

Dave Lewis and Alan Stewart interviewed for colleagues by People Business Partner Dhavani Patel.

Full transcript:

Dhavani: Good morning Dave, Alan, thank you for taking the time to talk to us about today's results and answer some questions for our colleagues.

Dave: Thank you.

Dhavani: So, what can you say about today's results?

Dave: I think I can say that today we have a set of results that we should all feel really pleased with. You know, I think there are a number of things that I would ask colleagues to take out of them. I think I would say it's a year where we started a transformation, the results show that we grow our volume for the first time in five years, and actually we've got lots and lots of feedback from every key stakeholder that we've improved the business in every respect. We delivered against the three priorities we set out for ourselves and the other thing I'd like is that people understand that the improvement is very broad-based. You know, both in the UK, in Ireland, in International markets across the Bank and in Mobile, actually it's a very broad-based improvement. I think the other thing that I'd take out of the results is, it's very clear where it is we want to be as a business in terms of investing for customers and when we have invested we've seen the return of that in a very, very material way. And the final thing is you know, all of that encapsulated in a purpose which is about serving our shoppers a little better every day is a uniting force for us as Tesco, and when we've applied ourselves to that, every colleague in Tesco should be really proud of what they have managed to do and there's a great vote of thanks for that from myself and from the Exec for all of the very, very, very hard work that's gone into making today's results a reality.

Dhavani: That's great news. So, Alan, are we on track with the turnaround plan?

Alan: We set out three priorities for the business. We wanted to restore the competitiveness in the UK, and we've seen volume growth, we've seen customers responding really well to what we've put in front of them in terms of better ranging, better availability and better pricing, and that's reflected in the business results. In terms of the strengthening and protecting the balance sheet, we've sold the Korean business, we've made changes to the pension scheme – they were difficult changes but they've protected the future benefits. And then finally trust and transparency, this is about how others view us, and ultimately we'll be judged by them, but I think we've made good progress on that, whether it's suppliers, whether it's our colleagues, or whether it's our investors – all of those constituents have seen some improvement in the trust and transparency. So, probably a tick in the box for all of those, and they're reflected in the operating profit for the year, of £944m, and £2.6bn of cash that we've generated in the business.

Dhavani: So, it's the end of your first full financial year at Tesco. What are you most proud of?

Alan: For me, I think what we set out to do wasn't only about one part of the business, it was across the whole business and it involved all of our colleagues, whether they're in the UK, whether they're in Europe, whether they're in Asia, whether they're in India, and the way that by focusing on the customer, we've delivered improvement in all parts of our business, and customers are telling us that, is the really best thing that I can look at and think 'gosh, that's incredible', and it's thanks to everybody in the business.

Dave: I think that's right. I think what I would add to what Alan said is we took a very difficult set of circumstances. We faced into it together, and we dealt with it. I think the other thing I'm really proud of is we did what we said we would do, and we rebuilt some trust because we did what we said we would do. We grew the volume of the business in order to rebuild the profitability. That's worked. We've generated the profitability, which is the same as last year, which is not bad in a turnaround, we generated the cash, and we reduced the indebtedness of the business by more than £6bn, so we did exactly what we said we would do and a good segue into the future.

Dhavani: Looking forward to the next business year. What are your hopes and aspirations?

Dave: Another set of results like the ones we've had wouldn't be too bad! Look, what we have to do is [say] it's a great start. It's a good first step in a transformation which will take multi-years. It's not something that will happen just like that. There are still things we need to do to invest in our offer. We're not as competitive as I'd like us to be, so we need to generate the wherewithal to keep investing in the way we have. We started this year in the UK and international markets in continuing to invest, so that challenge is still in front of us. We've made a good start, but we need to keep going. The fact we can put the customer at the centre of everything that we do and keep looking back at how we can build a distinctive offer from Tesco is still a massive opportunity for us. So the future is bright; the journey not easy. I think the thing we've all got to be mindful of is the market is uncertain, there's still deflation in the marketplace, so that still makes finances more difficult and we need to be clear that we have some short-term investments to make in order to make the medium- and long-term sustainable, so there's a lot to do, but we should take some confidence from doing what we said we would in the first difficult year of a turnaround.

Dhavani: And when it comes to rebuilding trust in our brand, we've done a lot of work on that recently. Are you where you want us to be?

Dave: Short answer no, but am I pleased with the progress we've made? Yes. Alan talked about what different stakeholders now think about Tesco. What's really interesting is we lost a lot of trust around the accounting issues in September 2014, but we can see that through the course of this year that trust has been rebuilt back which is really quite quick and we should be encouraged by that. What we set out to do was for people to re-evaluate us by what we did, not what we said. That means we have to carry on behaving our way to being a more trusted business than we have in the past, but customers, colleagues, suppliers have all feedback they believe in what we're doing and they recognise the progress that we've made. We just have to keep going.

Dhavani: Great. And any final messages for our colleagues?

Alan: Well from me it's thanks to everybody. It's been a team effort and it's only through teams that we will deliver what we set out to do.

Dave: I would endorse that. I add my thanks to those of Alan and on behalf of the whole of the Exec. I do think it's a year of which colleagues should be proud. There have been some difficult years in the recent history of Tesco, but in our most difficult year we've stepped up and delivered. Delivered in a way in which we should take pride and some confidence in. We're not naive about what the future holds, but with the capability and the team within Tesco I am confident we can meet those challenges and succeed as well. I hope colleagues get the chance today to reflect on a year really well done and I'm delighted we're paying the Turnaround Bonus.

Dhavani: Thank you for your time today.

Dave: Thank you.

Alan: Thank you.