David Jones CBE is a former Chief Executive and Chairman of NEXT plc. His illustrious career has taken him through some of the most successful UK retail companies including Kays, Great Universal Stores, Grattan and NEXT.

He joined Kays Mail Order Company in October 1960 as a temporary clerk. He qualified as a Chartered Secretary and Certified Accountant by correspondence courses, and was appointed Finance Director of Kays at the age of 23.

In 1974 he was appointed Assistant Managing Director of Kays and in 1976 became Chief Executive of the British Mail Order Corporation Ltd – another mail order subsidiary company of Great Universal Stores Plc. In 1981 he was headhunted to become the Chief Executive of Grattan Plc – a long established but loss-making independent home shopping business based in Bradford, West Yorkshire. Grattan’s profitability recovered sharply in the early 1980s and in 1986 it merged with NEXT Plc at a valuation of £330m. David became Chief Executive of NEXT Plc in 1988 after a well publicized boardroom coup which resulted in the dismissal of the founder of NEXT, George Davies.

Under David’s leadership, NEXT became the retail success story of the 1990s – being voted the “Retailer of the Decade” – and market capitalization grew from £25m in 1990 to over £3bn in 2001 when he retired as Chief Executive to become part-time Chairman. Today, NEXT trades from over 460 stores in the UK and Eire and over 100 franchise stores overseas.

Remarkably, on 24th July 1982 David was diagnosed with Parkinson’s Disease and decided to keep the illness a secret from everyone except his family and closest friends. His achievements reflect one man’s unstoppable determination in the face of personal crisis.

David has been married to Ann since 1968 and has one daughter, two sons and one grandson. The story of his business career is told in his book NEXT To Me: Luck, Leadership and Living With Parkinson’s.

Guru Interview:
David Jones CBE

As the Chief Executive of UK retailer NEXT, David Jones increased the company’s worth from £25 million to a staggering £3.5 billion. Here he talks to Emerald about his career and achievements.

Interview by Alistair Craven
Hello and welcome. Under your tenure NEXT’s stock market value increased from £25 million to a staggering £3.5 billion. How do you reflect on this monumental achievement today?

David Jones:

I very rarely look back! Whenever a change occurred in my career I never looked back – when I joined Grattan in 1981 my 20 years at Great Universal Stores (GUS) was just a dream – or in terms of the final six months – a nightmare. When I became the Chief Executive of NEXT in 1988 my great attachment to Grattan, the company that we had nursed back to health with tender loving care, was history. If I had not felt that way I doubt that I would have been able to negotiate the sale of Grattan in 1991 which undoubtedly saved NEXT from going bankrupt.

Of course the first two years of the merger were difficult because of the clash of personalities, but there can be no doubt that without the merger NEXT would not be the company that it is today.

You state in the book that in the 1980s many accounting devices were widely accepted that would not be accepted today. Can you tell us a bit more about this?

David Jones:

There was a great deal of corporate activity in the 1980s. Companies like NEXT, Burtons, Ratners, and Mothercare were getting bigger by acquisition, and the accountancy professional had to accept the arrival of “pre-acquisition adjustments”, a device that allowed you to write off problems in both the buying company and the bought company as “below the line extraordinary adjustments.” In other words, the trading profit did not reflect the cost of the write-offs. Added to this were more mundane creative accounting devices like inadequate stock and debt provisions, capitalizing interest on cash spend on property and shop fitting, treating the profit on property sale and lease backs as retail trading income, and writing off property lease premiums over the life of the lease. All these conspired to confuse the shareholders, the auditors, the retail analysts and in some cases the company’s own management about the health of the business.

“I have always been amazed how much time Chief Executives spend giving presentations at conferences. I have always stated that if I had some clever ideas that made NEXT successful I certainly was not going to stand up and tell everyone about them.”

But whilst you can fiddle the profit & loss account you cannot distort the bank balance – if you had no money in the bank sooner or later you were going to go broke!

The book documents your often turbulent relationship with NEXT’s founder George Davies. How would you compare and contrast your respective management styles?

David Jones:

The decision to merge Grattan and NEXT had a great impact on the progress of NEXT plc in the 1990s. In the mid-1980s I was convinced that the big catalogue mail order business had peaked and only had one way to go – down! The merger resulted in the launch of the NEXT Directory – probably the most successful retail launch over the last 50 years. In addition it gave NEXT an important team of high executives who, by virtue of their GUS and Grattan experiences, were able to run a fast growing business.
There can be no doubt that George Davies had, and still has, an outstanding product and marketing ability – the launch of NEXT, the George range for Asda, and the Per Una range for Marks & Spencer proves that. Unfortunately in my view he had one major failing; he believed that because he had one good idea that all his ideas must therefore be good – they were not! George ran the business like a dictator – I would like to think that I managed it. One of the greatest compliments I ever received was: “to be a successful Chief Executive you have to be a b*****d, David Jones was incredibly successful without appearing to be a b*****d!”.

A wonderful quote! After George Davies’s departure in 1988 you highlight the challenges that faced you as a new Chief Executive, including changing the culture of the business. In his interview with us, culture guru Fons Trompenaars compares culture to gravity; “you can’t smell it or touch it, but try to jump two metres in the air and you notice its power!” How would you define culture and its importance in running a successful business?

David Jones:

I recall George Davies telling me when we were negotiating the merger that the NEXT person was special – totally devoted to the company and to him, prepared to work 24 hours a day, seven days a week (he omitted to say that when he was on holiday that everyone left work at 5pm!) The comment used to irritate me because he did not realize that people were genuinely afraid of him.

“Accept the fact that you are not infallible, you will make mistakes – learn from them. At the end of each day I assess my performance for that day. Could I have done better? The answer is invariably yes, but I would not admit that to anybody!”

However when I took over I quickly realized that there was a special culture in NEXT, but it was not a “George Davies” culture – it was a genuine love of the brand. With that enormous advantage I was able to develop the culture to reflect my own personality. I believe that NEXT is a caring company, it supports many charities and it is an honest company in its dealings with suppliers, customers and employees.

Interestingly, you came into the Chief Executive’s position without a background in fashion. Did you think of this at any point as a potential disadvantage?

David Jones:

I am an accountant by profession, and I believe that this qualification was a big advantage when I took over at NEXT because in the early days the company was close to financial ruin. At the press conference on the morning after George Davies was sacked, Michael Walters who was the City Editor of the Daily Mail asked me who would select the product now George had gone. My reply was “the same people who selected it when he was there!” NEXT was a big company with many hundreds of employees. Big companies have many very talented people, my job was to manage and motivate them, not do their jobs for them.

Early in the book you state that a Chief Executive’s time should be used for the benefit of his company, not to enhance his own standing. What do you mean by this?

David Jones:

I have always been amazed how much time Chief Executives spend giving presentations at conferences. I have always stated that if I had some clever ideas that made NEXT successful I certainly was not going to stand up and tell everyone about them – why give your secrets away? To spend time preparing speeches and delivering them diverts time that is better spent doing what you are paid to do – improving the company’s profitability not satisfying your own ego!
You cite the ability to select and motivate a team as being high up the required skills list of a CEO. What lessons can you share with our managerial audience about your personal achievements in this area?

David Jones:

I believe that I inherited my ambition from my mother and my consideration for other people from my father. These combined to give me the ability to motivate and lead a very successful team, some of whom worked with me for over 30 years. With this advantage you have to be successful.

The pursuit of growth is naturally high up the agenda for most organizations. However, your experiences with Davies’s NEXT Gardening Directory and the NEXT Jewellery business seem to indicate real danger in pushing forward with too many ideas at once. What lessons did you learn from this time?

David Jones:

Every company has to have plans to grow, but new ideas have to be considered very carefully. Are they sound ideas? What is the downside? Have they been tested properly? Have they been financially evaluated? NEXT Gardening was launched without any viable financial platform – it was impossible to make money and was doomed to fail!

NEXT Jewellery was a good addition to our product range, but not as stand-alone stores as it became very successful as an additional range within our existing stores. You have to ask yourself whether the new idea will add value to your business or whether it will divert important time and resource into unsustainable and unprofitable excesses.

From all of your management experiences throughout your career, if you were asked to offer three key pieces of advice for today’s aspiring senior managers, what would they be and why?

David Jones:

My three key pieces of advice would be:

- Accept the fact that you are not infallible, you will make mistakes – learn from them. At the end of each day I assess my performance for that day. Could I have done better? The answer is invariably yes, but I would not admit that to anybody!

To end on a lighter note, if you had the opportunity to have lunch with any business leader – past or present – who would it be and why?

David Jones:

I cannot pick just one person but there are a few who I would like to have lunch with for different reasons:

- Sir Isaac Wolfson for his charisma and ability to motivate people;
- His nephew Lord David Wolfson who had the best business brain of anyone that I have met;
- Jim Slater to ask him how he created such a successful business – Slater Walker – from a standing start;
- Sir John Harvey Jones because of his great sense of humour.

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You can contribute directly to the Cure Parkinson’s Trust by visiting:

http://www.cureparkinsons.org.uk