



**The Observer**

## 'People are optimistic': Businesses look forward after 12 months of Covid

**Mark Sweney, Gwyn Topham and Sarah Butler**

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### **Philip Jansen, chief executive, BT**

Early in the pandemic Philip Jansen gave investors a financial fright by [scrapping BT's multibillion-pound dividend](#). Now, nearly a year on, he is handing out [Covid bonuses](#) to tens of thousands of frontline staff before a vote on a potential national strike.

Not since the 1980s has a chief executive at the telecommunications giant had to deal with a company-wide strike or disappearing dividends. But then [BT](#) has never had a chief executive who has come down with Covid or had to deal with attacks on engineers and 5G mobile-phone masts by coronavirus conspiracy theorists.

"I remember thinking no one knows where this is going to go but it is not going to go well," says Jansen, who caught Covid last March when the UK had recorded just 11 deaths and 800 cases. "How does one lead a large organisation through a crisis like

this pandemic when you have so many people - 120,000 employees? How does one do that? It has been an absolutely extraordinary 12 months.”

BT has played a critical role throughout the pandemic. From its 30,000 engineers at Openreach, responsible for the UK’s broadband network, to operators in 999 call centres, BT’s networks had to handle the strain of a huge increase in usage, including the busiest day of internet traffic ever recorded in the company’s history, thanks to lockdown boredom and the shift to home working.

The company has also suffered financially, with analysts forecasting a £500m hit to profits and a £1bn-plus revenue slump, caused by factors including the absence of live sports to air on BT’s pay-TV service or into pubs and clubs that license matches, the closure of its retail stores, and shrinking demand from small businesses that halted operations during lockdown.

BT’s reduced its headcount by about 5,000 last year, although Jansen stresses that this was mostly through a recruitment freeze. “We reassured people,” he says. “I said we were not making anybody redundant because of Covid, and we were not going to take any furlough schemes from the government.”

The peak of the Covid crisis may have passed, but Jansen has more battles ahead. He is in the midst of pushing through a painful £2bn restructuring with the aim of creating a leaner BT, including reducing its physical footprint from 300 to 30 sites across the UK.

Last week, he handed out £1,500 Covid bonuses to about 60,000 of BT’s frontline workers, weeks before a ballot on potential strike action. The Communications Workers Union tweeted that this was a “desperate” move to “buy off members” which would not make up for redundancies, site closures and “no real pay deal”.

Jansen disagrees: “This is nothing more than a straightforward recognition for an outstanding job well done by all BT staff,” he says. “It is not linked to any discussions about some of the transformation agenda. Having said that, the economic reality is we have been hit by the pandemic. I really hope we avoid any form of walkout.

“At the same time everyone recognised the need for BT to modernise and become more efficient. It won’t work out perfectly for everyone - it can’t when you have an organisation of 120,000 people that you are trying to change dramatically.”

**Mark Sweney**

**James Morris, managing director, Trafalgar Marquees**



▲ James Morris: some of the supposedly temporary structures supplied by his company have now been up 12 months. Photograph: Ingrid Weel

“I’m an optimist,” says James Morris, who has battled to keep his marquee hire company running over the past year. “I’d much rather build an aeroplane than a parachute, but through this I’ve always had to think, ‘What is the worst-case scenario?’”

For 13 years Trafalgar Marquees - which he founded using his student overdraft - notched up yearly growth supplying equipment for mass-attendance events, predominantly for large businesses, from law firm Clifford Chance to BP.

For Morris, whose business was pushed to the brink as the pandemic wiped out bookings, a year of operating under coronavirus conditions has made the traditional events company seem an almost abstract concept. “Obviously the sorts of events we used to do are no longer,” he says. “It seems pretty bizarre for us to be chatting about a business that revolves around people socialising at a distance of less than two metres. We had to innovate.”

Trafalgar Marquees, which mainly operates in London, Surrey and Sussex, switched its focus to providing temporary structures such as classrooms and additional canteen space needed during the pandemic, and Morris now wonders whether coronavirus might have ushered in a completely new longer-term line of business.

“We have a new brand,” he says. “The question is, what is temporary? We are now talking 12 months on and some structures we supplied have been up that long, and are set to remain up. Who knows if that will be a business of the future?”

After seeing income hit a nadir of 15% of pre-Covid levels last year, his business is now trading at about 50% of previous levels, although it has been a rough ride. The latest lockdown was a major setback, as the business was providing schools with structures for Covid testing, but once again he has had to try to bounce back.

“In January and February there was almost zero confidence in the market,” he says. “We took quite a hit to our sales and recovery; we had been recovering quite well but that slipped away. Now we are building back up again.”

Through it all Morris has managed to keep all his staff, and he has taken advantage of a government loan, but he worries about demand through the summer and after the end of the furlough scheme. Under the government’s roadmap, mass gatherings will be allowed from 21 June.

“We are taking some bookings for the summer but it is very fits and starts,” he says. “And it has gone a little bit quiet again. I have just met a school that is planning an event for 100 people at the end of June. But even if we are allowed to meet, it’s the same conversation I just had with a client - will people feel comfortable about meeting and socialising in those kind of numbers?”

**Mark Sweney**

### **Johan Lundgren, chief executive, easyJet**



▲ Johan Lundgren on a flight to Berlin in October last year. Photograph: Klaus Lauer/Reuters

EasyJet’s boss distinguished himself from peers in early 2020 by warning - even as skiers flew to Covid-incubating Alpine resorts on his orange and white planes - that this bug might prove more than a blip. But even Lundgren didn’t envisage that, a

year on, more than 90% of flights would be grounded, with leisure travel banned for the first five months of 2021.

“I don’t think anyone imagined the far-reaching and longer-term impact the pandemic would have,” he admits. “But very early we decided we were not going to assume it would be over quickly.”

Having gone through mass layoffs in 2020 - shedding more than 4,000 employees, mainly cabin crew - and billions in refinancing to shore up the balance sheet, **easyJet** is in a different phase. “This time last year we were preparing for the full grounding of the fleet and operating repatriation flights before borders effectively closed,” he recalls. “Now we are absolutely focused on the summer ramp-up.”

Cash burn at the airline has been cut by about 20%, but it continues to lose about £40m a week as it waits for customers to return. Vaccination passports, or at least some kind of digital health certificate, can play a part in restarting travel, he believes.

“One thing I am absolutely certain of: customers will return. They value their holidays. There is pent-up demand - we see that every time restrictions are lifted.”

There was a surge of bookings in February when Boris Johnson first indicated a potential May date for overseas travel to recommence. But fresh waves of Covid in Europe, and notes of caution from ministers over holidays, have sent share prices in the sector tumbling again - with the biggest shareholder, founder Stelios Haji-Ioannou, steadily selling down his stake in easyJet.

“The most difficult thing continues to be the uncertainty,” Lundgren says. “But I focus on the things I can control. And while we have adapted to video calls and working remotely, I personally am so much looking forward being able to meet face to face again with people when the time comes.”

Silver linings, he says, have been “amazing examples of dedication and passion” from staff, including volunteering with the NHS, and he has been buoyed by messages from customers who miss flying easyJet. “And ironically in some ways we are better. We have developed our systems, so people can manage their bookings easily online, as an example.”

The government is due to set out in early April if, how and when foreign holidays can resume. In Lundgren’s opinion, with the right framework in place, international travel can be safely restarted in the coming weeks. “And I believe that summer can be strong.”

**Gwyn Topham**

**Neil Clifford, chief executive, Kurt Geiger**



▲ Neil Clifford of Kurt Geiger before the pandemic. Photograph: David M Benett/Getty Images

Heels are back on the shopping list for Kurt Geiger's customers as the footwear retailer prepares to reopen its stores next month. The group's total online sales are up 70% year on year, a step up from 40% in January, as shoppers secure sandals, handbags and going-out shoes in preparation for holidays, weddings and dates when lockdown eases.

Sales of slippers - the number one footwear choice in 2020 - are still up year on year, but Neil Clifford, chief executive of Kurt Geiger, says the mood has changed in the past month.

"We are selling four times the heels we were selling six months ago," he says. "There is definitely a shift. People are feeling more optimistic and confident and want to be able to dress up again. There is a sense that they are desperate to get out of the jogging pants - they're kicking the slippers under their beds and prancing around the bedroom in their new outfits."

He admits life is still tough. With all shops closed, except for collection of online orders, total sales are still half the level of last year.

The group has also lost 90 outlets in Debenhams department stores, which are all permanently closing now that the brand has been bought by online specialist Boohoo.

Clifford said losing Debenhams was an "absolute disaster", and had led to redundancy for 200 more Kurt Geiger staff on top of 700 earlier in the year. The

group now employs about 1,700 people, with just under half of those on furlough.

However, in the past year only one of the group's high street stores, in London's Covent Garden, has permanently closed and all the rest will reopen on 12 April.

Clifford is hoping to replace lost department store sales by investing in digital and international expansion. The group's Shoeaholics site, set up about three years ago, has increased sales by 50% and there are plans to raise its profile. In the US, Kurt Geiger's online sales have quadrupled, hitting \$1m last week as the rapid rollout of the vaccine there fuelled optimism. In the UK, Clifford says he believes young people will be keen to return to the high street after months of lockdown.

Kurt Geiger won't be reopening its stores with heavy discounts, but rather with a celebration of its efforts to support the NHS by giving away more than 10,000 pairs of shoes to key workers over the past year and creating special rainbow-inspired products.

"People will be back," he says. "I'm not completely buying into the roaring twenties thing, but our shops have been closed for 290 days. I'm not saying everyone will be out spending fortunes, but people want their freedom."

**Sarah Butler**

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