



# The ENDURANCE



His first startup launched at the dawn of this century, and **SIMON ROGERSON** has been launching others ever since, while also raising children, running triathlons and contemplating the purpose of business. By **SUSAN GILCHRIST.**

IN 2000, WHEN SIMON ROGERSON WAS 25, HE LEFT A LARGE financial services firm to launch a startup with two friends. They called their company Octopus, because “it had 100% name recall,” Rogerson later told the *Financial Times*. Another reason: He and his fellow founders preferred something humble, in an industry of names taken from gods and planets.

In 21 years, Octopus has extended its tentacles from financial services into energy, real estate, venture capital and financial literacy. Connecting those disparate businesses is a culture that emphasizes service to customers, colleagues and society. Rogerson, CEO, has stationed his desk in the reception area of Octopus headquarters. A significant stake in the privately owned company is held by its more than 2,300 employees. In highly competitive markets, Octopus stands out for its devotion to sustainability and renewable energy. It is also known for its highly literate communications. “Out-pricing, outsmarting, outmaneuvering the competition won’t last forever; out-behaving them will,” states a recent Octopus publication.

Octopus is highly successful. “Our original shareholders have now made 100 times their money,” says Rogerson.

The face of Octopus is Rogerson, an introvert compelled to write. His thought-provoking blog posts evoke the image of a philosopher CEO. With a degree in French literature, Rogerson is a father of three, an Ironman finisher and a subscriber to the belief that effective leadership benefits from an affliction he calls “Permanently Disappointed Syndrome.” In an interview with Susan Gilchrist, Brunswick Chair of Global Clients, Rogerson laughs. “I’m not a miserable person, but I’m always thinking we can do things faster and better,” he says.

#### **Does behaving well truly confer a competitive edge?**

Let’s imagine it’s the Middle Ages. You’re the blacksmith, I’m the baker. You put shoes on my horse. I sell you bread. We live in the same little hamlet. If the community finds out that I’m not being honest, that I’m cheating you, they’ll kick me out of the village, or they’ll put me in stocks.

Over the last 20 years, businesses have forgotten that great business is simply about how you make your customers feel. The larger they’ve become, and the more distant their customers, the more their morality has declined. They’ve built walls around their businesses that stop these customers from seeing in. They’ve spent hundreds of millions on advertising to project an image that’s more wishful thinking than reality.

But things are changing. The walls companies built around

# ENTREPRENEUR

# AT OCTOPUS, “WHAT YOU DO ACCOUNTS FOR ONLY HALF OF

themselves are being ripped down. The power is shifting—from the company to the customer. People, customers and employees can now see straight through a company. Not just what you do, but how you do it. Thanks to technology, particularly social media, we now live in a hyper-connected, super-transparent world.

But not every company has woken up to this new reality. Some companies—particularly those in our sectors of energy and financial services—still embrace and hide behind their complexity. They still behave like they’re the adults and their customers are the children. That will not last. The power has shifted. We’ve gone back to the Middle Ages. Your customers give you the right to be in business.

## **Does remuneration at Octopus reflect your concern about behavior?**

We have a nine-box matrix that rates performance. What you do accounts for only half of how you get paid. How you behave is the other half. Behaviors are tracked on a scale of ABC. If you’re a C1, the 1 means you performed brilliantly from a what perspective but badly from a how perspective. That’s not a good place to be.

You’d much rather be an A3, which says you’re a great person, you’re just not delivering well. We can do something about not delivering well. We can get you from a three to a two, maybe a one. But if you’re a C, you’re probably not a great fit with our culture.

## **Speaking of culture, is it possible across so many different business units to maintain a cohesive culture?**

All of our companies share the same values: be bold, helpful, straightforward. If you were a customer of any of our organizations, you’d know you were a customer of the same company—which goes back to how we communicate, how we treat you.

I’ll tell you a story that makes me proud. A guy, 25 or 26, on the customer service team of one of our investment businesses got a call from a client who was thinking about one of our investment products. Our guy says, “Would you like me send a brochure to you in the post?” The client said, “Unless you’ve got it in Braille, don’t bother. I’m blind.” Our guy didn’t talk to his manager. He just went home and spent his weekend recording himself reading the entire brochure, including about five pages of Terms and Conditions in small font. He put it all on a cassette or CD and sent it to this guy.

That client called me to say, “I’m not investing in the product because my situation’s changed. But I’m calling you up because I’ve never received such thoughtful service before.”

That’s something you can’t train into people. They either care about customer service and other people or they don’t.

That’s one of the things I got wrong for the first however many years. I hired for skills. Then I wondered why I didn’t like working with those people. It took me years to stop hiring people who were functionally brilliant but culturally wrong. The shorthand I

use now is simple—people are either radiators or drains. Drains are rarely fun to work with.

## **What do you mean when you say customers will know Octopus by how you communicate?**

Having a degree in French literature, I understood from the beginning that words are important, and words are under-rated by companies.

Every communication from our energy business, for example, is signed off, “Love and power.” That tells you everything you need to know about the brand, and the personalities that sit behind it.

Most companies communicate in a way that’s instantly forgettable. How many companies make you smile when you read what they’re sending you? Financial services is probably the biggest culprit. It’s an industry full of very smart people but they struggle to explain the complexity of what they do in a way that normal people can understand. And if someone can’t understand you, they definitely can’t trust you.

## **Why did you choose entrepreneurship over climbing the corporate ladder?**

I wasn’t yet at university when I took my first job, selling door to door for a company called Betterware which sold household cleaning products. They paid me a flat commission, 20% of whatever I sold. It turned out I was quite good at selling stuff door to door. I started to think, “All my friends are working in bars or restaurants or whatever, getting £3 an hour.” I was earning £10 an hour. And I could work whenever I wanted.

While at university—I chose St. Andrews because I was keen on golf—I interned at a leading UK financial institution in their investment banking department. It was an amazing organization, full of very smart people. I’d happily work until 2:00 in the morning, proofreading stuff and generally trying to make myself useful.

At the end of my degree, I thought, “I want to go into something which is quite competitive where, if I’m really good at it, people will know I’m good at it. If I’m not very good at it then fair enough.” So I went into fund management, where your numbers are very transparent, and for a while I was proud. But every day I would look at my watch hoping the end of the day was near, and it would be only five minutes to 1 p.m. I was bored. I couldn’t imagine doing something that really didn’t interest me for 30, 40, 50 years. But thank my lucky stars, I fell into entrepreneurship, which I found infinitely more interesting. Now if I look at my watch, I’m hoping to slow time down.

## **In the almost 20 years you’ve run Octopus, how have you changed as a leader?**

Instead of hiding vulnerability, I embrace it. The whole world tells us failure is a bad thing, to be avoided at all costs. Our education

# HOW YOU GET PAID. HOW YOU BEHAVE IS THE OTHER HALF."

SIMON ROGERSON

system says, "Don't make mistakes." A big red pen tells you, "You got something wrong." Hardly anyone working in financial services failed at anything in their life. They've all done really well at school, they did well at university, they became accountants, they passed their exams. They probably passed the driving test first time.

But that's a bad mindset for startups and frankly for big companies. If you can't fail, can't admit to failing, then you learn nothing from your failures and you stop trying things that might seem risky.

## Is there a failure of yours that was particularly instructive?

I make mistakes all the time, but the ones I regret are always related to hiring the wrong people. If you're really good at hiring, you might get six or seven people out of 10 right. When you get them wrong at a senior level, that becomes really painful. And those are the ones I regret, because they're leading businesses or functions for you.

So you change them out, and the whole process is not great for them or the business, but mistakes are inescapable.

I've hired some people who turned out to be like the CIA: admit nothing, deny everything, make counter-accusations. That's really draining. Better to be open about your weaknesses, better to say, "I'm not very good at that" or "I need your help." Or similarly, "I am really good at that, and you should use me here." A culture where people feel able to drop the shield they've carried around with them for 20 years is really liberating, and it has to start at the top.

## Your businesses tend to shake up the establishment. As you grow, how do you guard against becoming the establishment?

I don't think you can build new businesses from within the mother ship. When we build new businesses, we build them outside of the head office. Even if they're in London, they'll be down the road or around the corner. You free them up and they can think differently, get into startup mode, rip up rulebooks, take risks, be OK making mistakes.

## You actually provide financial incentives for your employees to leave to start their own businesses?

Because of the great experience I had starting companies, I thought, why not give other people the same experience? With that in mind, we created the Springboard program, which encourages people at Octopus to leave and go set up their own company.

Now, when you say to people, "Why don't you go set your own company up?" they tell you one of two reasons: "I haven't had an idea yet." Or: "It's too risky." The idea excuse is rubbish. You can just steal someone else's idea and execute it better. The one around risk I understand. People have husbands, wives, children, dependents. They often can't take that risk even though they'd love to. So we came up with the Springboard program which our people pitch for—money from Octopus, from our balance sheet.

We give them six to nine months and an investment. If they try and they fail within six to nine months, then we'll keep their job open and they can come back and work in their old job. They'll be infinitely more useful to Octopus, having tried and failed, than never having tried.

If we create 20, 30, 40 entrepreneurs out of that over the next 20 years, that'd be amazing. I personally invested in the first company that went through the Springboard program, which is a business called Parent Cloud. A lady in our HR team set up Parent Cloud, which provides resources for the mental and physical wellness of parents in the workplace. She's got 15, 20 customers now; it's doing really well.

## Where do you get your stimulation and ideas?

I very rarely read business books. I'll listen to podcasts. But generally, I like base principles. I'm naturally introverted, and I like thinking on my own. I'll scribble down an idea and send it to a whole bunch of people, asking what's wrong about it and how it can be improved? I will take all of their feedback on board and come up with the next version.

I also like stealing other people's ideas. I have a little book where I just steal other people's ideas. Every time I think, "Oh, that's genius," I write it in my book.

At Octopus, it helps that we're surrounded by entrepreneurs trying to build the next generation of businesses. It's easy to be restless when you're surrounded by 80, 100, 150 portfolio companies, all with massive ambition and rocket-loads of energy.

## Is there a particular kind of leader or thinker who inspires you?

We once had an external speaker appropriately named Ben Rockett. He holds the World Record for cycling from London to John O'Groats and back. To do this, he had to drop out of his PhD at Bath University. To train himself he got by on minimal sleep for months. The actual ride took three-and-a-half or four days. He broke his foot halfway through because of the force he was putting through the pedal. But he carried on, breaking the world record by a mile. That whole race he slept for two-and-a-half hours. At one point his friends in his support car, as he was going up a hill, started yelling that he was being chased by a bear. By that point he was hallucinating, and he believed them, and he started cycling faster. Anyone that far off the human spectrum I find inspiring.

## As an Ironman triathlete, do you use exercise to relax?

There's really only one thing that genuinely allows me to switch off from Octopus, family, everything else. That's when I'm running, cycling or swimming. If I'm trying hard, I can't think of anything other than, "Where's my next breath coming from?" ♦

SUSAN GILCHRIST, Group CEO of Brunswick from 2012 to 2018, serves as Chair, Global Clients, out of the firm's London office.