

Advancing Enterprise 2005

Enterprise in Global Markets

Queen Elizabeth II Conference Centre
Westminster | London

Friday 4 February 2005



HM TREASURY

Programme of events



Breakfast

8:30-9:00am



Opening remarks

9:00-9:15am

Rt. Hon Gordon Brown MP
Chancellor of the Exchequer, United Kingdom



Keynote

9:15-9:30am

Shri P Chidambaram
Minister of Finance, India



Keynote

9:30-9:45am

Governor Zhou Xiaochuan
People's Bank of China



Session

1

The opportunities and challenges of globalisation:
the rise of India and China

9:45-11:00am



Coffee

11:00-11:30am



Session

2

Trade and technology:
the business response to the new global economy

11:30-12:45pm



Lunch

12:45-1:45pm



Keynote

1:45-2:05pm

Dr. Alan Greenspan
Chairman, Federal Reserve Board



Session

3

The international economic environment

2:05-3:05pm



Coffee

3:05-3:30pm



Parallel session

4

Advancing enterprise:
creativity and innovation

3:30-4:20pm



Parallel session

5

Advancing enterprise:
people and skills

3:30-4:20pm



Session

6

Enterprise culture

4:20-5:25pm

Foreword



The theme of this conference is 'enterprise in global markets'. And I am delighted that so many distinguished international business men and women, experts and members of other countries' governments are coming together for what I believe will be an important and forward-looking event.

Today, as globalisation gathers pace, every company and every country is having to face up to far reaching and fundamental global changes in technology and trading patterns, particularly the rising success of emerging economies:

- Already Asia is exporting almost as much as the euro area - yet only one per cent of Britain's exports go to China and only one per cent to India;
- Brazil is predicted to have the sixth largest GDP in the world, overtaking the UK and Germany, within a generation;
- All the time emerging markets are upgrading their science and skills - India and China are today producing 125,000 computer science graduates a year and Britain only 5,000;
- And within twenty years half the world's manufactured exports could come from developing countries.

In this era of lasting and profound change, where nations will rise and fall at speed - and where no nation, however prosperous today, can take tomorrow's prosperity for granted - the nations that will thrive will be those that adapt quickly, maintain economic stability, invest to upgrade both science and skills, have the strength to take the long term decisions to break down trade barriers around the world, and create the conditions for enterprise to flourish.

This conference is an opportunity for us discuss how business and government can work together to meet these challenges. So I look forward to hearing your views and I hope you find the day rewarding.

A handwritten signature in black ink, which appears to read 'Gordon Brown'.

Rt. Hon Gordon Brown MP

Chancellor of the Exchequer
United Kingdom

Advancing Enterprise 2005 Steering Group

Sir John Bond
Lord Browne
Sir David Clementi
Sir Fred Goodwin
Dr. Jean-Pierre Garnier
Mervyn King
Sir Terry Leahy
Sir Tom McKillop
Sir John Rose
Arun Sarin
Paul Walsh

Introduction

This is the second Advancing Enterprise conference. Last year the conference focused on responses to globalisation in the context of European integration and enlargement, and greater transatlantic co-operation. This year we consider the opportunities and challenges posed by growth in **large emerging markets** such as China, India, Brazil and South Africa. The global economy is in the midst of a radical transformation: for instance, within a generation Brazil is set to become the world's sixth largest economy - it currently ranks fifteenth in GDP terms. This process is driven by far-reaching and fundamental changes in technology, production and trading patterns. Faster communications at lower cost are removing geographical barriers to economic activity, with ever-greater numbers of goods and services becoming tradable. Based on World Bank projections, the size of the global economy could expand by 40 per cent by 2015.

As a result of these changes, production chains are increasingly dispersed across continents, with finer degrees of specialisation. More countries are opening their economies and seizing the opportunities from **integration with the global economy**. Emerging and developing countries have increased their share of world trade by around a third since 1990. By 2015, they could well account for 40 per cent of global exports of manufactures and 50 per cent by 2025. This expansion has the potential to improve living standards and reduce poverty significantly, but it also presents significant challenges.

As described in **Long-term global economic challenges and opportunities for the UK** published alongside the **2004 Pre-Budget Report**, six key trends are expected to shape the global economy over the decade to 2015. These include:

- the shifting balance of global economic activity with G7 economies expected to account for only a third of world output by 2015;
- the increasing integration of global markets for trade and investment;
- the internationalisation of economic activities, with production chains extending across borders;
- the growing rewards from innovation;
- the importance of higher skill levels; and
- the increasing pressure placed on energy and other natural resources.

Maximising the gains from such far-reaching and fundamental changes requires **action from businesses and government**. Both have vital roles to play in shaping future developments. The countries that succeed in the coming ten years will be those that entrench stability; that promote enterprise; that foster scientific invention and business innovation; that improve skill levels; and that open up opportunity to all. Governments have a particular role through policies aimed at:

- creating the right environment for business, including macroeconomic stability;
- acting in key policy areas - particularly in skills, science, innovation and enterprise (these themes are explored later in the conference); and
- ensuring that all in society are able to share in the gains from globalisation.

The conference addresses these challenges. It begins by exploring the implications of growth in the two largest emerging markets: India and China (Session 1). Session 2 considers businesses' roles in shaping a new global economy characterised by the increasing influence of emerging economies. Session 3 reviews the impact of globalisation on the world economy. Session 4 (creativity and innovation) and Session 5 (people and skills) look at the role of innovation and skills in equipping economies, businesses and individuals to adapt and thrive in a changing world economy. Session 6 explores how enterprise culture may be strengthened to take advantage of the new opportunities.

We hope that this conference will provide insights into how businesses and governments can realise the potential to maintain competitiveness and improve prosperity for all by meeting the challenges of globalisation.



Rt. Hon Gordon Brown MP

Chancellor of the Exchequer
United Kingdom

Gordon Brown was appointed Chancellor of the Exchequer in May 1997. He has been MP for Dunfermline East since 1983 and was Opposition spokesperson on Treasury and Economic Affairs (Shadow Chancellor) from 1992.

Mr. Brown was born in 1951 and educated at Kirkcaldy High School and Edinburgh University where he gained First Class Honours and then a Doctorate. He was Rector of Edinburgh University and Chairman of the University Court between 1972 and 1975. From 1976 to 1980,

Opening remarks
9:00-9:15am

Mr. Brown lectured at Edinburgh University and then Caledonian University before taking up a post at Scottish TV.

After becoming an MP, Mr. Brown was the Chair of the Labour Party Scottish Council (1983-84). Before becoming Shadow Chancellor he held two other senior posts on the Opposition front bench - Shadow Chief Secretary to the Treasury (1987-89) and Shadow Trade and Industry Secretary (1989-92).

Mr. Brown has had a number of works published including *Maxton*, *The Politics of Nationalism and Devolution* and *Where There is Greed*. He has edited a number of books including *John Smith: Life and Soul of the Party* and *Values, Visions and Voices*.

Keynote speakers



Shri P Chidambaram

Minister of Finance
India

Mr. Chidambaram was first elected to the Lok Sabha (Lower House) of the Indian Parliament in the general elections of 1984. He was re-elected in the succeeding general elections held in 1989, 1991, 1996, 1998 and again in 2004.

He was inducted into the Union Council of Ministers on 21 September 1985 as a Deputy Minister in the Ministry of Commerce and then in the Ministry of Personnel. He was

Keynote
9:15-9:30am

elevated to the rank of Minister of State in the Ministry of Personnel, Public Grievances and Pensions on 20 January 1986. On 22 October 1986, he was appointed as Minister of State for Internal Security. Following elections held in June 1991, he was appointed as Minister of State (Independent Charge) in the Ministry of Commerce and held the post until 9 July 1992. He was re-appointed in the Ministry of Commerce on 9 February 1995 and remained as Minister until 3 April 1996. He was appointed as Finance Minister on 1 June 1996 and held the post until 18 March 1998. He took over as the Minister of Finance in the United Progressive Alliance government on 24 May 2004.



Governor Zhou Xiaochuan

People's Bank of China

Governor Zhou Xiaochuan was born in 1948. He graduated from Beijing Chemical Engineering Institute in 1975 and received his Ph.D from Tsinghua University in 1985.

Dr. Zhou served as Assistant Minister of Foreign Trade from December 1986 to December 1989 and, between November 1986 and September 1991, was also a member of the State Economic System Restructuring

Keynote
9:30-9:45am

Committee. He became Vice President of the Bank of China in September 1991 and stayed in that position until he was appointed Director of the State Administration of Foreign Exchange in October 1995. Between October 1996 and February 1998, Dr. Zhou was Deputy Governor of the People's Bank of China and Director of the State Administration of Foreign Exchange. He became President of the China Construction Bank in February 1998 and Chairman of the China Securities Regulatory Commission in February 2000. Dr. Zhou assumed the Governorship of the People's Bank of China in January 2003.



Dr. Alan Greenspan

Chairman
Federal Reserve Board

Alan Greenspan has been Chairman of the Board of Governors of the Federal Reserve System since 1987. He also serves as Chairman of the Federal Open Market Committee, the System's principal monetary policymaking body. He has been designated Chairman by Presidents Reagan, Bush, and Clinton.

Dr. Greenspan was born in 1926, in New York City. He received a BS in economics (summa cum laude) in 1948, an MA in economics in 1950, and a Ph.D in economics in

Keynote
1:45-2:05pm

1977, all from New York University. Dr. Greenspan has also undertaken advanced graduate study at Columbia University.

From 1954 to 1974 and from 1977 to 1987, Dr. Greenspan was Chairman and President of Townsend-Greenspan & Co., Inc., an economic consulting firm in New York City. From 1974 to 1977, he served as Chairman of the President's Council of Economic Advisers under President Ford, and from 1981 to 1983, as Chairman of the National Commission on Social Security Reform. His many awards include being the first recipient of the Gerald R. Ford Medal for Distinguished Public Service in 2003.

The opportunities and challenges of globalisation: the rise of India and China

The global economy is in a period of far-reaching change. The rapid growth of large emerging economies is particularly significant. The balance of global economic activity is likely to shift significantly with India, China, Brazil and Russia increasing their share of global output from around 25 per cent to 32 per cent in 2015. The first session of the conference focuses on the growth of just two of these rapidly emerging markets, India and China, and its implications for enterprise.

The expansion of emerging economies will mean that they account for an increasing share of global output. The relative economic position of advanced and emerging economies will change. The share of world output accounted for by the G7 was around half in 1980, falling to 43 per cent now, and is projected to fall to 36 per cent by 2015. At the moment **China** accounts for 13 per cent of global output, compared to an estimated 19 per cent in 2015. **India** is also set to gain, rising from 6 to 7 per cent even as competing countries themselves continue to grow.

As economies become more integrated, the international relocation of economic activity, particularly services, is expected to intensify over the next decade. Increasing flows of FDI, further trade liberalisation, rising skill levels and improving infrastructure in large emerging markets should support further international specialisation and **fragmentation** of production, with each stage of a production process taking place wherever it can be done most efficiently. Some activities will move to lower-cost countries, among them India and China.

The rise of emerging economies presents advanced countries with new **opportunities** to trade and invest, but it also poses a challenge to industries that have historically been the preserve of advanced economies. The process of structural change requires economic **flexibility and entrepreneurship** supported by responsive policies, to harness the benefits that can arise from openness to the world economy, and to address new challenges.

The UK has traditionally been a very open economy. Trade with Asian economies is becoming increasingly important for the UK. UK exports to China have grown by 300 per cent since the early 1990s and by 25 per cent in 2003. Exports to India have grown by an average of 8 per cent each year since the mid-1990s. Imports from China and India to the UK have also increased markedly over the past decade. Yet despite these dramatic increases in trade, in 2003 UK exports to both China and India each accounted for just one per cent of total UK exports of goods and services.

The UK Government has set itself an objective to build trade links with Asia which are as strong as those with Europe or the US: ensuring that UK businesses are well-placed to take advantage of opportunities in fast-growing markets; and that they, as well as governments, are involved in ongoing financial dialogues with Asian economies. Promoting familiarity between China, India, other emerging markets and the UK through the development of trade, investment, and collaboration in education and innovation will deliver gains through **understanding and co-operation** during this transition to a new global economy.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 The growth of rapidly emerging economies and the shifting balance of global economic activity pose the greatest challenge of adjustment to businesses in the post-war period.
- 2 Indian, Chinese and other emerging market competition will challenge an increasing range of industries. As this competition continues to become more sophisticated, there will be increasing pressure on businesses constantly to strive to compete through innovation and specialisation.
- 3 As global production becomes more fragmented, strengthening links with partners in India, China and elsewhere will be increasingly important to enterprises in developed economies. Despite the challenges involved, many will wish to establish their own operations in these countries.
- 4 Looking forward, UK businesses will need to overcome barriers in engaging with the Chinese, Indian and other emerging economies.
- 5 Entrepreneurs and future investors from China and India will become increasingly important sources of investment. The UK will need to provide a strong investment climate and a rich source of opportunities. Government and business should work together to encourage their involvement.



Dr. Jean-Pierre Garnier

Chief Executive Officer
GlaxoSmithKline
Session Chair

Dr. Garnier is Chief Executive Officer of GlaxoSmithKline. He assumed this role in December 2000 with the merger of SmithKline Beecham and Glaxo Wellcome.

Dr. Garnier joined SmithKline Beecham in 1990 as President of its pharmaceutical business in North America and served as Chairman, Pharmaceuticals from 1994 until his appointment as Chief Operating Officer in 1995. He was elected to the company's Board of Directors in 1992. He became Chief Executive Officer-elect in December 1999. He became Chief Executive Officer in April 2000.

Prior to SmithKline Beecham, Dr. Garnier served as President of Schering-Plough's US business.

Dr. Garnier serves on the Boards of Directors of the United Technologies Corporation and the Eisenhower Exchange Fellowships, Inc. In January 1997, Dr. Garnier was selected by President Chirac of France to receive the Chevalier de la Légion d'Honneur.

Dr. Garnier holds a Ph.D in pharmacology and an MS in pharmaceutical science from the University of Louis Pasteur in France. As a Fulbright Scholar, he earned an MBA at Stanford University, California, in 1974. In March 2002, he was honoured with the Fulbright Association's Lifetime Achievement Medal.



Lord Browne

Group Chief Executive
BP

Lord Browne is Group Chief Executive of BP plc. Born in 1948, he joined BP in 1966 as a university apprentice. He holds a degree in Physics from Cambridge University and an MS in Business from Stanford University, California. Between 1969 and 1989 he held a variety of positions within the BP Group.

In 1989, he became Managing Director and Chief Executive Officer of BP Exploration based in London. In September 1991, he joined the Board of The British Petroleum Company plc as a Managing Director. He was appointed Group Chief Executive on 10 June 1995. Following the merger of BP and Amoco, he became Group Chief Executive of BP Amoco on 31 December 1998.

Amongst other interests he is Chairman of the International Advisory Board of the School of Economics and Management, Tsinghua University; Emeritus Chairman of the Advisory Board of the Stanford Graduate School of Business; a Trustee of the Cambridge University Foundation; a non-executive director of the Intel Corporation and Goldman Sachs; and a trustee of The British Museum. He was a member of the Supervisory Board of DaimlerChrysler AG from 1998 to 2001 and a non-executive director of SmithKline Beecham from 1996 to 1999.

He was knighted in 1998 and made a life peer in 2001.



Jeff Immelt

Chairman of the Board and CEO
GE

Jeffrey R. Immelt, 48, is Chairman of the Board and Chief Executive Officer of GE. Mr. Immelt, the ninth Chairman in GE's 126-year history, was appointed to this post on 7 September 2001.

Previously, Mr. Immelt served as President and Chairman-elect of GE from November 2000, when GE's Board of Directors selected him to succeed John F. Welch. From 1997 to 2000, Mr. Immelt had been President and CEO of GE Medical Systems, which is today a \$12 billion leader in the healthcare industry.

He began his GE career in 1982. Over the last 22 years, Mr. Immelt has held a series of global leadership roles in GE's Plastics, Appliance, and Medical businesses. He became an Officer of GE in 1989, and joined the GE Capital Board in 1997.

He serves on the board of two non-profit organizations: Catalyst, devoted to advancing women in business; and Robin Hood, focused on addressing poverty in New York City. Mr. Immelt was named the Financial Times "Man of the Year" for 2003.

Mr. Immelt holds a BA degree in applied mathematics from Dartmouth College (1978) and an MBA from Harvard University (1982). He and his wife, Andrea, have one daughter.

Trade and technology: the business response to the new global economy

Fundamental changes in technology and trading patterns are driving a radical transformation of the global economy. In the second session, the conference will address the approaches businesses are taking to these changes, and the implications of their decisions.

As communications and technology continue to improve, production chains are becoming increasingly **flexible**, specialised and **fragmented** across continents. No economy can rely on its past strengths or traditional expertise, at a time when resources, technology and ideas can be moved rapidly to the most productive location.

Economic activity in all countries is under pressure to move up the value chain using higher technology, and an increasing proportion of manufacturing is focussed on high-tech activities. This shift is evident not just in developed but also in emerging and developing economies, which now account for almost one third of world high-tech exports. High-tech manufacturing growth has averaged 5.5 per cent per year in advanced economies over the last two decades, and 9.3 per cent in emerging economies and developing countries. This trend can be expected to strengthen.

Together, the trends of increased uncertainty, outsourcing and the need for innovation suggest that small and large companies alike will wish to foster an **entrepreneurial approach** within their businesses, seeking out new opportunities, often in developing countries, rather than relying on existing products, processes and supply chain partners.

The potential **benefits** to all from globalisation are enormous. However, as economies move into different areas of economic activity, this adjustment can have significant impacts, with capital and labour moving from traditional into expanding industries. The impacts can fall disproportionately on particular individuals and businesses. This may entail challenges in adapting to change. For the individuals concerned, it is therefore important that flexibility in the new global economy is accompanied by measures that enable a smooth transition to new activities: flexibility must be accompanied by **fairness**.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 Globalisation will allow increased efficiency through production fragmentation. However, this change increases uncertainty about the commercial environment. Businesses and economies will need to be increasingly flexible if the new opportunities of globalisation are to be seized.
- 2 Emerging economies will rapidly move their production activities up the value chain over the coming years.
- 3 Developed country businesses must constantly strive to maintain a technological advantage if they are to compete with companies elsewhere. This requires their active participation and investment in innovation, and attracting the best talent from around the world.
- 4 Rapid changes in trade and technology dictate that large companies' operations must be as entrepreneurial, flexible and responsive as startups.
- 5 Changing trade patterns and technology may require a shift of resources into new activities rather than shifting activities to lower-cost offshore operations.
- 6 The presence of foreign-owned companies' operations encourages and facilitates the adoption of better management practice among companies in both developed and emerging market countries.
- 7 Compared to manufacturers, many service industries' exploitation of new technologies has been slow and incomplete.



Arun Sarin

Chief Executive
Vodafone Group
Session Chair

Arun Sarin is Chief Executive of Vodafone Group plc, the world's leading mobile communications company. From its inception in 1982, when the UK first granted it a licence to operate a mobile telecommunications network, Vodafone has expanded through organic growth and a series of acquisitions to become a world leader. The company now operates in 26 countries around the world.

Arun was born in India and took a first degree in Engineering at the Indian Institute of Technology in Kharagpur, then masters degrees at the University of California. He joined Pacific Telesis in 1984, rising to become President and Chief Operating Officer of AirTouch Communications Inc, the wireless company that was spun off from PacTel. After Vodafone acquired AirTouch in 1999 he served as Chief Executive of the newly created US/Asia Pacific region. Although he remained in continuous service on the Board of Vodafone as a non-executive director, he left the company in 2000 to become Chief Executive of Infospace and then Accel-KKR Telecom before returning to Vodafone in an executive capacity as Chief Executive in July 2003.



Sir Terry Leahy

Chief Executive Officer
Tesco

Sir Terry Leahy, who is 48, was appointed Chief Executive of Tesco plc in March 1997. He received a knighthood for services to food retailing in the 2002 New Year Honours.

Born on 28 February 1956, he was educated at St Edwards College, Liverpool and then went on to the University of Manchester Institute of Science and Technology where he gained his BSc (Hons) in management sciences.

Terry joined Tesco in 1979 as a Marketing Executive and was promoted to Marketing Manager in 1981. From 1984 to 1986 he held the position of Marketing Director for Tesco Stores Ltd. He was appointed Commercial Director of Fresh Foods in 1986. Appointed to the Board of Tesco plc as Marketing Director in 1992, he was appointed Deputy Managing Director in February 1995.

He is a Director on the Liverpool Vision Regeneration Board, and Co-Chancellor of Manchester University.

Married with three children, Terry enjoys sport, reading, theatre and architecture in his spare time.



Rod Eddington

Chief Executive
British Airways

Rod Eddington was appointed Chief Executive of British Airways on 2 May 2000.

Born in 1950 in Perth, Western Australia, Rod was educated at the University of Western Australia and Lincoln College, Oxford University (the 1974 Rhodes Scholar from Western Australia). He completed a D.Phil in the Department of Engineering Science at Oxford, and then taught as research lecturer at Pembroke College, Oxford, in 1978-79.

In 1979 he joined The Swire Group and worked with Cathay Pacific Airways in Hong Kong, Korea and Japan in a variety of roles, before being appointed Deputy Managing Director and Chief Operating Officer in 1990 and Managing Director in early 1992. He left The Swire Group at the end of 1996 to return to Australia.

In January 1997 News Limited appointed him as Executive Chairman of Ansett Airlines in Melbourne. He held that post until April 2000 when News sold its 50 per cent share in Ansett. He remains on the boards of News Corp and John Swire & Sons Pty Ltd. In October 2001 he became Chairman of the EU Committee of the Hong Kong Trade Development Council.

Rod Eddington is married with two young children. He enjoys cricket, Australian rules football, rugby and bridge. Rod received cricket and football Blues at UWA, and played a lot of cricket for Oxford University (but did not get a Blue).



E Mervyn Davies CBE

Chief Executive
Standard Chartered

Mervyn was appointed Group Chief Executive of Standard Chartered plc in November 2001, having joined the Board as a Group Executive Director in December 1997.

He has a wide ranging banking background in the UK, US and Asia.

He is a member of the Hong Kong Association, Singapore Business Council, the UK-India Forum, the Corporate Board of the Royal Academy of Arts and also heads up the Finance Group of the UK-China Forum.

Mervyn joined the Board of Tesco as a Non-Executive Director in July 2003. He was appointed Non-Executive Director to Tottenham Hotspur Football Club in June 2004.

He completed the Programme for Management Development at Harvard Business School and is a Fellow of the Institute of Bankers.

Mervyn was awarded a CBE for his services to the financial sector and the community in Hong Kong in June 2002. He is married with two children and is a fluent Welsh speaker. He is a keen sportsman and is interested in Welsh art, music and reading. He is aged 52.

Session 3

The international economic environment

Globalisation is increasing countries' interdependence through trade and financial markets. In Session 3, panellists will consider the implications of this process.

Businesses now enjoy greater freedom to **operate across borders** without technological or institutional constraints. Goods, services, capital, labour and technology may increasingly be sourced worldwide, while businesses have access to larger markets globally. World trade has expanded, with exports growing from \$84 billion in 1953 to \$7,274 billion in 2003. Nonetheless, much business continues to be transacted locally. In some cases, constraints will maintain this state. In others, technological and institutional change should be expected to **remove remaining barriers** to trade. The removal of these barriers will mean further changes to the international economic system. The emergence of economies such as India, China, Brazil and South Africa has significantly altered the dynamics of international trade negotiations.

Trade agreements, whether multilateral, regional or bilateral, provide the context and terms within which international trade takes place. While average tariff rates have been progressively reduced since the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947, very high tariffs as well as other **trade barriers continue to exist** in sensitive and protected sectors, especially agriculture. Global markets for goods and services have the potential to become significantly more integrated by 2015 through further trade liberalisation, with the greatest benefits depending on multilateral progress in the Doha Development Round of WTO negotiations. Continuing barriers to trade are **costing the global economy around \$500 billion** a year in lost income.

As advanced economies liberalise heavily protected markets such as agriculture, textiles and clothing, and emerging markets utilise their comparative advantage to increase their share of global trade and to grow, all countries can benefit from a more efficient allocation of resources. Those countries with **more flexible economies** will be able to move more quickly into new sectors. Countries such as China and India are expected to become dominant players, for example, in the textile and clothing markets, especially with the end of the Multi-fibre Agreement at start of 2005.

Efficient and robust global **financial markets** are a key factor in creating growth. They help to spread risk effectively; bolster growth and job creation; and improve the incentives for savings and investment. Investment preferences in turn influence how global trade in goods and services is evolving and is financed. **'Home market bias'**, where most investment occurs within national borders, is still the norm, but financial markets are becoming increasingly global and integrated. Over the past two decades, financial integration has risen three-fold. This presents opportunities for those in developed countries to find high-return, well-diversified investments worldwide. In the future, they may benefit as today's emerging market firms and financial institutions look for investment opportunities in markets such as the UK. Governments should welcome such investments.

Such integration of financial markets is reflected in a number of different financial flows, including debt, remittances, portfolio and foreign direct investment (FDI). Yet, despite remarkable growth rates in world FDI throughout the last two decades, the geographical distribution has been uneven. Most FDI stocks still relate to developed market economies. **Capital liberalisation** in emerging markets needs to be properly sequenced: sound financial institutions and a robust regulatory regime must be in place before their financial sectors are opened up. A trend towards efficient financial markets and investment can already be seen in emerging economies, and suggests that investment should follow these opportunities.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 Further global trade liberalisation and integration can help improve the operation of economies as well as businesses.
- 2 Given the potentially greater gains to be made through multilateral progress, achieving a successful conclusion to the current development round of WTO negotiations is a priority.
- 3 Even as international financial liberalisation increases, 'home market bias' will prevail, even though investors will forego attractive opportunities in other countries.



Gus O'Donnell CB

Permanent Secretary to the Treasury
United Kingdom
Session Chair

Gus O'Donnell took over as Permanent Secretary to the Treasury on 8 July 2002.

Before that he had been Managing Director, Macroeconomic Policy and International Finance since 1999. From 1998 to 1999 he was Director of Macroeconomic Policy and Prospects, and from 1997 to 1998 was the UK's Executive Director to the IMF and World Bank.

He has also been Head of the Government Economics Service, the UK's largest employer of professional economists, since 1998.

Gus O'Donnell studied economics at the University of Warwick and Nuffield College Oxford. He joined the Treasury as an economist in 1979, having spent four years as an economics lecturer at the University of Glasgow. Subsequent posts in Government included Press Secretary to the Chancellor of the Exchequer (1989-90) and Press Secretary to the Prime Minister (1990-94).

His interests include football, cricket, golf and tennis.



Mervyn King

Governor
Bank of England

Mervyn King is Governor of the Bank of England and is Chairman of the Monetary Policy Committee. He was previously Deputy

Governor from 1998 to 2003, and Chief Economist and Executive Director from 1991. Mervyn King was a non-executive director of the Bank from 1990 to 1991.

Born in 1948, Mervyn King studied at King's College, Cambridge, and Harvard (as a Kennedy Scholar) and taught at Cambridge and Birmingham Universities before spells as Visiting Professor at both Harvard University and MIT. From October 1984 he was Professor of Economics at the London School of Economics.

Mervyn King is a Fellow of the British Academy, an Honorary Fellow of King's and St John's Colleges, Cambridge and holds honorary degrees from Birmingham, London Guildhall, Wolverhampton, City (London) Universities and the London School of Economics. He is a Foreign Honorary Member of the American Academy of Arts and Sciences, is on the Advisory Council of the London Symphony Orchestra, and is Patron of Worcestershire County Cricket Club.



Robert Rubin

Chairman of the Executive
Committee and Member of the
Office of the Chairman
Citigroup

Mr. Rubin joined Goldman, Sachs &

Company in 1966 as an associate, became a general partner in 1971 and joined the management committee in 1980. He was Vice-Chairman and Co-Chief Operating Officer from 1987 to 1990 and served as Co-Senior Partner and Co-Chairman from 1990 to 1992. Before joining Goldman, he was an attorney at the firm of Cleary, Gottlieb, Steen & Hamilton in New York City.

Mr. Rubin joined the Clinton Administration in 1993, serving initially as Assistant to the President for Economic Policy. Mr. Rubin became the 70th Secretary of the US Treasury on 10 January 1995.

Mr. Rubin joined Citigroup on 26 October 1999. He also serves as a member of the Board of Directors of the Ford Motor Company and on the Board of Trustees of Mount Sinai-NYU Health. In March 2000 he became a member of the advisory board of Insight Venture Partners. He is also a member of the Harvard Corporation. In October 2003 he was named Vice Chairman of the Council on Foreign Relations.

Mr. Rubin graduated summa cum laude from Harvard College in 1960 with an A.B. in economics. He received a L.L.B. from Yale Law School in 1964 and attended the London School of Economics.



Martin Wolf CBE

Associate Editor and
Chief Economics Commentator
Financial Times

Martin Wolf is Associate Editor and Chief Economics Commentator at the Financial

Times, London. He was awarded the CBE in 2000 for services to financial journalism. He is a visiting fellow of Nuffield College, Oxford University, and a special professor at the University of Nottingham. He has been a forum fellow at the World Economic Forum, in Davos, since 1999.

Mr. Wolf was joint winner of the Wincott Foundation senior prize for excellence in financial journalism for 1989 and 1997. He won the RTZ David Watt memorial prize for 1994. He won the "Accenture Decade of Excellence" at the 2003 Business Journalist of the Year Awards.

Mr. Wolf obtained the Master of Philosophy in economics from Oxford University in 1971. He joined the World Bank as a Young Professional that year and was promoted Senior Economist in 1974. In 1981 Mr. Wolf joined the Trade Policy Research Centre, London, as Director of Studies. In 1987, he joined the Financial Times as Chief Economics Leader Writer. He was promoted to Associate Editor in 1990 and Chief Economics Commentator in 1996. His most recent publication is *Why Globalization Works* (Yale University Press, 2004).

Session 4

Advancing enterprise: creativity and innovation

Globalisation increases the pressure on businesses to innovate. This session considers how developed-world businesses may secure both new and existing markets by devoting sustained effort to creating new, innovative products, services and processes.

With increased mobility of goods, services and capital, low-cost competition poses a challenge for many businesses based in the developed world. Moving operations to low-cost locations is a possible response, although this may lead to unprofitable competition based on price terms alone. Another is specialisation in high quality products. Qualitative superiority may take many forms, including technical advantages in production, product design, branding or customer service. In each case, simply copying competitors is inadequate: **continual creativity and innovation** are required in order to remain competitive and move up the value chain. Furthermore, firms are under increasing pressure to innovate more rapidly: it took nearly forty years for 50 million people to own a radio, 16 years for 50 million people to own a PC, but just 5 years for 50 million people to connect to the Internet.

Scientific advance creates opportunities for business innovation. As the Lambert Review of business-university collaboration concluded in 2003, there are significant benefits to be gained by the science base, businesses and the economy as a whole from closer working between business and academia. The UK Government has committed resources in order to meet its responsibilities in supporting science (as shown in the **Ten Year Framework for Science and Innovation** published in 2004). The **2004 Spending Review** announced £1 billion in extra funding for the UK science base by 2007-08, an average real annual increase of 5.8 per cent. The Government is also working to address barriers to **greater collaboration with businesses** - for example aiding intellectual property discussions by producing a protocol and model contracts. However, more must be done to improve joint working and fully realise the benefits of the excellent research being undertaken in the UK's public science base.

A strong science base is a crucial underpinning of innovation in many technology-based industries. In a much broader sense, however, innovation and creativity are increasingly the key to economic success in a wide variety of industries: everything from high value-added manufacturing to financial services, from the 'creative industries' to retail, depend on it. As a flexible, open and dynamic economy, Britain is well-placed for success. But there is much the Government needs to do to continue to build these conditions for innovation and creative success.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 Enterprise, flexibility, open markets, and investment in science and skills are conditions for success in globalised markets.
- 2 Constant innovation - in products, services and processes - is vital to respond to increasing global specialisation of production; and also drives it.
- 3 Government can do little directly to drive creativity and innovation - but it has a crucial role in establishing the environment in which creativity and innovation can flourish.
- 4 The UK has relative strengths in creativity and innovation - in science-based R&D, in financial and service innovation, in design, the media and the arts. Globalisation therefore creates opportunities for the UK to improve its economic standing.



Rt. Hon Patricia Hewitt MP

Secretary of State for Trade and Industry and Minister for Women United Kingdom

Session Chair

Patricia Hewitt, MP for Leicester West, was formerly Minister for Small Business and e-Commerce at the Department of Trade and Industry (1999-2001) and Economic Secretary at the Treasury (1998-99).

Ms. Hewitt has been a Member of Parliament since 1997. She was educated at the Canberra Girls' Grammar School and Newnham College, Cambridge University.

Patricia Hewitt was Press and Broadcasting Officer (1983-87) and Policy Co-ordinator (1987-89) to the then Leader of the Opposition, the Rt Hon Neil Kinnock; Deputy Director (1989-94) of the Institute for Public Policy Research, and Director of Research for Andersen Consulting (now Accenture) (1994-97).

In 1993 Ms. Hewitt wrote About Time, a book focussing on changes in work and family life.

Ms. Hewitt was Deputy Chair of the Commission for Social Justice (1992-94) and was a member of the Social Security Select Committee before taking up her ministerial post.

In her spare time, Ms. Hewitt enjoys reading, theatre, music and gardening.

Ms. Hewitt is married with one son and one daughter. She was born on 2 December 1948.



Sir John Rose

Chief Executive Rolls-Royce

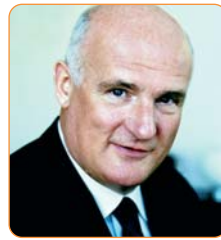
Sir John Rose was born in Blantyre, Malawi and educated in the UK, earning his MA degree in Psychology from the University of

St. Andrews in Scotland in 1975. The University awarded him an Honorary Doctorate of Science in 1999. Sir John was knighted on 1 January 2003.

Sir John joined Rolls-Royce plc in 1984, was promoted to the Board in 1992 and became Chief Executive in 1996.

Sir John is a Fellow of the Royal Aeronautical Society, a Past-President of AECMA (The European Association of Aerospace Industries), a Past-President of the Society of British Aerospace Companies and until recently, was on the Council of The Prince's Trust.

He is a member of the JP Morgan International Council, the CBI International Advisory Board, the Advisory Board of the Economic Development Board of Singapore and The Englefield Advisory Board. Sir John is also a member of the European Round Table of Industrialists. He was born on 9 October 1952.



Eric Nicoli

Chairman EMI Group

Eric Nicoli has been Chairman of the EMI Group, the world's largest music publisher and third largest record company, since July 1999.

Mr. Nicoli first joined the EMI Group Board as a Non-Executive Director in July 1993. He became an Executive Director on 1 May 1999 when he joined the company as Chairman-Designate. Since 1991, Mr. Nicoli had been Group Chief Executive of United Biscuits plc, a leading international food group.

He is a Physics graduate and, following a career in marketing at Rowntree Mackintosh, Mr. Nicoli joined United Biscuits in 1980. In 1989, he joined the UB Board and became Chief Executive of the Group's European operations.

Since June 2001 Mr. Nicoli has been Non-Executive Chairman of the Tussauds Group Ltd, and from March 2001 to February 2004 was the Non-Executive Chairman of HMV Group plc. He is Chairman of the EMI Music Sound Foundation, and is Chairman of the Per Cent Club. From 1991 to September 2003 he was Deputy Chairman of Business in the Community.



Sir Tom McKillop

Chief Executive Officer AstraZeneca

Tom McKillop is the Chief Executive of AstraZeneca plc, a major international healthcare business engaged in the

research, development, manufacture and marketing of prescription pharmaceuticals and the supply of healthcare services. It is one of the top five pharmaceutical companies in the world, with healthcare sales of over \$17.8 billion and leading positions in sales of gastrointestinal, oncology, anaesthesia (including pain management), cardiovascular, central nervous system and respiratory products.

Tom was born in Ayrshire, Scotland in 1943 and educated at Irvine Royal Academy and Glasgow University (BSc Hons and Ph.D in Chemistry).

Having joined ICI's Corporate Research Laboratory in 1969, he became ICI Pharmaceuticals Technical Director in 1989 with international responsibility for Research, Development and Production; Chief Executive Officer of Zeneca Pharmaceuticals; Executive Director of the Zeneca Group; and Chief Executive of AstraZeneca on completion of the merger of Astra and Zeneca in April 1999.

Tom is a Non-Executive Director of Lloyds TSB Group plc. He is also Chairman of the British Pharma Group, Pro-Chancellor of Leicester University, Chairman of the North West Science Council and a member of the European Round Table of Industrialists.

Session 5

Advancing enterprise: people and skills

Higher skills will become increasingly important in harnessing the opportunities that come from accelerating global integration, although this will involve difficult adjustments for some. This session examines the actions businesses and governments need to take to ensure that the potential gains are achieved, and that all parts of society have a stake in the benefits.

In the process of globalisation, demand for skilled workers is likely to increase. Intensified global competition opens up markets for firms, but means that advanced economies will find it difficult to compete in low value-added products and services. Instead their comparative advantage will lie in more knowledge-based goods and services, which require highly skilled workers. Taking advantage of new technological developments will require workers to **continually update their skills**. Increasingly, skills that were once regarded as advanced, such as certain IT skills, are viewed as basic and hence the minimum level of skills required to do many existing jobs is likely to rise. Patterns of demand are changing, with consumers increasingly demanding more sophisticated and individually tailored products. Meeting these demands requires the adaptability and flexibility brought by generic skills such as team-working and communication.

To remain internationally competitive, skills levels should match the improvements being made elsewhere in the global economy. Emerging market countries' skill levels are rising even faster than those in developed countries. Furthermore, the UK has a large proportion of workers with low or no qualifications relative to other advanced economies. The responsibility for developing skills must be shared between **individuals, businesses and national governments**.

Migration has a role in shaping the new global economy. International industrial **specialisation requires that skilled workers can move** to countries where they can be employed most productively. Careful targeting and promotion to attract individuals with skills in demand in the labour market, such as management, science, and engineering skills, can help to address the needs of the economy more broadly.

It is important that flexibility in the new global economy is accompanied by measures that enable individuals to make the transition from traditional activities into expanding areas. Such measures ensure that flexibility is accompanied by fairness. Individuals must be able to **update their skills**, and **firms** must provide opportunities for them to move into new roles. Individuals, businesses and government all have a role to play if the benefits of globalisation are to be shared widely.

The impact of globalisation, and its worldwide benefits for productivity, are being felt earliest among manufacturing industries. However, to ensure sustained growth overall, economies such as the UK must also achieve productivity growth in the dominant **service sectors**. Such changes are likely to be delivered through technological and process improvements in competitive markets and facilitated by improvements in skills levels.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 Globalisation-led changes to working practices make workplace learning increasingly important. Businesses must therefore take the lead as providers of effective training.
- 2 Exclusion from the gains from globalisation can be avoided by enhancing skills and labour flexibility for workers who might otherwise find adjustment difficult. Employers should increase efforts to reskill and reassign existing workers.
- 3 Although manufacturing companies appear to bear the brunt of adjustment in the globalisation process, service industries face equally large challenges in improving skill levels if they are to contribute to economic growth.



Rt. Hon Ruth Kelly MP

Secretary of State
for Education and Skills
United Kingdom
Session Chair

Ruth Kelly was appointed Secretary of State for Education and Skills in December 2004.

Ruth Kelly joined the Department for Education and Skills after a short spell in the Cabinet Office (September - December 2004) and after three years at HM Treasury where she was, successively, Economic Secretary and, from May 2002, Financial Secretary.

Ruth was educated at Queen's College, Oxford, and the LSE, where she gained an MSc in Economics. She worked on The Guardian as an economics writer in the early 1990s before joining the Bank of England. Ruth was elected to Parliament as Member for Bolton in the 1997 General Election and the following year became Parliamentary Private Secretary to Nick Brown at the Ministry for Agriculture, Fisheries and Food.

Ruth Kelly is married with three daughters and a son. At 36 we believe she is the youngest ever Education Secretary, and she is the youngest member of the current Cabinet.



Brendan Barber

General Secretary
Trades Union Congress

Brendan Barber is General Secretary of the Trades Union Congress, the UK's national trade union centre, which represents 71 unions with a total membership of 6.69 million.

Brendan was educated at St Mary's College in Crosby and spent a 'gap year' with Voluntary Service Overseas teaching in the Volta Region of Ghana before going on to the City University in London where he gained a BA Hons in social sciences.

After his first job as a researcher for an industry training board, Brendan joined the TUC in 1975 as a policy officer dealing with training issues and in 1976 was promoted to the post of Assistant Secretary in the Organisation and Industrial Relations Department. In April 1979, he became head of the TUC Press and Information Department and in 1987 the Industrial Relations Department. He was appointed Deputy General Secretary in 1993. He was elected General Secretary in 2003 and has served on a number of public bodies, including the ACAS Council. Brendan is currently a Non-Executive Director of the Court of the Bank of England.



Sir Digby Jones

Director-General
Confederation of British Industry

Digby Jones became Director-General of the CBI on 1 January 2000 to serve a five-year non-renewable term of office. In September

2003 this was extended at the request of CBI members to seven years, his term now ending on 31 December 2006. As the chief executive of the UK's 'voice of business', he regularly and repeatedly visits businesses around the UK and across the world taking their views back to government.

Born in Birmingham on 28 October 1955, he won a major scholarship to Bromsgrove School and gained a 2:1 honours degree in law at University College, London. After some time in the Royal Navy, he started his career with corporate law firm Edge & Ellison in 1978, making partner in 1984. He was made deputy senior partner in 1990 and senior partner in 1995. In 1998 he joined KPMG as Vice-Chairman of corporate finance, where he acted as close adviser to many public companies across the United Kingdom and in KPMG's global markets.

Amongst several other interests Digby is the Senior Independent Director of iSOFT plc (2000); Non-Executive Director of Alba plc (2003); chairman of the unlisted etrinsic plc (2003); Non-Executive Director of unlisted mhl support plc (2004); a Director of Business in the Community (2000); and a member of the Advisory Board of the Commonwealth Education Fund (2000).



Paul Walsh

Group Chief Executive
Diageo

Paul Walsh is the Chief Executive of Diageo plc, the world's leading premium drinks business. He was appointed to this position on 1 September 2000, succeeding John McGrath who subsequently retired from Diageo at the end of 2000. Paul was Chief Operating Officer of Diageo from 1 January 2000 to August 2000.

Paul joined GrandMet's brewing division in 1982 and became Finance Director in 1986. He held financial positions with Inter-Continental Hotels and the GrandMet Food sector from 1987 to 1989 and was appointed Division Chief Executive of Pillsbury in 1990, becoming Chief Executive Officer of The Pillsbury Company in 1992. Paul was appointed to the GrandMet Board in October 1995 and to the Diageo Board in December 1997.

Paul is a director of the Scotch Whisky Association and also a Non-Executive Director for the Federal Express Corporation and of Centrica plc. In May 2003, Paul became a governor of Henley Management College.

Born in Manchester in May 1955, he is married with one son. Paul was educated in Royton, near Oldham, and latterly at Manchester University, from which he graduated in finance and business studies.

The speed of change in the business environment is set to accelerate as globalisation continues. Resources must be redeployed to new, profitable uses if efficiency is to be maximised. Entrepreneurship ensures that this happens, and this session explores the importance of enterprise culture.

The strength of **entrepreneurship varies by country** and region: each country has its own entrepreneurial 'culture'. International comparisons generally show the UK to be among Europe's most entrepreneurial economies. However, if levels of enterprise in the UK were equivalent to those of the United States, the number of people engaged in entrepreneurial activity would almost double from around 2.3 million to 4.3 million¹. Levels of entrepreneurship remain especially low among certain groups, including women, who account for 45 per cent of total employment in the UK, but only 26 per cent of self-employment.

Established businesses and the economy as a whole benefit from a stronger enterprise culture. Realising the gains from globalisation demands that activities are begun and expanded in response to market forces while old ones are modified, relocated or abandoned. An enterprise culture means **individuals informing themselves** about the changing environment and rapidly **taking appropriate action** to seize opportunities when they arise; this forms the basis for a rapid and effective response to globalisation. For this to happen, individuals must be able to **assess and manage risks**.

Most people associate entrepreneurship with **start-ups and small businesses**. Here, entrepreneurial dynamism is most easily seen as new firms enter markets, delivering new, improved or lower-cost products and services; and established businesses which offer poorer value for money, exit. The UK has over 300,000 more small businesses now than in 1997². Meanwhile, equivalent 'intrapreneurial' activity is a driving force within **larger organisations**. Where staff are empowered to take initiative and responsibility, they can develop new opportunities for the large businesses for which they work.

Strengthening a culture of enterprise can involve profound and widespread **changes in attitudes, behaviour and capabilities** across society. Attitudes of individuals, educators and policy-makers sometimes act as **barriers**; as do underdeveloped abilities to understand and manage the risks and rewards from starting a business. **Business and government leaders**, teachers, academics and the media have a role to play in demonstrating the benefits of entrepreneurship as a career choice and as a valued contribution to society. The UK Government has implemented measures including enterprise education entitlement, enterprise advisers in schools, the Women's Enterprise Panel and the National Council for Graduate Entrepreneurship. The UK's Enterprise Week in November acts as a catalyst, led by the Enterprise Insight coalition.

Discussion points

Discussion points do not necessarily reflect Government policy and are included purely to stimulate debate at Advancing Enterprise 2005.

- 1 In order fully to capture the gains from globalisation, many economies will need to see a step-change increase in entrepreneurship, including the ability to plan and deal with risk.
- 2 Small businesses are as central to an economy's response to globalisation as large ones, through their contribution to innovation, competition and flexibility.
- 3 Governments cannot increase individuals' internal entrepreneurial motivation, but can influence the numbers of those who have the skills to start a business and who might consider entrepreneurship as a career option.
- 4 Business leaders as much as the media and the education system have a responsibility to raise the profile and prestige of enterprise in the UK.
- 5 The UK will only achieve a step change in entrepreneurial activity if parents, schools and universities play their part to encourage enterprise.

¹ Source: **Global Entrepreneurship Monitor 2004**. The survey found a 'Total Entrepreneurship Activity' rate of 6.3 per cent in the UK, a slight increase from 5.4 per cent in 2002 but still below the 7.8 per cent level of 2001. The US stands at 11.3 per cent. This points to potential to strengthen enterprise culture in the UK.

² Source: Small Business Service



Simon Woodroffe

Founder
YO! Sushi and YO! Company
Session Chair

Simon opened the first YO! Sushi in Poland Street, London in 1997. YO! Sushi now has 17 restaurants in the UK with plans to open four more in 2005. Turnover is £17 million with 10 per cent annual growth in like-for-like sales.

Simon is focussed on bringing the signature YO! combination of radical change and entertainment to new ventures that will build on the high resonance YO! Brand. These include: yo! Japan, a quirky fashion label; YOTEL! hotels; and YO! HOW, an enterprise training and development consultancy.

Simon was Ernst and Young Emerging Entrepreneur of the Year in 1999 and won Catey UK Group Restaurateur of the Year in 2000. Prior to 1997, Simon was variously a roadie, lighting technician, stage manager and stage designer, staging Live Aid in 1985.



Richard Reed

Co-founder
innocent Ltd

Richard is the co-founder of innocent drinks, the UK's fastest growing food and drinks company and the no.1 smoothie brand.

After graduating from Cambridge University and working in advertising for four years, Richard and two college friends started the business in May 1999.

Five years into the business innocent has become the third fastest growing company in the UK (source: Sunday Times Fast Track 100, December 2004), and Employer of the Year 2004 at The National Business Awards. innocent has a turnover of £15 million, selling over 400,000 smoothies a week. The innocent story shows that with a non-corporate attitude, a sincere commitment to the cause and creative thinking it is possible to create a fast growing, profitable company that acts responsibly.

As well as looking after innocent, Richard has advised the government on matters of entrepreneurship, through round table discussions with Tony Blair and his seat on the Small Business Council.



Carl J. Schramm

President and Chief Executive Officer
Ewing Marion Kauffman Foundation

Carl J. Schramm is President and Chief Executive Officer of the Ewing Marion Kauffman Foundation. The Foundation

works with partners to encourage entrepreneurship across America and improve the education of children and youth.

Previously, Schramm was Chairman of Greenspring Advisors, Inc., a Baltimore-based merchant banking firm. He founded HCIA, a health information technology company. In 1999 Schramm co-founded Patient Choice Healthcare, Inc., in Minneapolis, where he serves as vice chairman of the board.

Schramm has served as a professor of health policy and management at The Johns Hopkins University in Baltimore. Schramm founded The Johns Hopkins Center for Hospital Finance and Management and served as the Center's director until 1987.



Michelle Mone

Founder and Co-owner
MJM International Ltd

Michelle left school aged 15 with no qualifications. Initially working as a model, at 20 she took a job with Labatt's Beer

Company as an office junior. By the age of 22, Michelle was running Labatt's Scottish sales and marketing team. However, two years on, she was made redundant.

In October 1996, Michelle decided that she could invent a new cleavage enhancing bra. Michelle took nearly three years to invent the Ultimo Bra. By May 2000, Ultimo was launched in Selfridges and Saks Fifth Avenue. MJM International Ltd has grown from one brand in January 2004 to seven brands - Ultimo Lingerie, Ultimo Swimwear, Michelle for George, Warners, Young Attitude, Nancy Ganz, and Staykups.

Michelle was voted by Management Today as one of the UK's top 30 woman entrepreneurs.



Duncan Bannatyne OBE

Founder
Bannatyne Health Clubs

After a spell in the Royal Navy as a stoker, brought to an unsuccessful end following an incident that ended with a court martial,

Duncan moved into business. His successful businesses include Quality Care Homes plc, which he started in 1986 and sold in 1996 for £46 million, and Just Learning Ltd, which he started with £2 million and sold five years later for £22 million.

Awarded Master and Overall Entrepreneur of the Year in 2003 Duncan now runs companies including Bannatyne Fitness, the largest privately owned Health Club operator in the UK with over 100,000 members. He is the ninth most successful entrepreneur in the UK according to Management Today (January 2005).

He was awarded the OBE in 2004, for services to charity. From 2005 he has been spotting future business talent in two BBC TV programmes - Dragon's Den and Mind Your Own Business.

For further information visit

www.hm-treasury.gov.uk/enterpriseconference

