

@CWCHAMPIONS

Coventry and Warwickshire

Champions



Adam Dent, Advent Communications

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www.coventry-warwickshire.co.uk



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**Professor Jonothan Neelands
Warwick Business School**




wbs

Coventry – The time is right.

Coventry²⁰²¹
UK City of Culture bid

www.coventry2021.co.uk

 @coventry2021

What is UK City of Culture?

- UK competition – every 4 years
- Year long focus on culture in one UK city
- Derry in 2013 - Hull in 2017
- Coventry bid for 2021
- Opportunity to re-brand the city
- We need to show that we can bring the city together behind a common cause



Why is business support important?

- This is a competition – in the best sense
- A great route to employees, customers & audiences
- A boost to local economy
- A better place to live, work and study
- Linking culture, creativity and economic growth a USP for our bid



The impact in Hull

- £80 million economic value from the year
- Increased tourism – up 14% already
- £100+ million infrastructure investment
- New hotels, improved transport, public realm
- £20 million media value to date - Changing perceptions

Pride – Productivity – Prosperity - Well-Being – Investment



Challenges in Coventry

- City image and perceptions
- Under developed leisure and tourism
- Night time economy
- Digital, creative and enterprise training for young people
- Integrating the diversity of the city

Only 8% of residents active in neighborhood improvement





Significantly more:

Indians 8.8% (UK 2.6%)

Black Africans 4.0% (UK 1.8%)

Average age:

34 (UK 40)

ACORN Market Segmentation:

Moderate means 41.5% (UK 13.90%)

Wealthy achievers 13.7% (UK 37.10%)

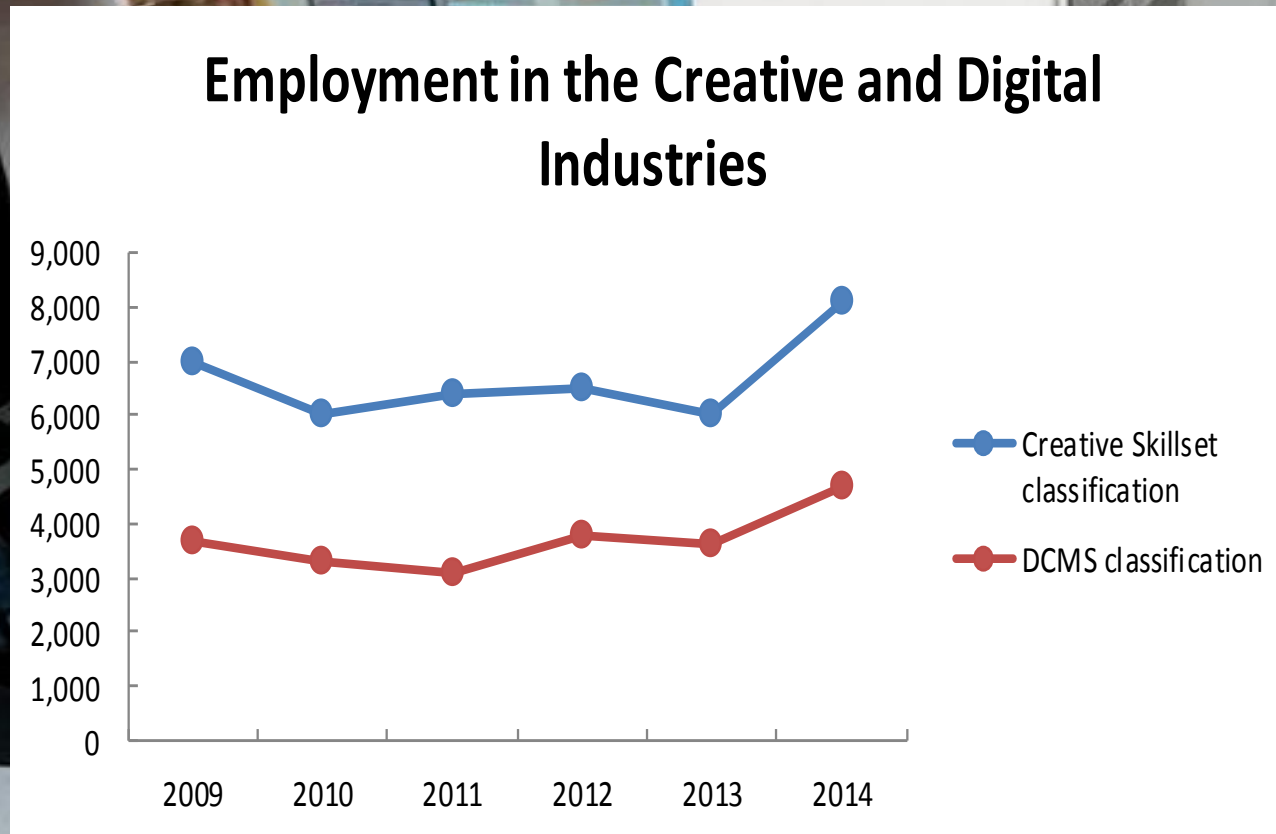
Deprivation:

18.5% residents living in 10% most deprived wards in England (10.00%)

Life satisfaction:

7.52 (West Mids. 7.42, UK 7.60)

Coventry in top 10 for start-ups in the information economy;
higher than Cambridge



External perceptions 2012



The time is right! We can do this!



Bid contacts

Bid Chairman – David Burbidge OBE DL
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Main point of contact

Bid Co-ordinator – Laura McMillan
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Tel 07711 984 500

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Jonathan Browning - CWLEP



Coventry & Warwickshire
Local Enterprise Partnership



Coventry & Warwickshire Champions

Jonathan Browning

Chairman: Coventry and Warwickshire Local Enterprise Partnership

25th November 2015

Things are happening around here...



“...this area has the strongest set of LEPs in the country...”

George Osborne

17th November 2015

Institute of Advanced Manufacturing and Engineering, Coventry

The Economic Conundrum

Fabulous Economic Assets



ASTON MARTIN



Manufacturing
Technology Centre

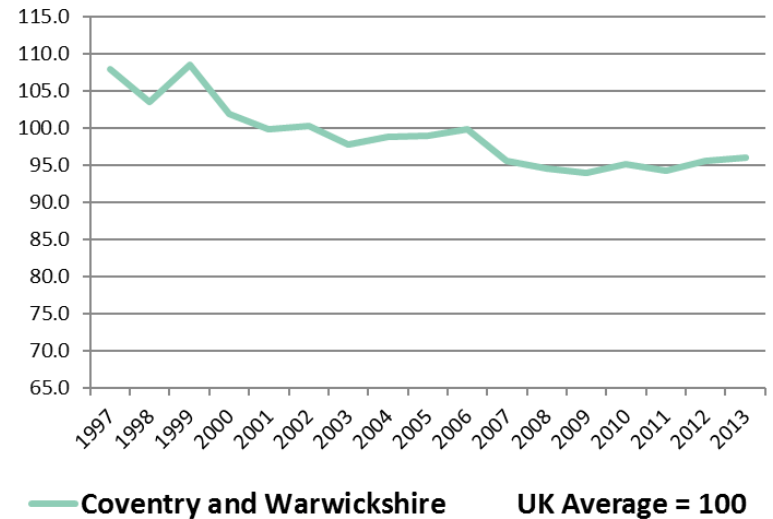


codemasters™



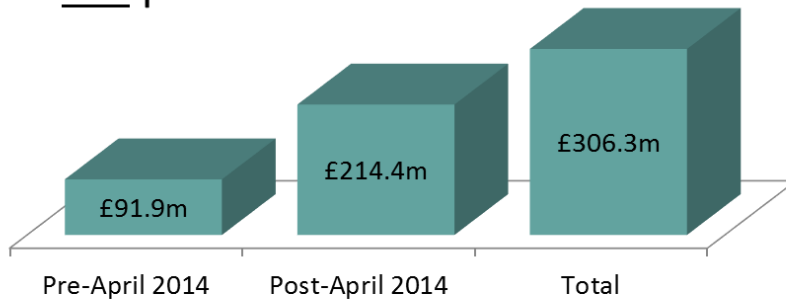
Average Economic Performance

Nominal Gross Value Added per Head, 1997-2013



Impact of C&WLEP

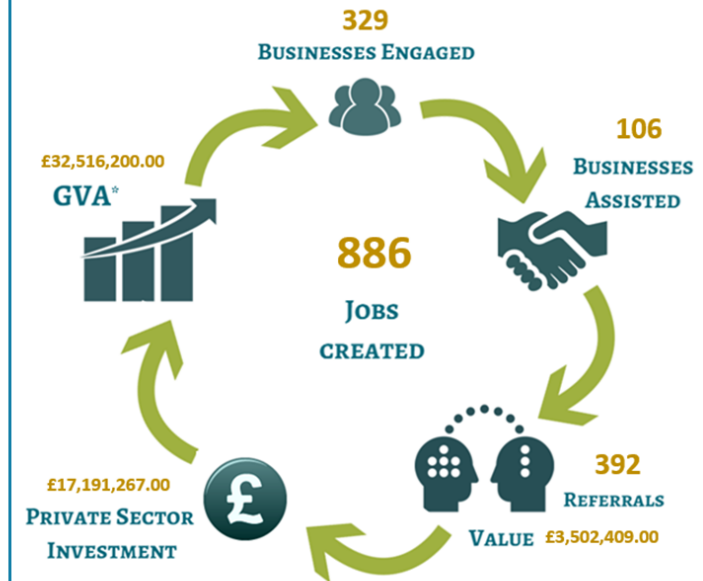
£300m+ of government investment into our priorities



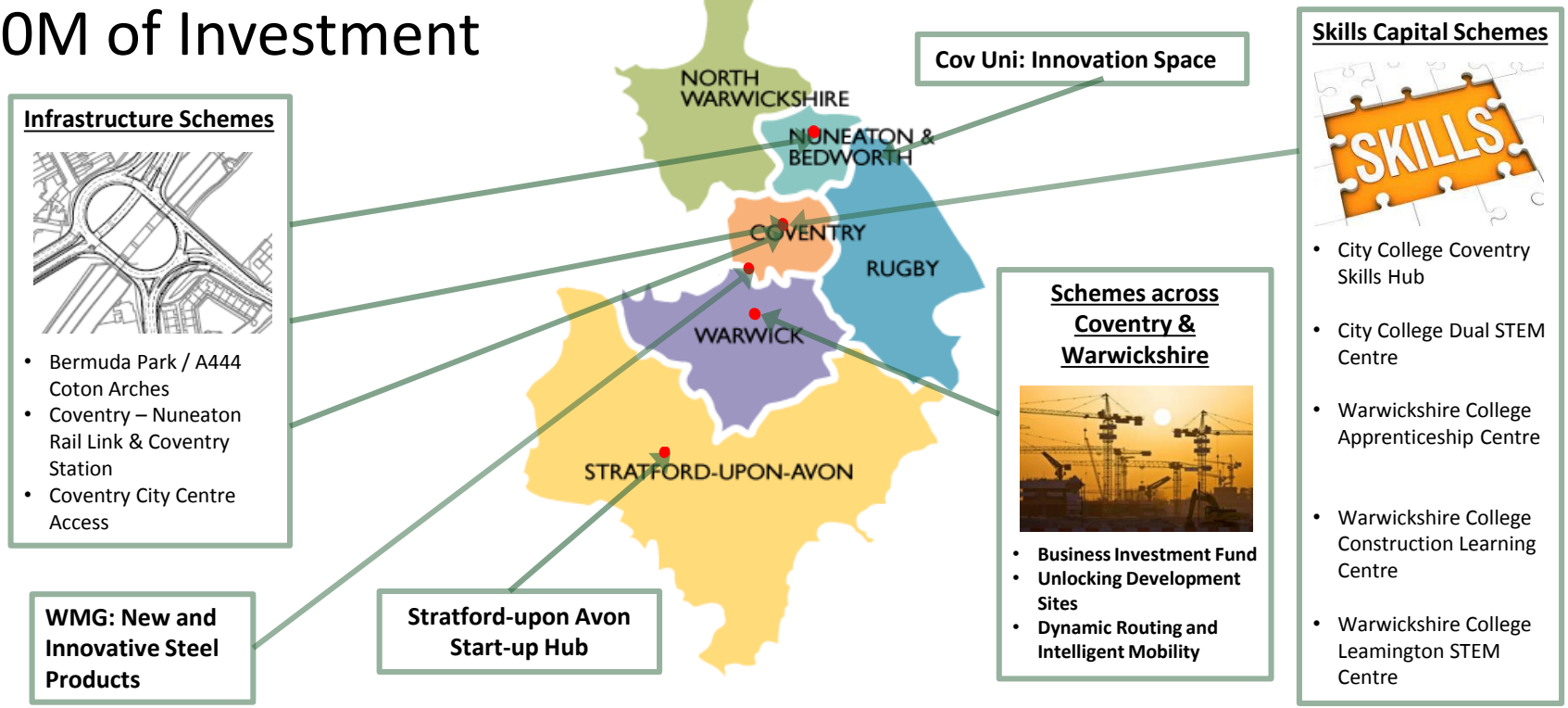
2014-15 Leader in FDI

- Coventry & Warwickshire is #3 in country
- 33 project successes
- 2,928 jobs created

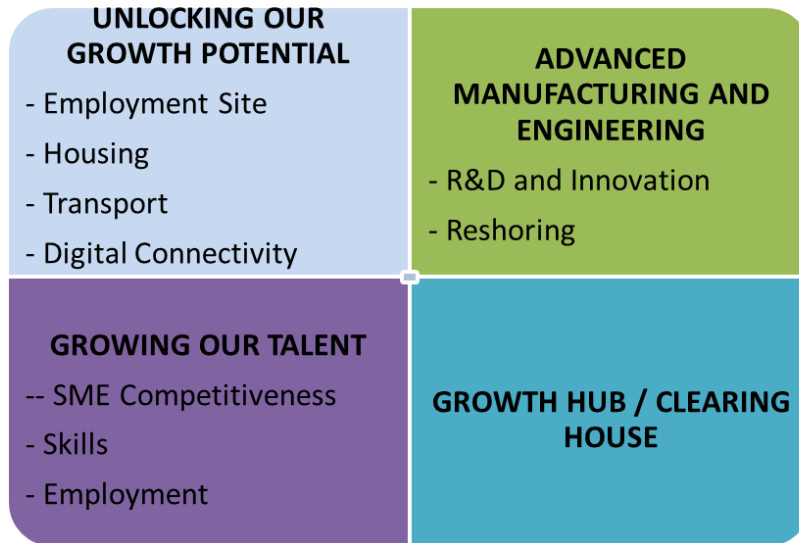
2015 impact of Growth Hub



Including Growth Deal - £90M of Investment



Coventry & Warwickshire LEP

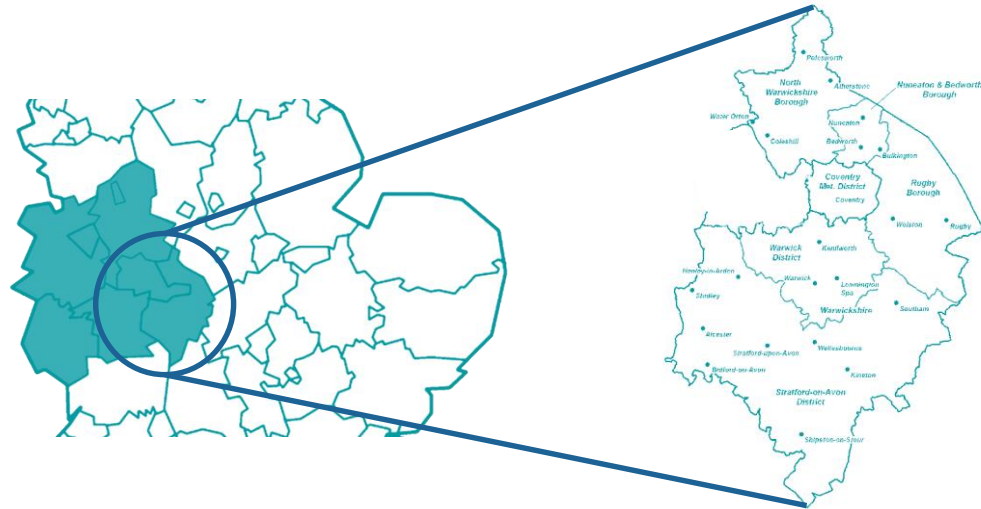


CWLEP SEP

West Midlands Combined Authority

Coventry & Warwickshire LEP

Targets
+£7-8bn GVA
+50,000 jobs



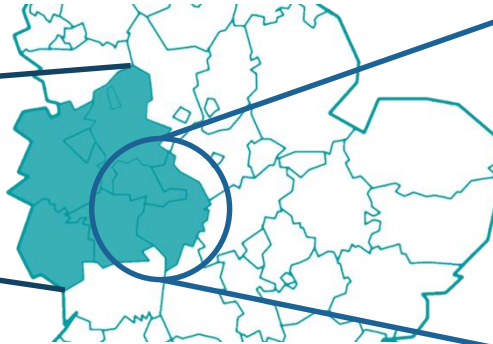
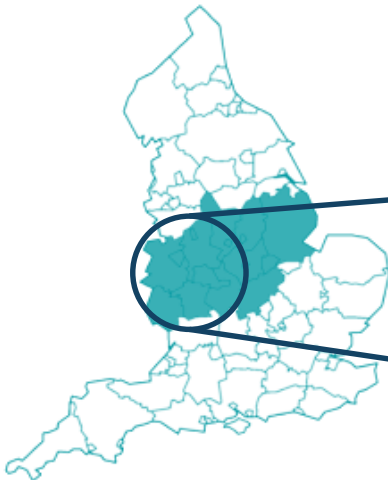
3 LEP SEP

CWLEP SEP

Midlands Engine

West Midlands Combined Authority

Coventry & Warwickshire LEP



Five Priorities

- Integrated Transport
- Research & Innovation
- Access to Finance
- Skills
- Promotion

3 LEP SEP

CWLEP SEP

Moving Forward

- Delivery Priority
- Set the Agenda
- Manage Complexity
- Extend Engagement



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**Mark Parsons - Coventry
Building Society**

Mark Parsons,
Chief Executive, Coventry Building Society



A LOCAL business...



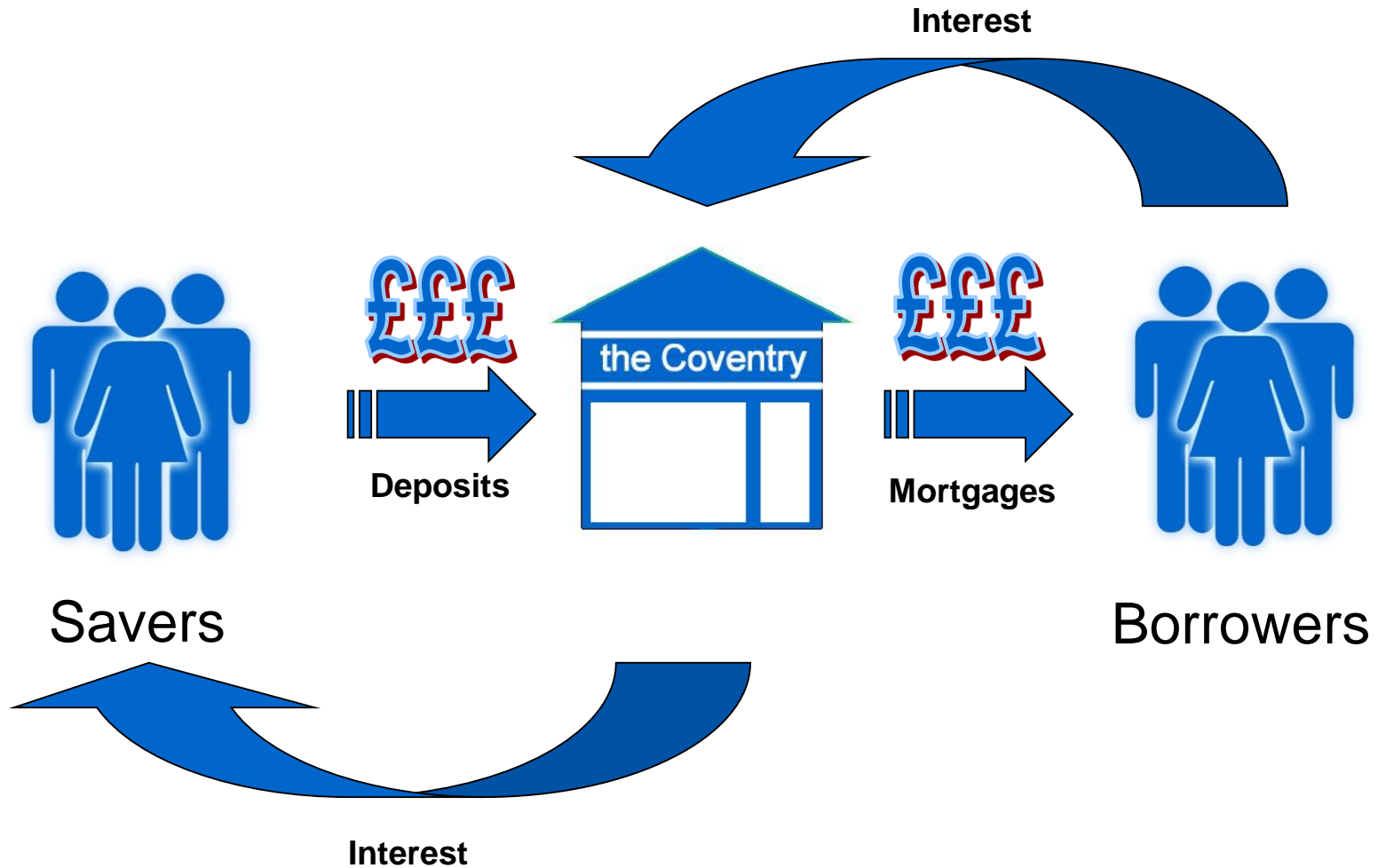
- The Coventry Permanent Economic Building Society - established 1884
- 375,000 members in Coventry & Warwickshire
- 2200 members of staff

...but with a NATIONAL reach

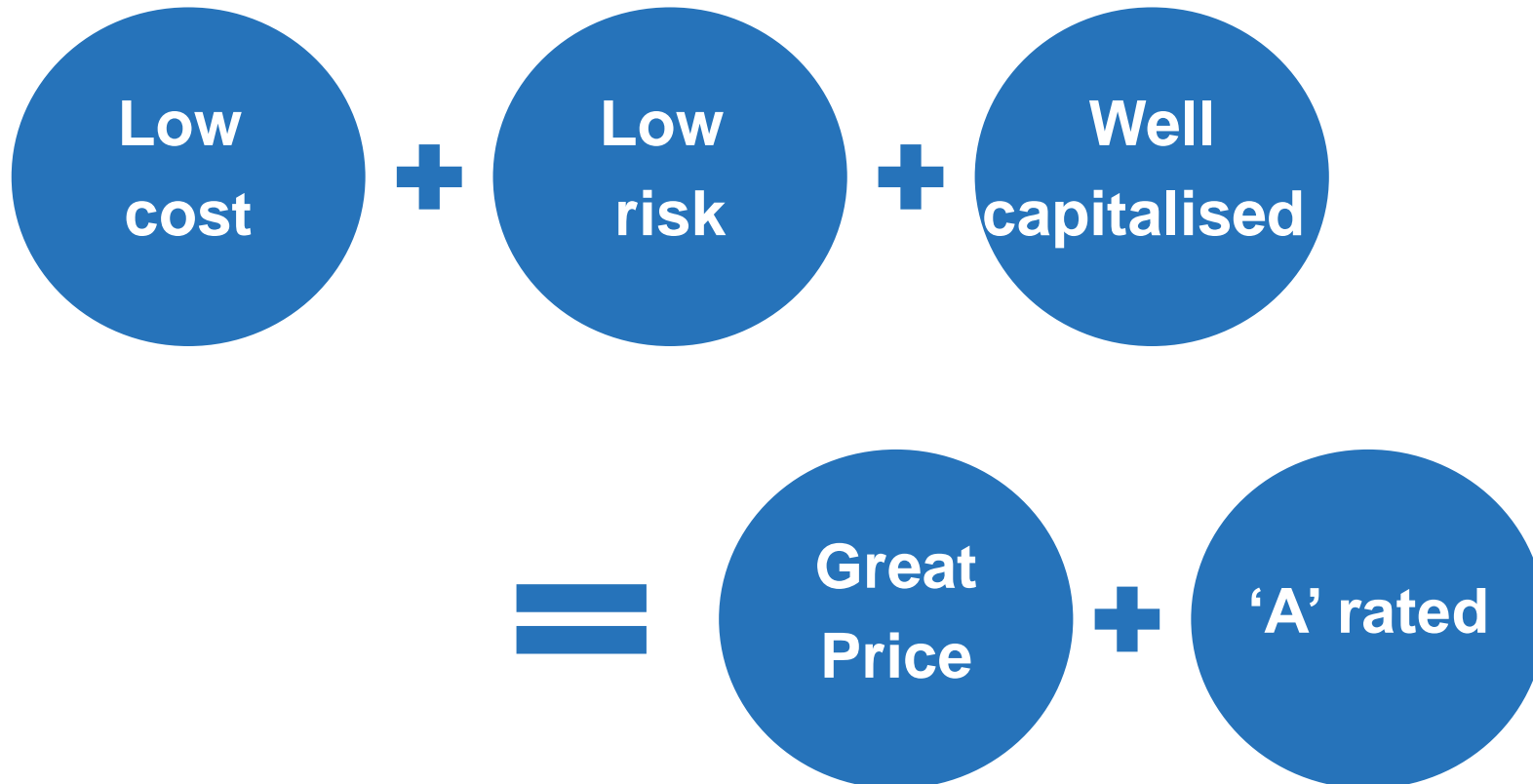


- 1.7 million members across the UK
- The fastest growing financial services organisation
- 3rd largest building society
- 8th largest mortgage lender

A SIMPLE business



A STRONG business



A VALUES business - Putting Members First

9/10 members would recommend us to friends and family



Financial
Ombudsman
Service

3% overturn rate compared with average of 57%

**Putting
Members
First**

Which?

No. 1 building society for customer satisfaction



**INVESTORS
IN PEOPLE** | Gold

88% staff engagement

No. 1 for savings and mortgages



A PEOPLE business



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Bob Mackenzie - The AA



Introduction to the AA

Coventry and Warwickshire Champions Meeting, November 2015

Bob Mackenzie - Background







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- Qualified as ACA with Thomson Mclintock in Birmingham
- CFO and CEO engineering companies in Nuneaton, Dudley and Gloucester
- BTR and Hanson Restructuring
 - Serck Valves (Solihull)
 - Engineering divisions - Crabtree (Walsall), Smiths, Robinson Willey, Berry Magicoal and others
 - Ever Ready
 - Imperial Tobacco
- Storehouse Retail Operations
- Ran NCP, Green Flag, East Coast Mainline, Sea Containers, Dometic
- Private Equity with Charterhouse and TPG
- Led accelerated IPO of AA in June 2014
- AA was largest MBI in the UK at £4,500 million and accelerated IPO

The AA - Overview

A strong, market leading business

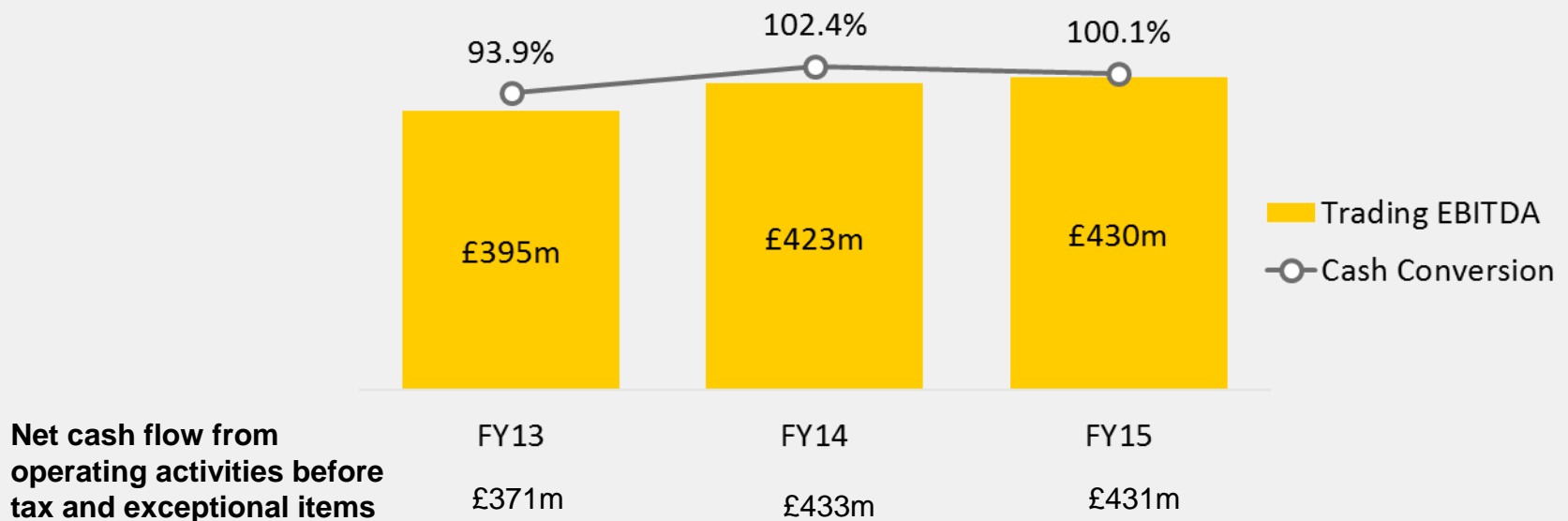
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	Business fundamentals	<ul style="list-style-type: none">➤ Strong, stable margins and cash conversion➤ High barriers to entry, scale cost advantage
	Trusted brand	<ul style="list-style-type: none">➤ The UK's most trusted commercial brand¹➤ Over 50% of households hold an AA product
	Market leadership	<ul style="list-style-type: none">➤ 3.8m personal Members, 9.6m B2B customers➤ #2 motor insurance broker, #1 driving school
	Retention and loyalty	<ul style="list-style-type: none">➤ High Member retention, long-term B2B contracts➤ Significant revenues from repeat business
	Operational excellence	<ul style="list-style-type: none">➤ 3.5m breakdowns attended pa➤ Sophisticated deployment IP and services
	Options for growth	<ul style="list-style-type: none">➤ Trusted brand lends to relevant extensions➤ 20m marketing contacts, strong cross-sell ability

Exceptional cash conversion rates

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Cash flow generation (£m)



- Increasing EBITDA year on year
- Favourable working capital dynamics as a function of upfront payments by customers

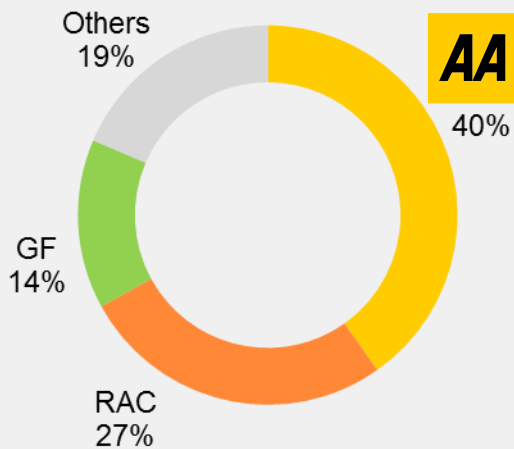
Large and resilient roadside market

- Relatively stable market
- High recurring revenue

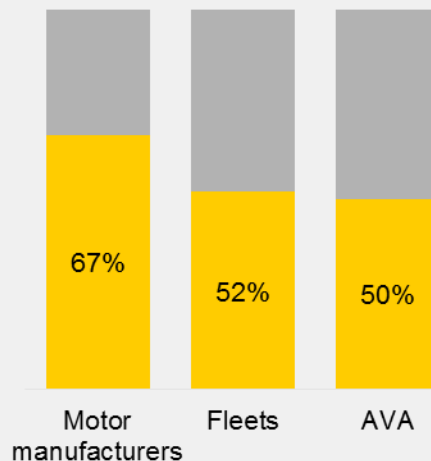
Scale and barriers to entry

- Economies of scale: 3,000+ patrols; 10,000 breakdown per day; 3.5m breakdowns pa
- New entry barriers from investment required in systems – eg deployment
- B2B relationships: 9.6m B2B customers; partner of choice for major OEMs

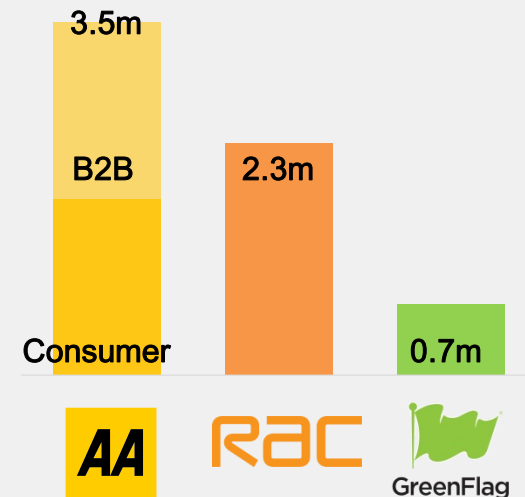
Consumer market share



B2B market share












































Breakdowns attended



Long term B2B contracts

Selected B2B client base

<p>Added Value Accounts</p>		 ✳️ BANK OF SCOTLAND	
<p>Fleet & leasing companies</p>	 	   	        
<p>Car manufacturers</p>	    	          	      
<p>Years as an AA customer</p>	<p>0-5</p>	<p>5-10</p>	<p>>10</p>

- Long standing relationships with major car manufacturers
- FY15 new contract wins include Volkswagen Group (including Audi), Porsche and Hyundai
- Lloyds Banking Group and TSB (our largest customer) renewed its five-year contract in FY15
- Other recent contract renewals include Bentley, Ford, Honda and Jaguar Land Rover

A great business

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However, a number of challenges are apparent

- Broad based under investment; eg in systems, brand and capabilities
- Legacy of short-term decision making
- Premium position not underpinned by continuous investment in proposition
- IT platform, except patrol deployment, dated and constraining growth
- Individual business unit optimisation restricts commercial opportunity
- Limited and inflexible CRM systems
- No investment in brand marketing for many years

Creates opportunity, but significant work to do

- Core business performance flat
- Several years of under-investment under previous ownership
- Period of investment and consolidation to position AA for renewed growth
- Refinancing to free up additional cashflow and facilitate dividends
- To be achieved through
 - Transformation
 - 1) Investment in brand marketing
 - 2) Investment in IT systems and digital capability
 - 3) Restructuring and cost initiatives
 - 4) Investment in Membership growth and reduced price
 - New business initiatives
 - Developing new business models

Investment creates longer term opportunities

**“The world should come
to Coventry and see
what you have
achieved”**



Coventry and Warwickshire Champions

Wednesday 20th January 2016

7.45am to 9.30am

www.coventry-warwickshire.co.uk



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