

## Simon Laffin: Mitchells and Butlers chairman risks being unseated in row

It all began in a pub in Tonypanyd in 1910. Winston Churchill, then Home Secretary, sent hundreds of police to the small South Wales town to quell strikes among local miners.

By Jonathan Sibun

Published: 7:17PM GMT 06 Dec 2009

The landlord witnessed the police chief plan the attack against the strikers in the back room of his pub. It was a plot that led to the deaths of a dozen miners.

Nearly 100 years on, the landlord's great grandson, Simon Laffin, is finding his role as publican-in-chief is again putting the family in the firing line.



A former finance director at Safeway, Simon Laffin is seen as principled, bright and determined Photo: Clara Molden

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Sitting above an O'Neills pub in central London, **Laffin, the new chairman of Mitchells & Butlers** (<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/6699651/MandB-escalates-row-with-Joe-Lewis-as-new-chairman-is-appointed.html>), does not appear to be cowed. "I am not interested in a fight for fighting's sake but neither am I going to sit back and let the vast majority of our shareholders be disadvantaged," he says.

Laffin and the **M&B board directors are embroiled in a furious row with some of the pub group's leading shareholders** (<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/6738766/Mitchells-and-Butlers-at-war-over-sacking-of-directors.html>), a row that threatens to cost the chairman his job.

On the opposite side is **Joe Lewis, the Bahamas-based billionaire** (<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/6712332/Joe-Lewis-issues-warning-to-board-of-Mitchells-and-Butlers.html>) who, with a 23pc stake in M&B, is the pub group's biggest shareholder. Other large investors include Elpida, the investment vehicle of Irish racing tycoons John Magnier and JP McManus, which owns a 17.5pc holding.

Last Monday, M&B launched a defiant attack on its largest shareholders – a group it believes could control more than 50pc of the

shares. It reported them to the Takeover Panel amid allegations, later denied, that they had worked to undermine the board and take control of the company. By Tuesday, the board had evicted four of its own directors – two of whom represented Lewis – and appointed Laffin as chairman.

It has been a week to forget but Laffin remains defiant. "We are not a gung-ho board. It was a last resort, but equally it was our duty," he says. "There is a right and a wrong here. What is not right is to use undue pressure on the board and to work together in an overly discreet manner to achieve common aims."

For M&B shareholders, last week's turmoil is just the latest episode in the soap opera that is Britain's largest managed pubs business and Laffin just the latest character on set.

Ever since Robert Tchenguiz bought a 23pc stake in M&B in 2007, the storyline has been full of surprises. At the heart of it is a failure to set up a property joint-venture with Tchenguiz shortly before the credit crisis hit, a failure that cost the company two years of profits. Lewis acquired Tchenguiz's stake in October last year but the drama has continued.

Laffin is the man chosen to turn around the sorry mess. A former finance director at Safeway, he is seen as principled, bright and determined. "He has a first-class mind and will do the right thing for all of the shareholders," says one former colleague. "He is slow to get to know and I wouldn't describe him as charismatic, but he's up front and will get things done."

If he is to achieve results, Laffin will have to move quickly. At the centre of the row with Lewis are accusations that Richard McGuire, a representative of Piedmont – the billionaire's investment vehicle – called on Laffin to step down from the board, a charge Piedmont denies.

"Maguire said he thought my position as a director was 'very difficult now'. He said he thought that I should resign as a board director and not seek re-election at the AGM. Indeed if I were to stand, a 'small number of large shareholders' would vote against me. He said that in standing I would just be embarrassing myself," Laffin says.

"He said that a couple of large shareholders had decided that I was not the sort of person they wanted running the company. Joe had decided and would not be swayed."

It is concert party charges that M&B is putting before the Takeover Panel. Such claims are notoriously difficult to prove but Laffin remains upbeat. "The evidence is cumulative, weighty, documented and detailed," he claims.

M&B won support last week for taking on Lewis and the rebel shareholders, but equally some suggested the pub group is on a hiding to nothing by drawing attention to its bar bust-up. You sense that for Laffin – a man who clearly recognises his own talent – that is part of the game plan. "Once the Panel has looked at the evidence, shareholders will then be in possession of all the information and can make their own judgments.

One of his main goals must be to galvanise the support of retail and institutional investors ahead of the annual general meeting next month.

"I have to get out of the office and tell shareholders that this is a business that is capable of creating great value, that it is extremely well run," he says.

Laffin admits that his chairmanship will not be the "quietest or the easiest". Does he recognise then, that it also might not be the longest given the alleged threat of the rebel shareholders? "I will put myself up for election and shareholders will vote. I think I will win, but even if I don't it might just prove my point," he says.

Some would suggest such tactics are desperate, the actions of a board that has nothing else to lose. Sources close to the rebel shareholders have described Laffin and his fellow directors as 'cowboys'. "Do I look like a cowboy?" Laffin asks. "Does my career suggest spending time on the prairies eating baked beans?"

Archie Norman, the soon-to-be ITV chairman, was the first choice for Laffin's job. Some might feel it was a case of last man standing. "There was a short-list of three and I was on the short-list. I wasn't first choice and I'm not embarrassed about that. I have the experience, drive and determination to do this job and I will do it until shareholders or the board stop me," he says.

Which is when we get back to talk of the fight ahead. Laffin, however, is keen to leave such talk behind. "We can play in battlefield analogies and be hugely macho, but actually my wish is that we get back to running pubs," he says. "This is a huge and daft

distraction."

Many M&B shareholders will raise a glass to Laffin if that is all it proves to be.

**Simon Laffin**

**Chairman, Mitchells & Butlers**

**Other roles** Industry adviser, CVC. Non-executive director, Quintain Estates

**Education** Local comprehensive; double-first from Cambridge University in economics with social and political sciences

**Family** Married with three grown-up children

**Career** BP; Rank Xerox UK; Mars; Safeway; Mitchells & Butlers

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