

Then and now

25 years of change in the North East

The 29th July 2013 marked the 25th anniversary of Nigel Wright Recruitment. Since its inception in 1988 the company has gone from being a small regional finance recruiter to become a recognised specialist recruitment brand in Europe and beyond, employing over 100 consultants across ten international offices. Andrew Openshaw takes a retrospective look at the changes the region has gone through since Nigel set up his business in Newcastle 25 years ago.



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Despite its global aspirations today, the business contends that the foundation it has established and continues to nurture in the North East has always been central to its success.

The employment landscape of the North East has changed dramatically during the last 25 years. The evolution of the region's core industries has seen a significant increase in the demand for new skills and knowledge. During this period of rapid change, Nigel Wright has established a reputation for expertise in a broad range of industries and disciplines that have promulgated over the last two decades. This article looks at what's changed in the last 25 years and the companies that have been at the heart of the North East's transformation since the late 1980s.

Mass privatisation of British industry had dominated the decade, causing large scale unemployment and fracturing the social fabric of the nation, the North East being particularly hard-hit. 1988 in particular was a significant year for the region due to the closure of the Austin and Pickersgill Shipyard in Sunderland. This brought an end to shipbuilding in a place once described as the largest shipbuilding town in the world. Furthermore, following British

Coal in 1987, British Steel was privatised in 1988 signalling a new era for the 70 year industry on Teesside.

By the end of the year however, Britain was enjoying an economic boom, fuelled by a strong increase in consumer demand and spending. Growth was fixed at a staggering 4.5% and unemployment had also reached a seven year low; falling on average by 50,000 per month that year. These were impressive milestones to mark the year Margaret Thatcher became the longest serving British prime minister of the twentieth century. Yet the changes Britain and especially the North East had gone through by the start of her third term were unprecedented, and as history has shown, seemingly irreversible.

Since the 1980s, economic inequality has grown faster in the UK than in any other developed country. In the North East, income per head and educational achievement is still lower than anywhere in the UK; unemployment and non-employment are higher. As a consequence of the Thatcher years, the North East also experienced significant levels of outward population migration. Industrial changes were one thing, but other factors



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such as rising crime raised concerns over the region's viability as a place to work, raise families and settle long term. But in 1988 the North East wasn't on its knees.

Although it had lost many traditional industries during the decade, the resilience the region has since shown in re-building and diversifying its economy was already underway. Infrastructure investment projects were top of the agenda. Plans to redevelop the urban riversides had begun in the late 1980s, in particular Newcastle's Quayside was to be transformed into the vibrant economic and cultural hub which it is today. Expansion of the eight year old Metro system was also scheduled, resulting in a new station at Newcastle Airport in 1991, paving the way for greater connectivity with international trade and travel – something we now take for granted.

As with all periods of major social change people became suspicious of those seeking to capitalise

on the redevelopment of the North East. This mistrust was highlighted brilliantly in Mike Figgis' 1988 film *Stormy Monday* in which a corrupt US businessman tries to secure underhand deals in Newcastle, as part of a wider regeneration project. Yet other cultural initiatives were helping those who remained in the region to embrace a different and diverse future. 1988 saw the opening of the Newcastle Arts Centre by Prince Charles, preceded by the launch of Riverside, a 'co-operative' music venue which went on to become world famous – hosting the likes of David Bowie, Nirvana and Oasis. They were indicative of the future cultural economy of the North East's largest city, which would eventually become a renowned center for the arts in Europe and beyond.

Perhaps more importantly however were the national and international businesses establishing as well as developing their operations in the region at that time. New jobs that required new skills were emerging, which along with the new aesthetic and

cultural makeover taking place set the scene for a new era in the North East, that would be defined over the next 25 years.

A huge number of primary and manufacturing jobs had been lost during the 1970s and 1980s in the North East, leaving behind a large manufacturing-skilled workforce seeking new employment. This was instrumental in the region gaining a £50 million investment from Japanese automotive manufacturer Nissan, which opened its Sunderland factory in 1986. Japanese manufacturing techniques were virtually unheard of in the UK at the time. In fact, the concept of 'lean manufacturing' which was at the heart of the Japanese 'way', was only coined in 1988 by MIT student John Krafcik in a journal article based on his MBA thesis. The fact that the North East had no other car manufacturing plants meant that a period of rapid up-skilling had to take place to get the 400+ employees up-to-speed. Even those drafted in from other UK car plants were free to develop and test new innovative techniques in Sunderland.

Nissan Motor Manufacturing in Sunderland is now the UK's biggest car maker, with a turnover of £4.3 billion. In 2010 the factory produced a record 423,000 vehicles and is celebrated internationally for manufacturing productivity. Its success has also paved the way for other automotive manufacturers and suppliers in the region, taking advantage of the entrenched skills base now established here. One in three cars made in the UK now comes out of Nissan in Sunderland, making the North East the country's number one car producing region. It also supports a regional supply chain for other businesses, such as automotive parts manufacturer Nifco in Stockton that supplies Nissan as well as Honda, Ford and Jaguar.

This supply chain couldn't function without the two vital ports in the region – Tees and Tyne - that plug the North East into national and international trading routes. Teesport in Middlesbrough is now the second largest port in the UK, handling approximately 40 million tonnes of freight. Its deep sea container facility is significant for facilitating international trade to and from the North East, in particular with the burgeoning Asian markets.

Teesport is part of PD Ports Group formerly known as Powell Duffryn - a coal mining business dating back to the 18th Century. Following the nationalisation of British coal mines in the late 1940s, Powell Duffryn focused on developing its engineering expertise and by the early 1980s it had a turnover in excess of 400 million as well as a worldwide reputation for engineering, shipping and bulk storage. In 1988 when Nigel was just starting out, the business sold its shipping operations and used the capital to buy the ports of Tees and Hartlepool - a deal which was finalised in 1992. It has subsequently been privatised and sold to

Japanese investors who renamed the company PD Ports and floated it on the London Stock Exchange in 2004.

The Port of Tyne, as well as acting as an international passenger terminal, is now the main port used for exporting cars manufactured in the North East. With a history dating back to Roman times, the current organisation was formed in 1968 following the dissolution of the Tyne Improvement Commission. For over 300 years the port was at the heart of the UK's coal industry but by the end of the 1980s, following the privatisation of British Coal in 1987, it had to radically change its purpose. Over £100 million has since been invested in the port which has helped it diversify into new areas including cars, rail as well as tourism. It is also now the UK's forth largest importer of coal.

Between them the ports employ over 1,700 people in a variety of roles that require a wide range of skills. As well as providing vital employment to 1,700 plus people, the work at the ports actually influences thousands of other jobs in other port related industries. Furthermore, both organisations have a strong commitment to training and development and offer qualifications and training courses to employees at all levels; honing and replenishing the talent here in the region.

Technological innovation is something the North East has always been proud of – from locomotive trains and gas safety lamps to windscreen wipers and hydroelectric bridges. Even the transoceanic fibre optic cables used to power today's global high speed internet wouldn't be possible without Wallsend engineering firm SMD's seabed trenching technology. In the 1980s however, before the dawn of the internet, powerful computers were being mass produced for public consumption for the first time. This was the beginning of the software boom.

In 1988, accountancy software business Sage Group, based on Newcastle's Quayside, was readily preparing to float on the London Stock Exchange. Within seven years of its inception, Sage had grown significantly since the launch of Sage Software, in partnership with Amstrad, in 1984 – filling a burgeoning gap in the market for robust accountancy software for small businesses. Ten years later it was in the FTSE 100. Today it employs more than 2,300 staff in UK - with more than half located in the North East - and 13,500 internationally.

Like Nigel Wright, Sage is still headquartered in Newcastle, where it services six million businesses through a global network of 23 offices. Sage contends that the broad skills base that exists in the region has been instrumental in facilitating growth over the last three decades. The business not only hires IT experts but also provides employment to people with a range of different skills including finance, marketing, sales and HR. Many people



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in the region begin their career at Sage. The company also makes a significant contribution to the region's economy by using local suppliers and is an inspiration to today's budding community of tech-entrepreneurs.

Following the success of companies such as Nissan and Sage, the North East was increasingly becoming an attractive place for global businesses seeking to invest in the region and, in particular, gain access to the young, educated workforce. One sector that has become synonymous with the North East over the last decade is the professional services industry, which has grown by 14.8% over the last ten years. KIBS (knowledge intensive business services) now generates 25% of the wealth in the area; this is largely due to the high investment there has been by national and international contact centres, which now provide a greater proportion of jobs in the North East than in any other part of the country, bar the North West.

In 1993 when Nigel Wright was celebrating its fifth year as a business, global customer management giant Convergys opened its Newcastle office, anticipating the imminent boom in the region's 'knowledge economy.' Convergys has now enjoyed 20 successful years in the North East, providing customer services in ten European languages for clients in financial services, IT, pharmaceuticals and communications. It employs 600 staff and in a similar way to Sage relies heavily on the local talent pool which is utilised by a number of other blue chip contact centre operations today such as Virgin, Sky and Barclays.

Between the start of the 1980s up until the mid 1990s, over 100,000 jobs in primary and manufacturing industries were lost. Yet during the subsequent decade, the North East economy actually grew by 50%. The regional development agency installed by the incoming Labour government in 2007 heralded a new era of investment in the local economy. Certain key sectors were chosen to facilitate growth and boost employment such as the professional services industry, which flourished during the late 1990s and noughties, by capitalising on the burgeoning talent pool in the region. As well as contact centres, other professional service companies have enjoyed success in the North East including Nigel Wright (leading European consumer recruitment specialist) Bond Dickinson (Formerly Dickinson Dees, Top 50 law firm in the UK), Lycetts (UK's leading broker of farm and estate insurance) and Robson Brown (fifth largest media buying point outside London) to name a few.

Manufacturing decline is often lamented in the region, but manufacturing jobs still account for 12% of today's workforce and the reality is that the North East can still be proud of its output. Areas such as renewables, life sciences, offshore

and biotechnology are now also considered major industrial sectors in the region. A third of all UK biotechnology companies are now based in the North East – this is a statistic that would have seemed ludicrous 25 years ago. The subsea and broader energy sector is building a foundation here that will support regional growth for decades. The North East is even hoping to revitalise its coal industry legacy through underground coal gasification; Newcastle-based Five-Quarter could begin working on the commercialisation project this decade. Rolls-Royce is expanding its operations, and Japanese multinational Hitachi is to start building inter-express trains in Newton Aycliffe in 2015.

The region's trade surplus and export growth are higher than the UK average today. Furthermore, the dynamic and diverse business community can take advantage of four world-class universities that are investing in the next generation of economic opportunities in terms of skills, research and technology. Since 1988, in light of significant social, economic and cultural upheaval, the North East has evolved and made itself competitive again. Regeneration and economic development projects, as well as business investment that began in the 1980s, has benefited the North East greatly.

By integrating with the region's evolving landscape, building long lasting and trusted relationships with customers from across the business spectrum, Nigel Wright is able to tell its own success story today. By the mid 1990s, with a highly developed and profitable business operating in the North East, the company began to grow outside of the region; and with a history of working with locally based multinational customers was able to conceive a national and then international proposition.

The first office outside the North East region was in Copenhagen; this was quickly followed by offices in London, France, Sweden, and the Netherlands. In total, the Group currently has offices in Newcastle, Copenhagen, London, Paris, Stockholm, Amsterdam, Oslo, Madrid, Brussels, Dusseldorf and Geneva. During the latter stages of this rapid phase of growth, the decision was made to involve a private equity firm and in October of 2010, Baird Capital partners came on board. This saw a minor reorganisation of the business and the development of strong plans to continue with international expansion.

In 2012 the Nigel Wright Board outlined its new BHAG (Big Hairy Audacious Goal) to employees, stating a clear ambition to become a globally recognised leader in recruitment over the next ten years. The North East will continue to play a major role in this journey as the business looks forward to continuing to support its customers worldwide, and sharing in their success over the next 25 years.



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