



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

*“In this, the antique and well-noted face
of plain old form is much disfigured;
and, like a shifted wind unto a sail,
it makes the course of thoughts to fetch about;
startles, and frights consideration.”*

- K. John.

Pity poor Paul Gambaccini. He is the hapless presenter appointed by the BBC to introduce part of its classical music offering each morning on Radio 3. Listeners, long used to the dry, standard English of the musicologists who formerly introduced Radio 3 music, have been switching off in droves and writing to complain about Gambaccini's sugary Americanese and, as they hear it, vulgar idiom. It is not that the music itself has changed, but the tone and atmosphere in which it was presented had become an integral part of the listeners' enjoyment. That atmosphere has vanished, and the audience with it. Gambaccini is to be moved.

Progress in any field implies change. But change will only win acceptance from those affected if they can see it as a link in the chain of their whole culture experience. Time and again, movers and shakers promoting a special interest of their own come unstuck because they underestimate that need for continuity which lies deep in all of us.

Take the so-called "supply-side" economic revolution, with its emphasis on private sector initiative. Introduced to America by Ronald Reagan in the '80s, it has been at least moderately successful in raising productivity, creating several million new jobs, and redefining the role of government. President Clinton has been unable to reverse the tide because Reagan's programme epitomised the whole spirit of entrepreneurial America. Americans have embraced the supply-side agenda, and by drafting in Jack Kemp, its political standard-bearer, Robert Dole has given himself the one running state who could win him November's presidential election.

Britain, however, has an entirely different tradition of an active state sector, centrally provided public services and a culture imbued more with a professional than with an entrepreneurial spirit. Whatever its merits, the supply-side graft seems unlikely to take here because it is too big a shock to the British system.

Big business can get it wrong. Coca-Cola, who should know how to market if anyone does, spent a fortune in the 1980s trying to persuade customers that a new style of Coke was better than the one they were used to. The customers knew it wasn't, and the result was a marketing fiasco.

Sad to say, recent changes in the City point as starkly as any to the folly of the discontinuing the essential culture and character of the service which customers expect.

Stockbroking and investment management firms - especially ones that look after private clients - rely on personal relationships, and they can take years, even generations, to establish. Yet in the present rush forexpansion and the frenzy of take-overs, mergers and regroupings, it seems that the continuity of those relationships, and the culture which surrounds them is viewed as incidental to the value of a firm. One might as well transfer the practice of a family doctor, offer the patients mail-order prescriptions, and hope they won't notice any difference.

The wonder is that the plotters and planners in mega-business, in the BBC, In Westminster, in the City, keep making such stupendous gaffes in changing what their clients and customers prefer left unchanged. Maybe the micro-chip has something to do with it. Computers can provide information faster than we can make sense of it; can supply easy reasons for change in a micro-world faster than our ability to consider the complex web of implications as they reach into life as a whole. Wrongly used, they encourage action without analysis.

Perhaps too, with the spread of intermediaries, specialists and consultants through every business channel, more and more of the economy is, like the City itself, "transaction driven" creating a culture of change for change's sake.

Whatever the reason for it, ill-considered change can bring large and unintended consequences. For example the battering ram of 'rationalisation' may have raised efficiency in British industry, but it has also demolished job security and smashed to splinters the main bulwark of consumer confidence. So spending in the UK has become hesitant and fickle. The returns required from new business investment have risen to reflect a need for shorter pay-backs, and capital spending has yet to recover. Tax revenues are much lower than expected, and real interest rates higher in consequence.

Malign consequences will likewise flow from the attempt to detach the provision of public services from the culture which supports them. In the latest instance, parliament's proposal last week to contract out the selection process for the civil service - one of Britain's enduring treasures - may lead to short term savings, improvements even, but by laying an axe at the roots of the professional culture in which our public services have been nurtured, it will gravely weaken the morale and sense of vocation of those who work there.

As for the City, by sacrificing continuity and consistency of service on the altar of business growth, investment firms have undermined the loyalty of the very clients upon whom their professional practice depends. As the events of recent weeks show all too clearly, they have also lost the constraining influence of personal accountability and with it, control over their own operations.

The lesson from this is simple. However much the promoters of a marketing-driven culture would prefer to cater for automatons answering push-button controls, customers are not so easily separated from their habits and expectations. Any change in the quality of the goods and services which go to make up their lifestyle cannot be simply wished upon them, but must be woven into the intricate tapestry of their experience. For those who live by promoting change, clients' attachment for the tried and familiar must bring frustration. But for those in professional practice who acknowledge the need for an essential continuity of style, of standards, of service in maintaining the confidence of their clients, that attachment brings its own rewards. Such at least has been their experience, if not Paul Gambaccini's!

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