Sathnam Sanghera

We need to talk about why coming second doesn't mean being second best

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I was struck, on the way back from the US this week, by a piece in *The Wall Street Journal* bearing the headline: "Vodafone Is Satisfied Staying in Second Place". It reported how Vittorio Colao, chief executive of the world's second-biggest mobile carrier by subscribers, aims to have "the most, or second-most, customers in each of its 26 countries", with his ambition "not really ... being leader" but expanding the gap with those companies in third position. It was fascinating because you almost never hear people in business wilfully accepting second position.

Almost every company pitched to journalists by PRs seems to want to be market leader. Most of all, advertising everywhere tries to paint products as the very best. Start-ups, especially in the US, routinely take pride in being pioneers. A great chunk of all leadership advice in book form comes under thrusting titles such as *The Business of Being the Best, Winners: And How They Succeed* and *How to Think Like Sir Alex Ferguson: The Business of Winning and Managing Success.*

Deluded candidates on *The Apprentice* talk about how: "As a salesperson, I would rate myself as probably the best in Europe." Outside business, sports stars talk about going for gold, politicians everywhere insist that they are the best man or woman for the job, while rappers and hip-hop stars trill about being the best, as if even art is some kind of competition.

The remarks attributed to Vodafone, however, made me wonder if there is not something to be said for being a runner-up. After all, there is no shortage of illustrations of second-mover advantage in business: Boeing did not pioneer air travel, for instance, nor did Google invent the search engine. Sport is packed with examples of noble runners-up, from Jimmy White in snooker to the Dutch football team in the 1970s, which lost two consecutive World Cup finals in the decade.

Some of the greatest songs ever recorded only made it to No 2 in the charts, not least (and I'll fight for the right to call them great), *Brown Sugar* by the Rolling Stones, *My Generation* by The Who and *Last Christmas* by Wham!. Fabulous cinematic

performances have famously failed to win Oscars, such as Samuel L Jackson's role in *Pulp Fiction.*

Then there is career advancement. Let's face it, it is taboo to admit that you do not have leadership ambitions, at least in job interviews. Few people have ever responded to the question, "So where do you see yourself in five years' time?" with, "Your number two, hopefully". It happens all the time though: a fact that was reflected in a news report in *The Times* on the NHS earlier this year that claimed that "one in seven of the top jobs in hospitals are unfilled as middle managers refuse to take the step up".

The reasons cited for people refusing to take up chief executive positions included "Kafkaesque regulation"; rising patient expectations; the difficulty of the job; the ritual humiliation of those at the top by regulators; better pay and working conditions for those in the middle; social media scrutiny; and precarious tenures with "the average chief executive now lasting only a couple of years in the post". Which in itself demonstrated why people are reluctant to admit that they do not want top jobs: lack of ambition is too often seen as some kind of moral failing or character flaw.

Mercifully, Richard Hytner, a former chief executive at the global advertising giant Saatchi & Saatchi, who gave up the job to be deputy chairman and now appears to be doing something else entirely, makes a more positive case for runners-up in his book *Consiglieri: Leading from the Shadows.* Examining the role that second-in-commands have played throughout history, from Merlin to Al Gore, Rasputin to Machiavelli, Alastair Campbell to Willie Whitelaw, he argues that there are all sorts of positive reasons to be a number two. It might be better suited for people who dislike making "big ugly decisions" all the time. It gives you more time to think. It allows for privacy: "A life in the lens is not worth the flash of the bulb." There is a distinct craft and honour in the role: it can prove rewarding in its way.

Promoting the book, he has written: "My advice for the CEOs out there is: If you absolutely love the adrenaline of the action, if you adore the status, the power, the authority and that works for you, then thank you very much for serving. We need people like you. But if there's a lurking, nagging doubt that this maybe isn't in the best interest of the organisation or that you need a different situation or fancy a new challenge, you shouldn't be afraid to step aside and make a lateral move. The dispensation of wisdom and advice, and helping other people succeed in that CEO slot, is every bit as rewarding as being the person taking all the calls."

Not that it is always a recipe for peace, of course. Nick Clegg's new book on politics bears witness to the heavy price he paid in becoming deputy prime minister: he became a lightning rod for dissatisfaction with our last government. A great many deputies have been implicated in the excesses of their bosses, such as the political aide Bob Haldeman, Nixon's White House chief of staff, who was one of the seven indicted by a grand jury in 1974 for their role in the Watergate scandal. But it is not hard to think of a whole load of more positive reasons to wilfully accept the runners-up medal. The world is full of too many thrusting men (and it is more often men than women) who want to lead just for reasons of ego. These men, when they finally get what they want, desperately need advice from more steady individuals who are in it for reasons other than ego and self advancement. Also: most of us had no chance of making it to the top anyway.

British Gas stems flow of departing customers

Robin Pagnamenta
Deputy Business Editor

Centrica, the owner of British Gas, said it had stopped an exodus of customers in which nearly 400,000 households deserted the energy supplier during the first six months of the year.

The company said its total number of UK customer accounts had remained "broadly flat" at about 14.3 million in the second half of the year.

That was an improvement as growing numbers of customers have been quitting British Gas and other "Big Six" companies in recent years for independent rivals.

The slowdown in customer departures came after British Gas introduced new tariffs designed to tempt them to stick with the UK's biggest retail energy supplier. It also said it was freezing its more expensive standard variable tariffs, which are used by more than 70 per cent of its customers.

In an upbeat trading update, Centrica said it was on track for a strong second half on the back of rising prices and cost cuts.

The company said it was making rapid progress cutting costs with savings of £300 million expected this year, up 50 per cent from its original plan to cut by £200 million a year.

About 3,000 staff are leaving the business this year as part of a restructuring drive announced by Iain Conn, chief executive, aimed at eventually saving £750 million per year. A total of 6,000 staff are due to leave by 2020.

He said: "Our performance in the second half of the year has been strong and we expect to exceed our 2016 targets. We have made considerable progress in reshaping our portfolio and capabilities to deliver a robust platform for customer-focused growth."

Centrica shares were the biggest riser in the FTSE 100 yesterday, closing the day up 12¼p, or more than 5 per cent, at 231¼p. Centrica expects operating cashflow this year will be £2.4 billion to £2.6 billion, up from the £2 billion previously expected.

The market share of the Big Six has fallen from 100 per cent five years ago to 86 per cent. They have been under pressure after criticism from the government, with Theresa May and Greg Clark, the energy secretary, accusing them of earning too much from loyal customers on standard variable tariffs.

The number of people switching has risen 25 per cent this year.

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Sky says yes to £18.5bn takeover deal with 21st Century Fox

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International, had to withdraw from a deal to buy Sky after the phone-hacking scandal.

At the time the group's move on Sky attracted fierce political scrutiny and public criticism about the concentration of media ownership in Britain. There were fears that merging Sky News with News Corporation's newspaper assets, including *The Times, The Sunday Times and The Sun,* would affect media plurality.

However, News Corporation's newspapers have been demerged from its film and TV businesses.

James Murdoch said yesterday that he believed the proposed transaction would "pass regulatory muster" and that he did not anticipate 21st Century Fox would have to make any "meaningful concessions" in order to achieve regulatory approval.

The deal will require clearance from regulatory bodies including Ofcom, the UK media watchdog, and potentially competition authorities in Britain and the EU. If the deal goes ahead it will be carried out as a scheme of arrangement, a court process, which will require the support of 75 per cent of the independent shareholder base by value.

21st Century Fox plans to finance the takeover deal using cash on its balance sheet as well as $10 billion of newly issued debt.

Shares in Sky closed up 0.5 per cent yesterday to 988p.

Q&A

What happens now?
21st Century Fox and Sky have formally agreed a takeover transaction and must now notify the government. Karen Bradley, the culture, media and sport secretary will have ten working days to decide whether to refer the bid to Ofcom, the media industry regulator.

On what grounds can the deal be referred?
Concerns about "media plurality". Ms Bradley can also ask if there needs to be a "fit and proper" test to determine whether 21st Century Fox is committed to certain standards, such as impartial news coverage.

What will Ofcom do?
The industry regulator will have 40 days to investigate. If Ofcom cannot find any issues then Ms Bradley will have to approve the deal.

What if there is an issue?
21st Century Fox can offer concessions. If Ms Bradley accepts the "undertakings" she can approve the deal. When the media group last attempted to gain control of Sky it offered to spin off Sky News to ease concerns about plurality. However, the group has since separated its film and TV assets from its newspapers.

What if Ms Bradley does not accept any undertakings?
She can refer the takeover to the Competition and Markets Authority, which has six months to carry out a full investigation. The secretary of state will have another 30 days to approve the deal with or without conditions or block it.

Will Europe have a say?
Any deal could be referred to the European Commission which has already approved Sky's deal to buy out sister operations in Germany and Italy.