

Who's to blame and who's fault is it anyway?

Radio Five Live 'Wake up to Money'

Interview with Mark Goyder, Director, Tomorrow's Company - BBC Radio Five Live, Feb 05, 2003



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Radio Presenter (RP): Good Morning.

Mark Goyder (MG): Good Morning.

RP: Who's to blame and who's fault is it anyway? It's really two things, isn't it. It's about the small investors and big institutions. Are small investors making stupid decisions or have we giving bad advice?

MG: Well I would like to turn the debate a bit. This Inquiry is not about blame. What we are actually saying at *Tomorrow's Company* is that we have a problem from expectations of savers right through to companies that invest the capital and whether we are creating enough value and whether the system is stimulating enough to create value.

RP: Sounds as though this is an inquiry on how capitalism works?

MG: It's not as big as that. It is pretty ambitious. What we are saying at *Tomorrow's Company* is we will never solve these problems if people sit in their trenches and say "it's the next person's fault". We have already started discussions with pension trustees, fund managers, investment consultants and what is already becoming clear after talking to all of those groups is that we need a new system.

It's not about a new capitalism, what it is it's a number of 'tweaks', practical solutions. For example, if you are a pension trustee there are issues around how much expertise you need, there are issues about what kind of mandate you set. Those are all issues that we will be looking at.

The key thing about this Inquiry is that the people doing it are the people that live it day by day, people like fund managers, like chief executives and people like pension trustees.

RP: Well that is the very nature of mistakes. I mean if we did not mistakes we would all be millionaires.

MG: Absolutely, of course it's about that and that is why it is so important. That at the consumer end of it. The guy that said that consumers were stupid was a pretty career limiting thing to say.

RP: To be fair to him, I think what he is actually saying is that they are making stupid decisions, he denies saying they are stupid.

MG: OK fine, what I suspect he was trying to say was we have to be more energetic in the industry to change the expectations of the people that are investing. And I think that one of the issues that has persistently come out of the discussions we have been holding is that, it's no good treating investments like a black box. It's like medicine, twenty years ago you might go to the doctor and the doctor would tell you what you needed, you trusted him. I think that today people are more sceptical about the system. I think that what we need is a system where we can look in the black box, they have to know for themselves the risks that they are getting in. That is the consumer end of the problem.

RP: Mark, thank you for your contribution and we look forward to hearing from you again. That was Mark Goyder, Director from *Tomorrow's Company*.

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Tomorrow's Company most recent pioneering publications include "Sooner, Sharper, Simpler", "The Non-Existent Non-Executive", "Lessons from Enron" and Beyond Mere CSR", (to be published in early 2003).

Tomorrow's Company is currently covering issues such as business and its role in society, inclusive reporting, and 21st Century investment. It is an apolitical not-for-profit organisation registered in England. To find out more about *Tomorrow's Company* please visit www.tomorrowcompany.com

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