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Business view
Nils Pratley

Bank chair needs to rediscover his talent for plain speaking

Mark Tucker, chairman of HSBC, has a reputation for moving quickly and being a plain speaker. In ousting the chief executive, John Flint, who only got the job 18 months ago, he has lived up to the speed part. But what happened to the famed blunt rhetoric?

Shareholders deserved better than a statement that said nothing of substance. A change of boss was needed "in the increasingly complex and challenging global environment in which the bank operates", said Tucker. What's that supposed to mean?

A casual reader might assume Flint had upset some powerful political interest, such as the Chinese Communist party. Or perhaps he veered too far in the other direction when he cheered Saudi Arabia's economic prospects soon after the murder of the journalist Jamal Khashoggi.

The tale is probably simple. This looks a case of a Tucker-led board regretting the choice of Flint. The spiel about "the challenging global environment" is decoration. The problem seems to have been HSBC's sleepy response, as the board saw it. That judgment feels reasonable. There were no financial horrors within yesterday's interim results, but the tone at HSBC feels plodding. The share price has been going nowhere, which can't be blamed entirely on the US-China trade war.

The outcome is embarrassing for Tucker, of course, as he led the process that approved Flint's appointment in 2017. But boards are allowed to change their minds – and, indeed, should do so if they perceive a problem.

Yet, even if Flint's exit is an everyday story of a breakdown in a relationship, there may be more drama in prospect. Tucker is the first outsider to chair HSBC and, as such, his arrival represented cultural upheaval at a bank that famously preferred to promote from within for the first 150 years of its existence. Now the outsider has binned a popular insider who spent 30 years climbing his way to the top. The inward-looking executive crew may not be impressed.

If Tucker intends to continue shaking up HSBC's cosy atmosphere, he will need to rediscover his talent for delivering home truths. There will be a backlash, one suspects.

Tesco surprise

Oh dear, Tesco is "simplifying" again. This invariably means a few thousand people are to lose their jobs. In January, about 9,000 roles were "impacted"; now there are 4,500 more jobs on the line, primarily at the Metro stores. That's on top of the estimated 10,000 jobs lost since "Drastic" Dave Lewis became chief executive in 2014.

The Metro cuts are severe. If 4,000 of the 4,500 affected positions are at the chain – a reasonable reading of Tesco's imprecise statement – then it equates to an average reduction of 26 staff per store. An average Metro is reckoned to employ about 100. Can these shops really use "faster and simpler ways of filling shelves" to run with a quarter less staff?

Tesco clearly believes so, yet this radicalism is a surprise. At its full-year results in April, Lewis said he was within a whisker of achieving his target of £1.5bn of cost-savings but the job losses keep coming, with no promise that the end is in sight.

Lewis won't be deflected, but a simpler way might be to boost the sales line. On that, his revolution still feels underwhelming.

Easy solution

Sir Stelios Haji-Ioannou shouldn't grumble. If he doesn't like the 95p a share, or £139m, offer for the easyHotel business, he is free to say no. He controls a 27% stake so can hang around as a minority investor even if the bidding consortium succeeds in securing 50%-plus control. Such an outcome might not be to his liking but, if he wanted easyHotel to be bid-proof, he shouldn't have floated the budget hotel chain in the first place.

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