced at the Insider Deals and Dealmakers Awards scheduled for the evening of Thursday, 10 September, at the Doubletree by Hilton Glasgow Central Hotel in Cambridge Street, Glasgow. ■

For more information, visit www.dealsanddealmakers.co.uk. To discuss sponsorship, contact Lisa Lynas 07950 847 133 or email lisa.lynas@reachplc.com

Investing in quality businesses is best way to safeguard wealth

THE WORLD and his dog have been queueing up to tell us we're in for the worst downturn since the Great Depression. Kristalina Georgieva, managing director of the International Monetary Fund, added that there would be only a partial recovery next year.

The World Trade Organisation said a 13 per cent drop in world trade this year was the most optimistic scenario, worse than the 2008-09 financial crash. But it could fall 32 per cent, similar to the fall between 1929 and 1932.

A United Nations study said more than 80 per cent of the world's 3.3 billion workers had been fully or partially laid off. Britain's Office of Budget Responsibility warned that real GDP would fall by 35 per cent in Q2.

Ray Dalio, founder of Bridgewater Associates, the world's largest hedge fund, said: "This is not a recession, this is a breakdown. You're seeing the same thing that happened in the 1930s."

The big question is whether it will again take a decade to recover this time. The OBR believes GDP will bounce back quickly but unemployment, which will reach 10 per cent at more than two million in Q2, will fall more slowly.

In contrast, the Organisation for Economic Co-operation and Development (OECD) warned the global economy would take years to recover.

What already distinguishes 2020 from the 1930s is speed: this downturn hit in less than three months rather than three years. Only three other times since the 1970s have global stock markets fallen more than 10 per cent in five days: 1987, 2008 and the 2011 eurozone crisis.

Professor Tim Duy, senior director of the Oregon Economic Forum and author of the Fed Watch blog, says in an opinion piece for Bloomberg that the recovery will not be like flipping a light switch on, but more like turning up a dimmer switch, perhaps quickly at first but then slowly.

The bounce-back will not be a full recovery because of the damage to the economy in terms of companies going bankrupt. And some areas of the economy may be unable to recover fully until there is a vaccine: such as leisure and hospitality, including conferences and sporting events.

So where can you shelter your investments? Equity analysts at Morgan Stanley examined stock market performance after the recessions that ended in 1991, 2001, and 2009 in a note to clients. Their conclusion is to look for quality companies with strong balance sheets.

This is not a recession, this is a breakdown. You're seeing the same thing that happened in the 1930s

Defensive shares, such as food, beverage and tobacco, healthcare equipment, and biotech, do well in the early stages of a recession. As we go into the recession, utilities, staple consumer food and goods, and healthcare will tend perform better than most of the market.

As the recession passes the bottom of the trough, financials including banks and insurance, healthcare, household and personal products, and tech in the form of semiconductors tend to be the best gainers in price. Accurately timing the market is the elusive holy grail of investing, but holding quality tends to pay. ■

IN FOCUS

Entertainment, tech and comms firms are a good bet

THE LAST edition's In Focus highlighted the share-price volatility of companies pursuing a vaccine for COVID-19. However, one investment clue for today from the 1930s Great Depression has to do with radios.

For radio manufacturers did well in the 1930s as people relied on them for entertainment. Their 2020 equivalents are the tech companies who provide a similar proportion of our entertainment, such as Netflix, Google, Facebook and Amazon.

Add to entertainment the communications that link their users to other services and to each other and these companies stand to make more than anyone did in radio. They also meet two of the criteria of Morgan Stanley's equity analysts (see above) in that they are quality companies with strong balance sheets, including cash reserves.

Funds investing in UK stocks fell 20 per cent between mid-February and early April, in global stocks by about 10 per cent, but technology and telecoms funds fell only an average of 6.8 per cent.

Self-isolation and working from home have increased demand. In the US, Amazon is hiring 100,000 workers and in the UK has introduced compulsory overtime at warehouses. Other tech companies benefit from selling subscription services, producing reliable, regular income.

Q&A

CRAIG HENRY Johnston Carmichael Wealth

Most people agree that these are unprecedented times. What does that mean for investments?
It's fair to say that the past couple of months have been defined by uncertainty and there's no doubt that a lot of people are facing an extremely difficult time just now. That said, it is not the time to panic.

With some adjustments, it is not necessary, or advisable, to make wholesale changes to your investment approach. The most important advice when it comes to long-term investments in challenging times is to seek advice early.

The vast majority of people who invest do so to help look after their long-term future. This is absolutely key. By planning your investments to last for years and decades, rather than weeks and months, you avoid the risks involved in trying to time the highs and lows.

Does that still apply to times such as these?
Even a crisis of this magnitude will be evened out over the long term. It's important to remember its "time in the market, not timing the market". Although the circumstances are clearly very different, we do have a relevant and relatively recent precedent that can offer some support to those losing confidence in their portfolio.

The financial crash of 2008 saw widespread concern and even outright panic. However, those who didn't take knee-jerk action are now looking back on it as a relative blip. Their investments have long since recovered, and that is the point when it comes to long-term investments.

You don't put your money in these schemes for short-term gain. That's why it is so important for people to remember why they are investing in the first place and see the big picture.

Not everybody has the luxury of holding on for a recovery and many people will need access to the investments in the much shorter term. What about them?
Of course, not everyone is in the position to be looking entirely at the long term. For those who are already in the older, post-retirement demographic, there could well be a concern around day-to-day income.

For those who fall into this bracket but still have some of their money invested, there are three key principles to remember. Firstly, the basics: there must be enough guaranteed income to meet the outgoings. This is non-negotiable and should absolutely be the first priority.

Secondly, it's important that there is a cash pot, ideally enough to cover that minimum income requirement for around two years, in order to account for periods of prolonged crisis or emergency.

Thirdly, if the first and second points are accounted for then there is scope to look at maximising flexibility.

For example, if investments do fall then it could become advisable to turn off any income flow from the investments until they recover, and vice versa – if the investments are doing particularly well, income flow from cash reserves can be saved.

What is the one principle you would tell investors to hold to?
It is vital to remember the fundamental rule – only invest what you can afford to lose. Covering those basic outgoings has to be the first priority.

Despite the uncertainty just now, there are also opportunities for new and existing investors alike.

That's why it is more important than ever that people seek proper advice. Losses can be offset against other allowances such as capital gains and it could be the perfect time for new investors to make their first moves into the market. ■

Craig Hendry is managing director of Johnston Carmichael Wealth.

People on the move in Scotland's business community

NEW POSTS

Russell Eadie has joined the team at **Navigator Employment Law.** Eadie is an experienced employment lawyer, having spent more than 20 years working in this area, almost exclusively for employers or senior executives. **Gareth McKnight,** MD of Navigator, said: "In such very challenging times, our clients expect robust counsel from experienced lawyers and so we are absolutely delighted to welcome Russell to the team and our wider client group."

Three new partners have taken up their roles at **EQ Accountants.** The promotions will take the total number of partners at the Forfar-headquartered accountancy firm to 17. The three – **Rachel Bell, Scott Greig** and **Robert Young** – had been crucial to the firm's success since joining EQ as trainees.

Paul Atkinson, the founder of **Par Equity,** has taken over the chairmanship of **Converge,** the company creation programme for Scottish university students, graduates and staff. Atkinson, who is a visiting professor at Edinburgh's Napier University, has been on Converge's board since 2016. He took over from corporate lawyer Sandy Finlayson.

Dundee and Angus College has appointed a new principal. Current vice-principal curriculum and attainment **Simon Hewitt** will step up to the role in August. He will replace Grant Ritchie, who retires in the summer having spent five years in the post.

Alderson takes the helm at college

INDEPENDENT school Glenalmond College has appointed a new warden.

Dr Michael Alderson has taken over the leadership of the Perthshire school from Hugh Ouston, who stepped down this month after a 15-month interim role in the post.

Alderson, who was most recently deputy head at Durham School, began teaching in 2000 after reading modern languages at the University of Durham and completing a Postgraduate Certificate in Education at Homerton College, Cambridge.

He also has a Master's degree in historical narratives and a doctorate from Durham University in Church History of the Reformation.

"I am delighted to have taken over the role of warden of Glenalmond formally this week, following a valuable transition period working alongside my predecessor, Hugh Ouston," said Dr Alderson, who has moved to Glenalmond with wife Emma.

He added: "Our pupils and staff have admirably risen to the challenges of recent weeks. I have been particularly impressed by the commitment and positive attitude shown in preparation for next term."

College council chairman Niall Booker said: "Michael joins us at a very challenging time for everyone and his laser-like focus, calm demeanour and analytical approach will ensure our pupils continue to get the best possible Glenalmond education."

Clayton 'set to move Biogelx onwards'

SCOTTISH biomaterials business Biogelx has appointed a new chief executive officer. Alison Clayton joins the company to succeed Mitch Scanlan, who has recently retired.

She joins after more than 25 years in the contract testing industry, having worked for companies such as Eurofins, Qunitiles and Aptuit.

Clayton has a degree and PhD in pharmacology from the University of Glasgow and a background in academic research.

Biogelx chairman John Waddell said: "We are absolutely delighted to have Alison come on board here at Biogelx – her commercial experience and academic background will help move the company to the next phase of its evolution."

Clayton said: "I am excited to join Biogelx when the applications for the products in 3D Bioprinting and also 3D Cell Culture are growing."

Life science industry expert Margaret Temple has joined the board as a non-executive director.

O'Shea secures Centrica chief executive job

CHRIS O'Shea, acting chief executive at Scottish Gas owner Centrica, has been confirmed full time in the role.

The ICAS member and University of Glasgow accountancy graduate and took over the post previously held by Iain Conn.

O'Shea, who has been with the business since November 2018, was previously group finance director..

Recently appointed chairman Scott Wheway said: "I have completed a review of both the internal and external candidates for this role and have come to the conclusion that Chris is comprehensively the best candidate for Centrica.

"The board is confident that he is the right leader to navigate Centrica through and beyond the present COVID-19 crisis, focussing on the welfare of our colleagues and customers, the financial resilience of the company and the agility to move quickly when we emerge from these unprecedented circumstances."

O'Shea will be paid £775,000 per year before bonuses and other additions. Conn received a base salary of £953,000 last year.

The new boss has also agreed to take a £100,000 pay cut while the business deals with the coronavirus outbreak. Centrica is now looking for a new chief financial officer.

British Gas has seen its market share drop in recent years. But O'Shea said: "It is a huge honour to be appointed to lead Centrica. The company has a long history of serving customers, strong market positions and over recent years has built the capabilities to help our customers transition to a low carbon future."

The latest news from HR, recruitment, employment law and staff issues by **Ken Symon**

Looking forward to holidays

THE CORONAVIRUS pandemic will have many implications for the workplace, including those that will go on for some time after lockdown.

One of the longer lasting ones will be on employees' holiday entitlements.

The Working Time Regulations that cover such things have been amended to allow workers to carry over four weeks of their 5.6 weeks' statutory holiday entitlement into the next two years.

This applies if it is not "reasonably practicable" for them take holidays now because of "the effects of coronavirus".

Katie Spearman, a lawyer in the employment law team at legal firm Brodies, says: "This will hopefully help alleviate the pressure on businesses facing the prospect of large numbers of workers requesting to use their statutory holiday entitlement towards the end of the leave year, once they have returned to the workplace. Although, the amendments do not appear to give employers the right to insist on carry-over."

The amendment to the regulations waives the normal rules that an employee must take at least four of the statutory weeks in a calendar or holiday year.

The effects of this change in practice will depend on what "reasonably practicable" means. The arbitration service ACAS has provided examples of where this might apply.

These were, firstly, in the case where a worker was self-isolating or in the instance that he or she was too sick to take a holiday before the end of the year.

The second example is where a worker had to continue working on through and could not take a paid holiday – perhaps in the case where some employees are required to work while other team members have been furloughed.

Spearman at Brodies says: "Where the worker's reason for not taking their holiday is unrelated to coronavirus then the new carry-over rules wouldn't apply and the worker would need to use four weeks of their statutory holiday in the year it was due, as normal."

Another effect of this is that if someone's employment is terminated then they will be due pay in lieu of accrued and untaken statutory holidays, including the holidays carried over under the amendment to the Working Time Regulations.

Spearman adds: "The amendments also state that an employer must have a 'good reason for' not allowing a worker to take this carried over leave on particular days.

"Normally, the Working Time Regulations allow employers to prevent workers from taking leave by giving notice of at least as many days as the leave that is being refused. What constitutes a 'good reason' is not defined."

One question that is not clear is whether an employee can take annual leave while on furlough (although it is unclear why they would want to if they cannot travel).

The latest Government guidance is silent on this issue but as Spearman at Brodies points out: "However, the latest guidance from ACAS indicates that employees can take annual leave whilst on furlough. This was a change from previous ACAS guidance but it indicates that leave can be taken." ■

COMMENT

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Annual Leave During Coronavirus

Despite lots of guidance from the Government, a glaring omission remains that is causing problems for employers across the country.

Lots of us are likely to have existing holiday plans cancelled but all employees (furloughed or working) accrue holidays and the issue facing employers is how to avoid a stockpile later in the holiday year.

For employees working and providing important services to fight to the virus, details have been announced by the Government allowing leave to be carried over for the next two holiday years after the end of the current one.

An underlying concern remains about their welfare – holiday leave is to ensure employees get a break and recharge the batteries and allowing carry over is at odds with that.

Of more pressing concern is dealing with employees on furlough leave. Employers already have the right (Regulation 15 WTR) to tell employees to take holidays (subject to giving appropriate notice). Can they do that during furlough leave? As yet, no official guidance has been issued.

What we have is a tweet from HMRC suggesting that employees can take holidays while on furlough leave and this will not interrupt or cancel furlough leave or impact on a grant application. Assuming that is correct, it would help to be formalised immediately.

Another employers' issue is what should employees on holiday during furlough leave get paid? Should it be 80 per cent (their "normal pay" during furlough leave) or 100 per cent (holidays are accrued over a whole year of normal pay)?

Being paid for holidays in full seems fair and something employees have earned. Again, it appears that the answer is 100 per cent but clarification would help. If the answer is 100 per cent, it would certainly help employees cope with being on holiday during furlough leave knowing they would get 100 per cent during the holiday period rather than their 80 per cent furlough pay.

If you have any questions on the above article, please contact 0333 2400 308 or enquiries@navigatorlaw.co.uk

SLAINTE!

Insider's regular events picture pages

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HIGHLAND SINGLE MALT
SCOTCH WHISKY

To survive the lockdown the team at Edinburgh PR firm Clark Communications have had themed online calls – this one is on a hat theme. Top left to right: Lisa Donnelly, Rachel Russell and, inset small, Lesley Brydon, Natasha Mahoney. Bottom left to right: Kirsten Paul, Angela Hughes

Above left: Gregor and Scarlett Hollerin, life and business partners, were planning a major April launch for their new marketing business Story Shop. They ended up on the day having a coffee in their kitchen

Left: The AccelerateHER Awards, organised by all-female business angel group Investing Women, held their judging sessions virtually. Top and bottom left: event organisers Alison Jones, Elizabeth Pirie . Top and bottom centre: judges Kirsty Ramsey, of CGI, and Ben Davey, of Barclays Ventures. Top and bottom right: judges Rhona Campbell, of Investing Women, and Kate Ho, of Skyscanner.

Above: St Andrews Business Club celebrated its 70th birthday with a dinner-dance at the Old Course Hotel for members past and present. Pictured are seven of the club's 63 presidents past and present (from left): Frank Quinault (2007-8), Bruce Alexander (1985-6), Ewen Sparks (1999-2000), Caroline Rochford (2019-20), Alan S Morrison (2018-19), Ronnie Murphy (1991-2) and Stephen Westwood (2010-12).

Right and Below: The Scottish Thistle Awards celebrated the best in Scottish hospitality – before the lockdown. Glenegedale House, on Islay, won Most Hospitable B&B/ Guest House. Pictured left to right: Presenter Craig Hill, Abbey Group finance director Darren Byrne, Emma and Graeme Clark, from Glenegedale House, and presenter Jennifer Reoch.

At the same event, the Silver Thistle was awarded to Brigadier David Allfrey, outgoing chief executive of the Royal Edinburgh Military Tatoo. Pictured left to right: Presenter Craig Hill, Johnstons of Elgin managing director for retail George McNeil, Brigadier David Allfrey, VisitScotland chairman John Thurso and presenter Jennifer Reoch.

THE TEN MINUTE INTERVIEW

Peter Sydserff

Peter Sydserff is product director of House of Hearing in Edinburgh. He qualified as a hearing aid audiologist in 1996. He's been a council member of the British Society of Hearing Aid Audiologists for 10 years and served as vice-president, president and now past president. He was a product manager for a worldwide brand of hearing aids based in Denmark for 15 years. His specialisms in the hearing aid sector are advances in wireless connectivity and rechargeable devices.

What five words would friends/colleagues use to describe you?
Busy, noisy, inquisitive, annoying and friendly.

If you could choose anyone, who would be your fantasy board members and why?
I would really love to see how someone with a track record of sporting success would get on in the board room. I suspect that many of them have, but that's not what they are known for. Alex Ferguson would be the obvious choice for me, here. A few years ago, I spent some time with a chap called Niels Jacobsen. He has been at the top of some of the most high-profile companies in Denmark and it is clear how he got there. I can learn a lot from people like that.

If you could choose anyone, who would be your fantasy dinner party guests and why?
Iggy Pop because I could listen to his stories and voice for hours. Doddie Weir because we are a similar age but with very different rugby careers! The rest would have to be politicians because the whole political situation right now is fascinating.

What is your favourite way to unwind?
Music, golf or preferably both.

What is the best advice you've ever been given or what advice would you give to the next generation of business leaders?
There is no such thing as cheap advice.

If you were in charge of Scotland, what would you change and why?
Scotland is too small for so much division. We should respect our differences but not burn so much energy on it that we don't have time to reach our true potential.

What sport are you interested in/which sporting team do you follow?
Rugby. Glasgow Warriors.

What was the first record you bought?
Outlandos d'Amour by The Police. Still got it, still play it.

Peter Sydserff, main image, would choose Sting, top, to portray him in a film, have Alex Ferguson, above, on the board, and invite Doddy Weir, below, to dinner

What is your earliest childhood memory?
My Grandfather on my Dad's side and my Uncle on my Mum's side. I never knew them as an adult.

What is your favourite memory from your schooldays?
Becoming the Chess Champion at primary school.

Describe a perfect day/night/weekend.
Golf, family and good food.

What is your most embarrassing moment?
Trying to deliver a presentation unprepared. Fail to prepare, prepare to fail.

Who would play you in the film of your life?
Sting.

What is your signature dish to cook?
Eggs Benedict

If you could choose your last meal on Earth, what would it be?
Beef Wellington

What is your karaoke song/party piece?
Sweet Caroline

What is your favourite shop/clothing brand/restaurant?
Blitz Clothing in Glasgow. Outstanding range and service.

What is your favourite part of/place in Scotland?
A golf course. One of my favourite courses is Crail out on the East Neuk. It hardly ever rains, is often sunny and the fish and chips are to die for. ■

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