

Keeping the 'magic' in Ao.com

Ao.com's founder John Roberts tells Gemma Goldfingle why maintaining the retailer's culture is more important than its share price

Just a few months after overseeing one of the most high-profile IPOs of the year, Ao.com's founder should be somewhat frazzled.

But instead it is a tanned, relaxed John Roberts at the appliances retailer's Bolton headquarters.

The calm demeanour is no real surprise given that Roberts has just returned from a mammoth seven-week break in Los Angeles in the wake of his company's listing.

"I made a deal with [wife] Sally that post-IPO I'd have a bit of time off and get to know the kids again. I was in London three days a week and working through the weekends," he says.

All the hard work paid off though. The retailer, which Roberts set up 14 years ago after a bet in a pub, made its stock market debut at the end of February, valued at a whopping £1.2bn.

The monster valuation for a company that at the time made sales of £275.5m, with underlying profits of £10.7m, has attracted its fair share of negative headlines, including a fiery piece from *The Times'* business editor urging his readers not to buy shares in Ao.com.

Observers would be forgiven for thinking that Roberts might feel wounded and regret his decision to thrust the retailer, which he refers to as his "sixth child", under the microscope of the City, but he says he actually found the experience fun.

"It was one of the most adrenalin-fuelled, exciting, intellectually stimulating, fun things I've ever done," he says. "We met some interesting,

phenomenally bright people. I would recommend it to anybody as an intellectual experience, as long as the business is in the right place."

Roberts says Ao.com broke the norm with its IPO. It took control of the stock allocation in order to "define its shareholders".

"Just because it's a public business shouldn't mean that we don't know who our shareholders are. I wanted them to be meaningful shareholders," he says.

That meant that many would-be investors were thwarted – the IPO was more than 11 times oversubscribed.

"The irony is they're trading below the issue price. What an opportunity, if they really believed in it, to buy them," Roberts says. "But the vast majority haven't because they're fickle. Meanwhile, the majority of those we allocated to still hold the shares."

Roberts insists that the share-price fall does not concern him. "I don't look at the share price. We've done everything or more than we said we would and the stock trades below where it was. So what can you do?"

Now that his holiday is over, Roberts says that it's business as usual. He adds that his role is unchanged since the IPO, his main concern being that the firm retains what he calls "that Ao magic".

The retailer has become synonymous with excellent customer service. Ao.com's call-centre staff are empowered to resolve any issue without financial restraints or having to seek approval – keeping the customer happy is the main priority.



Roberts visited the HQs of companies including Google and Disney to gain inspiration for Ao.com's Bolton headquarters

Roberts is a keynote speaker at next year's Retail Week Live, where he will tell the audience how he led the company to its IPO and how he creates a culture that has service at its core.

"If I look at the top three important things in the business number one would be culture, number two would be culture and number three would be culture," says Roberts. "It's the one thing we obsess about because it drives everything else."

That obsession must be paying off. Visitors arriving in the reception of Ao.com's headquarters are met with an abundance of awards, including its 100 Best Companies to Work For gongs from *The Sunday Times*. The retailer has come fourth in the 'mid-sized' category for the past two years.

Roberts believes maintaining that culture is his primary responsibility. He says his job is to galvanise people

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John Roberts, Ao.com



and get them “rowing in the same direction”.

He admits he uses the rowing boat analogy a lot in the business, explaining that if two people in a 10-man crew row in a different direction then the boat veers off course.

“My job is to get those 10 people and

their 10 people, and their 10 people and their 10 people, all rowing together,” he continues.

Making sure that everyone knows the destination is key. His aim is to make Ao.com a force to be reckoned with across Europe.

“Our strategy couldn’t be clearer.

LEADING BY EXAMPLE

Roberts, or ‘JR’ as he’s known around the business, is the lynchpin of Ao.com’s culture. To observers he comes across as a people person and it’s no surprise that he says he believes his people are his most valuable asset.

His conversation is peppered with references to Melissa from the call centre or Reece from sales, and Roberts gives the impression of genuinely caring about his employees.

With an analogy or idiom for all situations, Roberts is as much a coach or motivator as he is a chief executive.

As the figurehead of Ao.com, Roberts believes it is important that he leads by example.

“A fish rots from the head,” he says. The demands of the

City have not caused Roberts to relegate what he believes is one of his most important duties: responding to customer complaints. He says he still responds to any customer email sent to him within an hour.

He tries to instill his values in new employees as early as possible. Roberts, or in his absence chief operating officer Steve Caunce, meet every new starter within 24 hours of them joining. He calls it his “Cilla Black game”. He says: “I ask everyone who they are and where they come from.

“It makes a big statement to people. On day one, the vision is explained to you by the guy who runs the business. It takes a lot of effort, but what could be more important?”



“Everyone in the business knows what we’re doing and where we’re going and why we do what we do,” he says.

The business is approaching a milestone – its first overseas venture, in Germany. The German flags hanging in the office give away the importance of this initiative. Its potential in Europe is a big part of why investors have backed Ao.com.

Roberts insists that the etailer will “nail” the launch and is “at least on plan or ahead of plan” to do so before the end of March.

He says his team are so engaged because they all buy into where the business is going and feel like they are part of something.

“You won’t sit your grandkids on your knee when you’re old and say, ‘you know, I earned 62 grand in 2014’.

“We’ll be the dominant electricals retailer in Europe in five to 10 years time. If you can sit your grandkids on your knee and say, ‘I was there when it started’... that’s what they’ll be proud of,” he says.

Something of which Roberts is already proud is the take-up of Ao.com’s sharesave scheme. He was advised by City experts that 20% of employees would be the ceiling, yet more than a third have invested. “They have bought into it emotionally and financially,” he enthuses.

Coffee and massages

Having the right people on board is critical to Ao.com’s success, and fitting into its culture is crucial.

“I’ll take passion over ability any day of the week because I can train ability. You can’t change someone’s DNA and you can’t pay people to care,” Roberts says. He is committed to providing the best working conditions possible for his staff, and the head office doesn’t disappoint.

The premises, which Ao.com moved into at the beginning of the year, boasts a Starbucks, a subsidised café decked with picnic tables and called Ao Park, free chocolate, crisps and drinks, a bar and even an Indonesian spa.

Employees can have their hair and nails done in their lunch break or, to relieve the tension of hitting those City targets, have a hot stone massage.

Roberts believes the office cements the culture: “You spend the majority of your life here when you’re awake, so it should be fun. You can’t tell people to have fun with customers, they’ve got to want to.”

The electricals tycoon reveals that he visited the head offices of companies such as Google, Facebook, Disney and



Ao.com ranks highly in the 100 Best Companies to Work For ranking

Retail Week Live

John Roberts is one of the keynote speakers at Retail Week Live, the unmissable event where the industry meets to make new connections, hear from the people setting the agenda and learn what the future holds from the people making it happen.

Roberts joins a line-up including:

- Mike Coupe, chief executive, Sainsbury’s
- Alex Baldock, group chief executive, Shop Direct
- Greg Wasson, chief executive, Walgreens
- Marc Mathieu, SVP marketing, Unilever
- Sebastian James, group chief executive, Dixons Carphone

Retail Week Live takes place in London on March 11 and 12 next year. To download the preview programme and book your place, visit www.retailweeklive.com

For more information or assistance in booking, contact Nigel Plain on 020 3033 4253 or email nigel.plain@emap.com

Timpsons (very impressive, according to Roberts – it even has a swimming pool) and took the best of everything he saw.

Park life

Ao Park adds the most value, according to Roberts, because of the amount of “accidental meetings” it stimulates.

“I’ll have days’ worth of five-minute meetings in the Park that I wouldn’t otherwise have. We’ll stand next to each other in the queue and say, ‘where are you up to on this?’ and it drives pace,” he says,

Despite the ‘wow’ factor of Ao.com’s offices, it hasn’t splashed excessive cash on it. Roberts says the spa breaks even and that he is proud of the fact that a lot of the interiors were designed by staff.

All meeting rooms have a theme, including a party room complete with disco ball. Roberts’ own office is covered from wall to wall with prints of his family – and, with five children, there are plenty of images to fill it.

However, he says his favourite office is the one designed by the IT department, where the walls are adorned with song lyrics written in code.

“To get IT people engaged in office design and for them to be as creative and fun as they have been tells you what’s possible,” he says.

It is this level of staff engagement that makes Roberts confident about his European ambitions. “We’re in great shape. I’m very relaxed about where we are and where we’re going.”

No need for that massage, then.