

Into the Internet Age



Charlie Mayfield, left, made Chairman in 2007, brokered the deals that led to the purchase of Buy.com and the arrangement with Ocado. Mark Price, right, appointed Waitrose MD the same year, had been the first to see the power of the Internet. His 'Chubby Grocer' blog identity is entirely appropriate.

In bad times, where should the line be drawn against eating up capital?
It was too good an opportunity to miss. People who run a business
must do what any really plucky, clear-headed, far-sighted individual
would do.

SPEDAN LEWIS IN THE GAZETTE OF 3 FEBRUARY 1940, ANNOUNCING
THE PURCHASE OF SUBURBAN AND PROVINCIAL STORES

Finance director David Young and the Partnership's three IT directors watched the end of the twentieth century from the Partnership computer bunker in Central London. Although the Millennium came in with a whimper for their and the world's computer systems, it brought a major upheaval for John Lewis. At the end of 1999, John Lewis MD Brian O'Callaghan agreed to take early retirement from the Partnership, and he left in January 2000. Questioned by councillors on his Partnership council report in March 1999, O'Callaghan had painstakingly defended everything that could be bowled at him – credit cards, Sunday trading, the Internet, advertising, trousers for female shop assistants. A cricket enthusiast, he was like some embattled England captain wearily seeing off another set of West Indian fast bowlers. At the height of the flotation debate that summer he suffered a bombardment: Gazette letter after Gazette letter. Typical was one that contrasted 'one side of the business that is winning awards left, right and centre for its innovation and senior management and marketing strategy, and the other, an increasingly stale business...' In vain, in his patient reply, did he quote from a report from the previous issue of the retailing consultancy *Verdict*:

The John Lewis Partnership is the number one store group in this sector, and is as good as any retailer in the UK. It manages this by being authoritative in its product offer, having high levels of customer service and competitive pricing ... Only by consistently meeting, and exceeding, customer needs, does John Lewis achieve its success.

Indeed, he left with John Lewis profits still well over twice those of Waitrose, from virtually the same level of sales. But the conclusion of Stuart Hampson was that the business in 1999 was fit for the past decade and not for the next. Brian O'Callaghan, schooled by Stanley Carter at Waitrose in the late 1960s, had been running John Lewis since 1989, and was its selling director for five years before that. Hampson decided a new approach was needed. He chose someone very different.

Mayhew takes over John Lewis

Luke Mayhew, open and approachable, and looking disconcertingly like the impressionist Rory Bremner mimicking Paddy Ashdown, took over John Lewis. Yet another Oxford graduate, with a later master's degree in organisational behaviour – he would witness a fascinating specimen of that – Mayhew had been recruited from British Airways in 1992. After five months in china and glass at Peter Jones, which, he said, transformed the way he worked, he had succeeded Stuart Hampson as research and expansion director. He told a meeting early on: 'An old BA colleague asked me what *exactly* that meant in a company that did hardly any of either.' In the Partnership's Millennium