

## Bright stars across the Continent

FT - By Brian Groom

Dynamic stories of sales, profit growth and innovation among British companies – and a commitment to international expansion – have emerged from the Best of European Business Awards, an ambitious effort to single out the continent's star corporate performers and identify factors behind their success.

The awards are launched by the Financial Times and Roland Berger Strategy Consultants, the international consultancy group. The first stage involves competitions in seven countries – the UK, Germany, France, Italy, Spain, Poland and Portugal – to judge companies with the best record for growth, value generation and innovation.

There is also a category to identify those operating successfully in the “New Europe” of EU states in central Europe and others beyond its borders. Results of the national competitions are announced during October, starting today with the UK, France and Spain.

Andrew Gowers, editor of the FT and one of the judges, said of the UK winners, announced at a dinner last night at London's Banqueting House: “This has been a fascinating exercise, reminding us all of the wealth of well-managed and dynamic companies that are thriving in 21st century Britain.

“We have identified some cracking stories of growth, value creation and innovation – and in the best cases, found a combination of all three. Two things are particularly impressive about our UK winners.

“First, they show that you don't have to be a shooting star of the technology world or have huge R&D budgets to win awards for innovation and growth – indeed, you can generate profitable growth out of successfully reinventing long-established industries such as chemicals, air transport and public service provision through the power of process and product innovation.

“Second, many of them show a true commitment to international expansion, and have taken a business model successfully developed in the UK into new areas such as eastern Europe, the US and Asia. In this age of globalisation, they show that for many more companies than was the case, say, a decade ago, global growth is not only possible but essential to establishing a sustainable business.”

David Stern, Roland Berger's UK managing partner, said: “These awards have enabled us to take a comprehensive look at the factors contributing to corporate success in a globalising world and to identify some less publicly recognised companies that can act as role models.”

In the British awards, the large company winner in the revenue growth category was **Ineos**, a manufacturer of speciality and intermediate chemicals, which has grown by acquiring and turning round units not regarded as strategic by other groups. It achieved an 83 per cent compound annual sales growth rate over the past five years – compared with a 0.5 per cent FTSE 350 average for chemicals – while maintaining margins. Runner-up: Carphone Warehouse. Also shortlisted: Scottish and Southern Energy, Taylor Woodrow, Vodafone.

**Capita**, the UK market leader in business process outsourcing, was the mid-sized company winner for growth. Founded in 1987 through the management buyout of a government division, it was applauded for a compound annual sales growth rate of 29 per cent over the past five years in a tough, political market where many others fail. Runner-up: Grampian Country Food. Also shortlisted: EasyJet, EMR, Land Securities, Sportingbet.

**Inchcape**, the automotive distribution, retail and financing group, was the large company winner for value creation. Acknowledged to have performed well in a hard market, management had sorted out the conglomerate, moved successfully into Asia and delivered focus with an impressive record of value creation. Its compound annual growth rate of total shareholder return was 59 per cent over five years. Runner-up: Reckitt Benckiser. Also shortlisted: AstraZeneca, Imperial Tobacco, Next.

The mid-sized company winner for creating value was **Signet**, the UK's largest middle market speciality retail jeweller, heralded as a fabulous recovery story that redefined the market. It was seen as a rare example of a UK company that had moved successfully into retailing in the US. Its compound annual growth rate of total shareholder return was 117 per cent over five years. Runner-up: Smith & Nephew. Also shortlisted: Bellway, Rank, Travis Perkins.

Large company winner for innovation was **British Sky Broadcasting**, one of Europe's leading satellite television broadcasters, admired for consistent innovation and ability to take ideas to market. It has changed the way television operates in the UK. Runners-up: Rolls-Royce and Reckitt Benckiser. Also shortlisted: AstraZeneca, BT, Tate Lyle.

The mid-sized innovation winner was **EasyJet**. The low-cost airline set up in 1995 was credited with challenging established practices in the airline industry and changing the UK sector. Runner-up: Emap. Also shortlisted: Man Group, Smith & Nephew.

The big company with the most successful New Europe strategy was judged to be **Tesco**, the supermarket chain, which started its expansion in 1994 by acquiring K-Mart's hypermarkets in Hungary. It now operates 208 stores in Hungary, Poland, the Czech Republic, Slovakia and Turkey, with 48 planned openings in the next 12 months. Runner-up: Gallaher. Also shortlisted: Aviva, Cadbury Schweppes, Kingfisher.

Mid-sized winner for New Europe was **Provident Financial**, the personal finance company offering home credit (small loans with weekly repayments), credit cards, car finance and motor insurance. Its growth there, with 130 home credit branches across Poland, the Czech Republic, Hungary and Slovakia, was seen as a largely organic development. Runner-up: British Vita. Also shortlisted: Cookson, IMI, LogicaCMG, TI Automotive.

The judges were: Donald Brydon, chairman, Smiths Group, Axa and the London Metal Exchange; Andrew Gowers, editor of the FT; Baroness Hogg, chairman, 3i, deputy chairman, GKN; Sir Digby Jones, director-general, CBI; John Kay, economist and FT columnist; Sir Peter Middleton, chairman, Camelot, vice-chairman, United Utilities; John Peace, chief executive, GUS, chairman, Burberry; Jeff Randall, business editor, BBC; Sir Nigel Rudd, chairman, Boots, Pilkington, deputy chairman, Barclays; David Stern, managing partner, Roland Berger UK.

Companies in other countries will not be left out. The national prizes will be followed by a "European Summit" in Brussels on December 1, at which winners from the entire continent will be announced in three categories: Best of Industry, Best of Corporate Governance and Europe's Best Performers, judged by a jury that will award an overall "Best European Company" prize.

Shortlists for the awards are drawn up by Roland Berger analysts based on statistical criteria. Judges then evaluate management's performance in the context of the competitive challenge each company faces.