

HDES's MESSAGE TO THE MASSES 2007

[PIC; BBMF]

THE ESSENCE OF OUR FIRST SESSION 'BRAND UK' HAS BEEN EVIDENT TO ME ALMOST SINCE THE FIRST DAY I TOOK UP THIS JOB. BUT IT REALLY CAME HOME TO ME ONE MISERABLE WET AND WINDY MORNING LAST NOVEMBER. THERE I WAS, STANDING ON PRINCES STREET IN EDINBURGH... NOW, AS AN ENGLISHMAN IT IS DEPRESSING ENOUGH JUST TO **BE** IN SUCH A GOD FORSAKEN COUNTRY, IT SAYS HERE, EXCEPT THAT THAT MORNING THINGS WERE ABOUT TO GET WORSE.

I HAD WITH ME THE CHIEF OF NAVY FROM ONE OF OUR BEST CUSTOMERS, TOGETHER WITH FULL SUPPORTING CAST AND WIVES EXPECTING, AFTER A SHIPS HANDOVER CEREMONY, TO BE WHIZZED OFF TO THE NEXT EVENT ON THEIR PROGRAMME. SUDDENLY THE PILOT SAID THAT THE WEATHER WAS TOO BAD AND THE TRIP WAS OFF. CLEARLY AN EX-RAF OFFICER AS SOMEONE OBSERVED THAT VERY MORNING. HOWEVER WITH SURPRISING RESOURCEFULNESS A PLAN 'B' HAD BEEN CUNNINGLY PREPARED, NO DOUBT BY A CANNY ENGLISHMAN KNOWING WHAT THE WEATHER CAN BE LIKE AT THAT TIME OF THE YEAR.

[NIGHT PIC; SHIPS @ TOWER BRIDGE]

SO SEVERAL VERY WET AND DISAPPOINTED ADMIRALS – AND A NEAR SUICIDAL HDES - CLIMBED ABOARD THE TRANSPORT AND OFF WE WENT TO SPEND THE MORNING LOOKING ROUND BRITANNIA, NOW MOORED AT LEITH DOCKS AND OPEN TO THE PUBLIC. WELL.....[PAUSE] TO SAY THE VISIT WAS A HIT WOULD BE AN UNDERSTATEMENT. FIRSTLY, THE SHIP HAS BEEN TURNED INTO A REALLY EXCELLENT TOURIST DESTINATION, BUT WHAT REALLY COUNTED FOR THE ADMIRALS AND THEIR WIVES WAS THAT THEY WERE ON HER MAJESTY'S YACHT. THEY RECOGNISED A DIRECT LINKAGE BETWEEN WHAT THEY SAW ON THAT SHIP AND EVERYTHING THAT STANDS FOR BRITAIN. IT WAS BIG, IMPRESSIVE, CLEAN, BEAUTIFUL, MILITARY, GREAT ENGINEERING AND HAD STYLE AND OF COURSE HERITAGE. WHEN BRITANNIA STEAMED INTO A PORT, YOU KNEW THE BRITS WERE IN TOWN.

AND THIS IS A PERCEPTION THAT WE AS BRITS WILL NOT USUALLY SEE. ALL TOO OFTEN, WE DON'T REALISE WHAT WE'VE GOT IN THIS COUNTRY. THIS AFTERNOON YOU WILL SEE A VIDEO MADE SPECIALLY FOR TODAY SHOWING LAST SUMMER'S VISIT TO INDIA BY HMS ILLUSTRIOUS, ACCOMPANIED BY THE RED ARROWS WHO SUBSEQUENTLY ALSO TOURED THE MIDDLE EAST. [PIC; REDS OVER LONDON EYE] I HAD THE PRIVILEGE TO BE ALONG FOR MOST OF THIS. IN EVERY LOCATION THE LOCALS WERE FALLING OVER THEMSELVES

TO BE PART OF THE PARTY, WHETHER IT WAS FOR THE SEA DAY ON THE CARRIER OFF THE COAST OF GOA OR BEING ONE OF THE TENS OF THOUSANDS WHO CRAMMED THE BEACHES OF MUSCAT TO SEE THE FLYING DISPLAY. THEY WERE THERE BECAUSE THE BRITS WERE IN TOWN, IN FORCE, IN NUMBERS AND WITH GREAT STYLE. EVERY NEWSPAPER FRONT PAGE AND EVERY NEWS BULLETIN FEATURED THE BRITS BEING IN TOWN IN WARM AND FRIENDLY TERMS.

[PIC; SMA]

[PIC; TYPHOON]

BUT IT'S NOT JUST ABOUT PAINTING TOWNS IN THE UNION JACK. WE IN THE DEFENCE EXPORTING COMMUNITY DEPEND TODAY, AS MUCH AS EVER, ON OUR CUSTOMERS HAVING POSITIVE FEELINGS AND PERCEPTIONS ABOUT OUR COUNTRY. ALL MAJOR FOREIGN PROCUREMENT DECISIONS ARE FOREIGN POLICY DECISIONS. AND IF WE WANT THOSE DECISIONS TO GO OUR WAY WE MUST RELY ON EVERYTHING WHICH MAKES UP THE BRAND UK TO BRING A POSITIVE INFLUENCE ON FOREIGN DECISION MAKERS.

[PIC; EH101 OVER THE THAMES]

IN THIS JOB I HAVE MET MORE KINGS, PRINCES, PRESIDENTS, PRIME MINISTERS, MINISTERS AND SERVICE CHIEFS THAN YOU CAN SHAKE A BIG STICK AT. THEY DON'T ALL AGREE TO SEE ME JUST BECAUSE THEY THINK I'M A GREAT GUY (MY MUM SAYS I AM BY THE WAY), OR

BECAUSE THEY WANT TO BE SOLD SOME SERVICE OR PIECE OF KIT. THEY SEE ME, AND MY COLLEAGUES BECAUSE WE REPRESENT BRITAIN AND ALL THAT THEY PERCEIVE THAT MEANS. WHATEVER PEOPLE'S VIEWS OF CURRENT OPERATIONS, BOTH HERE AND ABROAD, WHAT OUR CUSTOMERS KNOW IS THAT BRITAIN REMAINS ONE OF THE MAJOR WORLD POWERS BECAUSE OF STRONG POLITICAL LEADERSHIP BACKED UP BY A WILLINGNESS TO PUT OUR MONEY WHERE OUR MOUTH IS AND DEPLOY THE WORLD'S MOST PROFESSIONAL ARMED FORCES AND THEIR KIT TO DO SOME OF THE MOST DIFFICULT JOBS IN THE WORLD. THIS CLEARLY DIFFERENTIATES DEALING WITH BRITAIN FROM MOST OF OUR MAJOR COMPETITORS, AND LEVELS THE PLAYING FIELD TO SOME EXTENT WITH OUR GREATEST ALLY, THE UNITED STATES, WHO ARE ALSO OUR BIGGEST COMPETITOR IN TERMS OF DEFENCE SALES.

[PIC; HOVERCRAFT AND SHIP IN NORWAY]

SO - WHEN WE ARE SUCCESSFUL, IN ADDITION TO EXCELLENT KIT, PROMOTED BY VERY PROFESSIONAL SALES AND MARKETING CAMPAIGNS, BACKED UP BY GOOD ENGINEERING, SUPPORT, FINANCIAL AND OFFSET PROPOSALS, THERE CAN BE NO DOUBT THAT BRAND UK IS A VERY SIGNIFICANT PART OF THAT SUCCESS TOO. INDEED THERE ARE MANY EXAMPLES WHERE BRAND UK WAS THE DE-FACTO REAL DECIDER.

[PIC; SHIP IN FRONT OF DOME]

SO, AS INDUSTRY WE GAIN MUCH FROM THE GOVERNMENT'S CONTRIBUTION TO DEFINING 'BRAND UK', BUT WE MUST RECOGNISE THE VALUES OF BRANDS CHANGE. LOOK AT THE BRITISH CAR INDUSTRY IN THE 1970'S, THAT REFLECTED THE STATE OF THE NATION AND THE INDUSTRY AT THAT TIME. TODAY BRAND UK IS RIDING HIGH BUT YOU CAN CONTRIBUTE TO IT STAYING THAT WAY OR DECLINING THROUGH THE QUALITY OF THE CUSTOMER EXPERIENCE YOU DELIVER. THIS COULD BE AFTER SALES SERVICE, MEETING YOUR OFFSET OBLIGATIONS, IN RECOGNISING PERHAPS A CUSTOMER'S WIDER ASPIRATIONS FOR NATIONAL DEVELOPMENT ARTICULATED IN THIS ROOM TWO YEARS AGO BY A PROMINENT MINISTER IN THE GOVERNMENT OF ONE OF OUR LONG STANDING CUSTOMERS. IN OTHER WORDS EVERYONE IN THIS ROOM AFFECTS THE TOTAL CUSTOMER PERCEPTION OF BRAND UK AND HELPS THE CUSTOMER DECIDE IF UK AS A WHOLE REALLY WANTS A LONG TERM RELATIONSHIP WITH HIM.

[PIC; HARRIER ON CARRIER IN FRONT OF DOME]

I GUESS, IN SHORT, I AM SAYING IT'S TIME TO BE PROUD TO BE BRITISH. LET'S BANG THE DRUM; WAVE THE FLAG – HOWEVER YOU WANT TO

PUT IT – FOR WHAT WE STAND FOR, AND WHAT WE DO SO WELL. OUR CUSTOMERS RECOGNISE THAT THAT IS ONE OF THE MAJOR REASONS THEY ARE BUYING BRITISH. THEY WANT A RELATIONSHIP WITH OUR GOVERNMENT, WITH OUR MILITARY AND WITH YOU, AND PLAYING UP BRAND UK IS ONE OF OUR BEST ASSETS IN GETTING THEM AND KEEPING THEM AS SATISFIED CUSTOMERS. TOGETHER WE MUST KEEP BRAND UK RIDING HIGH AS I BELIEVE IT IS OUR KEY DISCRIMINATOR, OUR KEY COMPETITIVE EDGE BUT WE CANNOT TAKE IT FOR GRANTED. THE PERCEIVED VALUE OF BRANDS CHANGES OVER TIME. THIS OCCURS BECAUSE OF THE ACTION OR SOMETIMES INACTION OF YOUR OWN MANAGEMENT BUT AS OFTEN FROM THE ACTIONS OF YOUR COMPETITORS. LOOK AT MARKS AND SPENCERS – I HAVE SAID BEFORE THE PHRASE THAT THEY DON'T HAVE CUSTOMERS, THEY HAVE DISCIPLES. YET 5 YEARS AGO THOSE DISCIPLES DESERTED THEM BECAUSE OF A NUMBER OF IMAGE, PRODUCT AND SERVICE DEFICIENCIES WHEN COMPARED TO THEIR COMPETITORS. THIS YEAR THEY SEEM TO HAVE REVERSED THAT AND THEIR CUSTOMERS ARE AGAIN BECOMING DISCIPLES.

[PIC; REDS OVER DOVER]

I CAN THINK OF ONE OR TWO OTHER EXAMPLES OF AN ICONIC BRITISH BRAND FALLING FROM GRACE QUICKLY AND DRAMATICALLY? IF IT CAN HAPPEN TO THEM IT CAN HAPPEN TO YOU.

OUR BUSINESS IS CHARACTERISED BY ITS VERY LONG TIMESCALES AND OUR CUSTOMERS DON'T MAKE UP THEIR MINDS OVER DAYS, WEEKS, MONTHS BUT OVER YEARS OR SOMETIMES DECADES. FOR THIS REASON IT IS VITAL BRITISH COMPANIES CONCENTRATE ON THEIR IN-SERVICE FLEET SINCE REPUTATIONALLY THE CURRENT IN-SERVICE EXPERIENCE IS A KEY DETERMINANT OF FUTURE BUSINESS POTENTIAL. WITHIN THE LAST TWO WEEKS I HAVE BEEN IN THE MIDDLE-EAST. IN OMAN THEY HAD JUST HOSTED THE GCC EXERCISE AL JAZEERA. [PIC; CHALLENGER 2 IN OMAN] WHAT A PLEASURE IT WAS TO BE GREETED BY COSSAF AND HIS THREE SERVICE CHIEFS DETAILING HOW EVERY PIECE OF UK KIT HAD PERFORMED WELL.

CHALLENGER 2 – 100% AVAILABILITY

PIRANHA – 100% AVAILABILITY

LYNX, HAWK, JAGUAR – ALL VERY HIGH AVAILABILITY.

[PIC; M777]

THAT HAS NOT BEEN ACHIEVED WITHOUT A LOT OF HARD WORK BY THE PRIMES, ENGINE SUPPLIERS AND SUB-CONTRACTORS. TWO YEARS AGO A NUMBER OF COMPANIES SUPPLYING OMAN HAD CUSTOMER SUPPORT PROBLEMS AND FOR THE FIRST TIME IN YEARS WE SAW THE CUSTOMER GIVING US VERY JUSTIFIED HARD TIME OVER SUPPORT

PERFORMANCE. I HOPE THE CHIEF OF THE ROYAL AIR FORCE OF OMAN WILL CONFIRM THIS AFTERNOON THAT HE IS MUCH HAPPIER THESE DAYS.

[PIC; REDS AND CANBERRA OVER THE MALL]

MY POINT IS THAT OMAN IS OUR REFERENCE COUNTRY FOR HOW TO DO IT. WE HAVE EXCELLENT BILATERALS AT ALL LEVELS OF GOVERNMENT AND MILITARY. WE HAVE AN EXCELLENT PERFORMANCE (MOSTLY) BY UK INDUSTRY, OUR KIT AND OUR TRAINING. IN OMAN BRITISH MEANS BEST AND THAT IS WHY WE ENJOY SOME 70-80% MARKET SHARE. BUT WE ARE ONLY GOING TO MAINTAIN THAT POSITION BY CONTINUED ATTENTION TO THE CUSTOMERS NEEDS AND BY CONTINUALLY MEETING OR EXCEEDING HIS EXPECTATIONS.

THERE IS A LOT TO DO AND DESPITE ALL I HAVE JUST SAID WE HAVE TO RECOGNISE THAT BRAND UK IS NOT A RAGING SUCCESS EVERYWHERE. IN THE UAE FOR EXAMPLE BRAND UK IS PROBABLY WHERE MARKS AND SPENCER WERE THREE YEARS AGO, IF YOU LIKE A LAPSED BRAND, BEING AN AMALGUM OF HISTORICAL GOVERNMENTAL ACTION THAT THE RULERS DISLIKED – SUCH AS BCCI, AND VARIOUS COMMERCIAL ISSUES WITH A NUMBER OF UK COMPANIES MEANING WE ARE ONLY NOW AFTER SOME 15 YEARS IN THIS POSITION, POSSIBLY ON THE ROAD TO RECOVERY AND BEGINNING NOW TO PICK UP ORDERS AGAIN. IN

INDONESIA WE ARE VERY MUCH A RESURGENT BRAND. HAVING HAD INDONESIA OFF OUR CHRISTMAS CARD LIST FOR MANY YEARS WE ARE ONCE AGAIN BEING WELCOMED INTO THIS ENORMOUS MARKET, WHICH TEN YEARS AGO WAS SECOND ONLY TO SAUDI ARABIA IN TERMS OF ITS VALUE TO THE UK DEFENCE INDUSTRY.

HAPPILY TIMES ARE CHANGING AND I WAS VERY PLEASED TO SEE 65 COMPANIES AT LAST WEEKS JOINT DMA/DESO CONFERENCE ON DOING BUSINESS IN INDONESIA.

SO WHERE DOES THAT LEAVE US?

HOW DO WE TAKE BRAND UK FORWARD?

[PIC; BBMF]

WELL REGRETTABLY BRITANIA CAN NO LONGER SAIL INTO HARBOURS AROUND THE WORLD AND THEREFORE IN THE FUTURE IT IS DOWN TO US. THE WINNING COMBINATION IS A STRONG HMG RELATIONSHIP WITH EXCELLENT BRITISH INDUSTRIAL PERFORMANCE. IF WE CAN REPEAT AROUND THE WORLD WHAT WE HAVE SAY IN OMAN, THEN BRITISH WILL CONTINUE TO BE BEST AND WE WILL STAY AHEAD OF THE COMPETITION.

THANK YOU