

# THE INDEPENDENT

Business/Interview

SATURDAY, 7 SEPTEMBER 2013

## WHY DOES THIS MAN THINK HE CAN CURE THE NHS?

John Neill, the boss of motor parts and logistics giant Unipart, reckons he can inspire hospitals' employees and improve patients' care. And there's no catch, reports **Margareta Pagano**

**J**ohn Neill has a challenge for Health Secretary Jeremy Hunt: "Give me the NHS and I will prove that we can change the culture – improve the quality of care for patients, inspire the employees, innovate, reduce waiting times, improve nursing and increase the output of the doctors, and reduce costs."

What's more, he will do it for free. Mr Neill is chairman and chief executive of Unipart, one of the UK's biggest private companies with clients including Jaguar, Vodafone, BMW and Sky. Unipart, which started life as the rump of British Leyland, is a global player in logistics, makes heat exchangers and exhaust systems for the car industry, as well as consulting. Last year it had turnover of more than £1bn, operating profits of £28.8m and employs 10,000 people; it doesn't do things for free.

So where's the catch, Mr Neill? "There isn't one. But what I know is that there is a moral and economic imperative for the health service to become massively more efficient.

And I really mean this – we could change the culture – and for free. Sadly, it's the mythology that holds the NHS back from changing. It's too political, and politicised. "Setting targets from top down, which is what the NHS is trying to do, is stupid. It never works. There is only one way to change the attitude and that is to work from bottom up. In healthcare, 95 per cent of what you do doesn't add value for the customer – that's true about every organisation."

He gives an example: "When I started in the motor industry it was acceptable that about 6 per cent of a part, say starter motors, wouldn't work. That was the norm and accepted by everyone. But if you think about it 6 per cent is equal to 60,000 parts per million. Today, we expect to run our factories at 25 parts per million with defects."

Nor does he see any problems between comparing the health service with making cars: "I'm going to be frank with you, and this will upset a



John Neill wants to change the culture TOM PILSTON



lot of people in healthcare, but if we ran our factories with the same level of defects as those in an average hospital then we'd be out of business in 24 hours. And, we would go bust if we ran the factories only five days a week, as many hospitals are doing."

"Let me show you what I mean," says the 65-year-old, jumping from his chair in one of Unipart's "university" rooms where he meet. "Let's go and see the chef in the canteen. A few years ago this place was disgusting – I didn't eat here. It was like something in a comprehensive school in a deprived inner-city area. The food was outsourced and the staff didn't give a damn. Look at it now; isn't it wonderful?"

He's right: the canteen, known now as the Art Room, is bright and cheerful, the food looks good, there are newspapers and magazines laid out for the employees and the air is friendly. For a moment, you can almost forget that you're in British Leyland's old HQ, an enormous hanger-like building on the Cowley industrial estate in Oxford next door to the Mini plant and it's tipping down with rain outside.

The French chef is charming and explains how daily and weekly meetings with his co-workers always bring up ideas on how to do things better. He gives examples too – how they used to hire cleaning equipment for the kitchens but persuaded his managers they should buy their own machinery instead. The result: saving money in the long term and cleaner kitchens. He's very persuasive, and the roast chicken and chips was great. Everything he does, and everything the other catering staff do, is then

**"It's not easy. It's like performing a symphony. It's also painful for people to be proved wrong"**

noted down and written on flow charts and organigrams on a big board for daily inspection. This has a name: it's the Unipart Way.

"You see," says Mr Neill, positively bursting with pride. "The staff are the same as before but we brought them in-house and appointed a new boss from inside. You can't tell people to become engaged. You have to lead them, inspire them and explain, and you have to do it every hour of every day. You have to listen to their views, support their ideas for improving productivity and most of all, just like the chef here, allow people to solve problems at their own level."

Sounds enlightened and perfectly logical to me, so why don't more companies behave like this? "Because it's not easy. It's like performing a symphony. You have to have all the instruments well orchestrated, individuals who have practised for thousands and thousands of hours together and then have one conductor who understands the result. It's also painful for people to be proved wrong."

Mr Neill discovered his Unipart Way the tough way. He joined British Leyland in 1974 as a young business graduate when the car industry was at its bleakest, moving to the Unipart parts division when it was given to Sir John Egton to run. When Sir John left, the 29-year-old Mr Neill took over and continued providing logistics to 81 and others. In 1987 Mr Neill led a management buyout and, unusually for the times and against City advice, persuaded most of the 2,000 staff to buy shares in the company. Instead of a prospectus, he commissioned a musi-

cal to explain what he wanted to achieve with the buyout and hired Radio 4's John Humphrys to present a video.

But business was dire, productivity was on the floor and labour relations weren't great either. So Mr Neill went to Honda and Toyota to understand how they achieved such quality, learning the "lean" approach to production but also quality. By adopting these processes, he turned the business around, to such an extent that "industrial tourists" used to go gaga when they visited its factories and logistics centre.

Clients were so impressed with the Unipart Way they asked Mr Neill if he could help them: at first he declined because he didn't have enough expertise in-house. But then something clicked. It wasn't long before he started training more staff so that he could hire them out, and there are now about 150 "expert practitioners" spreading the word.

Mr Neill may not have the NHS to himself yet but his experts have worked for the Yorkshire Ambulance Service, the Sherwood Forest Hospital and they have just won a contract to advise the University College Hospitals for the Coventry and Warwickshire Health Trust.

The Unipart Way is not without controversy. Mr Neill's team worked with the HMRC and he claims their work has saved the taxpayer at least £440m and that benefits are still flowing. But the unions didn't like the interference.

Mr Neill admits it can be a painful process: "If you've done something a certain way for 20 years and someone comes along and says 'actually you can do that in half the time and at twice the quality', it's quite a difficult and painful thing for any human being to accept."

Painful or not, it seems to be working for Unipart. By far the biggest chunk of the business is the logistics division which has spread around the world. It does the physical distribution for the third and fourth tiers of the supply chains for the food-to-car industries; one of the most complex in the world. It's been tough, particularly after the crash: "The worst challenge we faced was in 2008, when the motor industry went into deep freeze. Honda stopped production for four months. They just shut the factory."

Orders are now going strong and Unipart is growing across all three divisions, employing another 1,000 people last year. More than two thirds of the company is still owned by the staff. Mr Neill has 10 per cent and City investors have the rest. There are no plans to float or sell the business, certainly while Mr Neill is in charge, as he sees no benefits from listing and is scathing about the shortcomings of the City's short-termism. As a former director of the Court of the Bank of England, he's equally critical of much of the banking industry which played "games of roulette and gambled" recklessly with other people's money.

His greater worry is that the government is not doing enough to improve productivity: "Growth comes from competitiveness, and that comes from productivity. That's going to be tough for the UK as nearly half the economy is in the public sector. What are government ministers doing about it?"

So there couldn't be a better time for Mr Hunt to take up his kind offer. You can just see the NHS slogan: "Get your spare parts with Unipart."