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Feature interview

As Safeway's fortunes improve, the retail sector waits to see the impact of the chain's refurbished stores. Cathy Hayward catches up with Simon Laffin, winner of CIMA's Business Leader of the Year 2001 award

Imagine you're in your local Safeway store one afternoon and a shoplifter makes a run for it across the car park - not an unusual occurrence. In hot pursuit is the store manager again not that unusual. But what is unusual is that this particular store manager is, in fact, the firm's finance director Simon Laffin, who has come down to the shopfloor to see what running a store is really like.

Laffin describes the four months he spent at Safeway's Wokingham

store last year as initially daunting, but a great opportunity to find out what life was really like for Safeway store managers. "Most retail bosses kid themselves that they really know their company," he says. "But if they haven't worked on the shopfloor recently, then they don't really know about their business."

During those four months, apprehending shoplifters was just one of the many unusual challenges which Laffin faced. Kids doing wheelies in the store's carpark, and a hoax bomb in the delivery area are just some of the things a regular store manager has to deal with. Laffin decided to spend 70 percent of his time on the shopfloor because that is where everything happens. "If there are problems with staffing it will show up in customer queues, and if there are problems with warehousing you can see the gaps on shelves. A supermarket needs constant monitoring. You can't just put it on cruise control and then go and sit in your office," he says.

Laffin enjoys this immediacy. He describes the morning he decided to build a new Christmas cracker display: he simply fetched a trolley, grabbed a load of crackers and started building the stack. "You don't have to write a business plan or get in some consultants. You just do it. Then you can go back a few hours later and see whether the idea has worked" What pleased him most was that some of his ideas were successful - changing the layout of the pharmacy area in order to promote fragrances, for example, resulted in record sales of 1,500 over the Christmas period.

This might seem a far cry from the role of finance director, but Laffin kept many of his FD responsibilities throughout his secondment. He would open the store on a Monday morning, make sure everything was okay, and then drive to Safeway's head office in Hayes, Middlesex, for the weekly board meeting. He also presented results to the City, and did the occasional press interview before returning to the store on Monday afternoon.

His success turning Safeway's fortunes around, led to Laffin winning

this year's CIMA Business Manager of the Year award. His strategy has helped Safeway back into the FTSE 100, after its share price recovered from a 150p low to peak at over 14. There has also been a 33 per cent increase in earnings per share, and this year's turnover was L8.15 billion, up from L7.66 billion in 2000.

To achieve this success, the finance department went through some key changes. The pace of financial reporting has been stepped up - profit and loss accounts are now prepared daily for every store, rather than monthly - and training programmes have been introduced for finance staff at all levels. The supermarket has about 30 people studying for CIMA at any one time, and 87 per cent of its candidates passed the May 2001 exams. Safeway's graduate scheme for finance staff has also been extremely successful, and it now includes a six-month secondment to PricewaterhouseCoopers.

Around 100 finance staff work at Safeway's head office in Hayes, and another 350 are based in a call centre in South Shields, which is outsourced to PricewaterhouseCoopers. Three people report directly to Laffin: Martin Baker, head of property; Jonathan Davies, stores finance director, who is responsible for the day-to-day financial performance of the business; and Simon Lane, director of corporate finance.

And Laffin's involvement with individual stores hasn't finished now he's back in his comfortable office. Carlos Criado-Perez, Safeway's chief executive, has given him overall responsibility for the company's L4 billion property portfolio - 480 stores, 10 million square feet, and an annual capital expenditure of L450 million. Plans to refit all stores over the next two years - a quarter of these by Christmas - means that Laffin now spends 70 per cent of his time on property issues. "Having been on the receiving end of managing an asset such as a store, I understand what you've got to get right. I hope that experience will help me to guide Safeway through this massive refit," he says.

He has also led Safeway's response to the Competition Commission inquiry into grocery retailing, and was involved in the government's

Company Law Review on corporate governance.

Laffin is clearly a high flyer (and not just in the boardroom - he has his own red propeller plane). He believes that finance is simple and that many people make it needlessly complex.

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