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Notes for Contributors

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Interview with Terry Matthews



Terry Matthews talks to the Welsh Economy Research Unit about the Welsh Economy, business success, and the Ryder Cup.

Through the establishment of Mitel in 1973, followed by Newbridge Networks in 1986 and his more recent project March Networks in 2000, to name but a few, Terry Matthews has become Wales's most successful and notable entrepreneur. Testimony to his continuing interest in his homeland, and to his flamboyant sense of scale, is the imposing Celtic Manor Resort, the first icon of the 'New Wales' to be seen by those entering the Principality along the M4. Bold, dominating, radical and unapologetic to those with more modest visions, the building serves as a considerable clue to the man himself.

Matthew's sure business touch is well known. Perhaps less well known is his 'serial entrepreneurship'. He once announced "I love starting up companies." He has been pivotal in the formation of nearly 50 high technology firms in the IT sector. First he identifies an idea or gap in the market. He then either invests himself or provides encouragement to an individual or a team who have the crucial qualities required to take the project forward. Two features are particularly remarkable. First, his companies appear to be capable of super-growth (three of his start-ups are now publicly quoted on

the London Stock Exchange). Second, his failure rate, at 10%, is markedly below the 50% rate more typical of the high risk investment business. His remarkable record owes much to sticking with a sector he knows intimately, since he rarely ventures outside telecommunications.

Terry Matthews has an unsentimental, yet enlightened attitude to his Welsh heritage. He was born and educated in Newbridge, and left for college in London to complete an HNC in mechanical and electrical engineering, then joined the Post Office (BT) research labs in North London, to lay the foundations of his technical experience. He later returned to Wales to complete his higher education and graduated from Swansea University in 1969 with a degree in electronics.

A holiday in Ottawa immediately after graduation beguiled him to chart a new career in Canada. Today he splits his time between Kanata, which he regards as his home, North London and South Wales. His cosmopolitan horizons and the limited time he is able to spend in Wales do not preclude some forthright views on why, how and what Wales is today. When Wales's only billionaire

expounds on the economy, it pays to listen.

Interviewing Matthews, however, can be a problem. The tables are turned on the 'local economic experts' immediately as he capitalises the occasion to gauge the local economic climate. "What about job losses at Panasonic, Sony and Hitachi? Has the technology bubble burst in Wales? What are your views on inward investment, as opposed to the efforts of 'Wales's own'? Do you not agree that Wales is a branch-plant economy?" Several minutes of polite discouragement turned the conversation back to the subject in hand: Terry Matthews, billionaire entrepreneur, Made in Wales.

Matthews is aware of, and tolerates, his role model position. Interestingly he arrived at this without acknowledging a role model himself; "I cannot identify a particular person – the most important influence was the rich industrial heritage of South Wales, and the sense of manufacturing competence and vigour". Happier talking about Welsh expertise in applying the Bessemer process, which gave prominence to the steel industry now sadly in decline today, he is less comfortable discussing himself and his family past, although there are clues to his entrepreneurial impulses. "I didn't like the way they [his first Canadian employers] were doing it and decided I could do it better – I borrowed \$4000 and set up my first business with a partner". When Matthews founded Mitel in Newport he started with just two people; "its easy to double in size, and double again, when there's only two of you." He is reluctant to enumerate catch-all 'entrepreneurial' characteristics, but observations of the man himself suggest self belief, courage, obstinacy, hard focus and perhaps ruthlessness enter the mix. There is also an implacability and low tolerance of time-wasting, idleness and under-achievement. Matthews' core values, with respect to business success are "Education, recognition and confidence".

Education is a central theme in his own success and in the acquisition of success in others; "education makes people interesting, and generates opportunities for themselves and others". The Welsh pride and value in the education system gets short shrift; "most of the educated may well leave" he roars "but for some, who have the incentive, there is certainly the potential to develop their business in Wales". He is well aware of the difficulties in recruiting the right skills from the local labour force – a

difficulty which has resulted in splitting his UK business activities between the Thames Valley and South Wales. His advocacy of an educated workforce is complemented by, as he stresses time and again, the importance of undertaking Research and Development operations in Wales. He is committed to the idea that Wales could develop a high technology cluster. He is also certain that indigenous or "deep-rooted" initiatives are more likely to have enduring economic impacts than inward investors. Matthews has little time for business which appears to be attracted by government grants and a least-cost imperative, and might just as easily be lured elsewhere by similar incentives, or closed in times of economic hardship. He believes for example, that policy should be directed towards creating headquarter research and development type business activities in Wales, which could partly be achieved with R&D and other incentives.

Terry Matthews is a keen supporter of the work of The Prince's Trust, and recently, at the request of the Prince of Wales, agreed to head a programme for the Trust to train under-privileged young people in Wales, giving them IT skills. The youngsters will also be helped to find jobs after their training has been completed. The first two training centres will be in Newport and Swansea, and will open during the Summer of this year.

The Mitel 'miracle' and Newbridge Networks Corporation, both telecommunications equipment manufacturers owe their success to Matthews's anticipation of growing demand for digital technology capable of transmitting large amounts of

information, including voice, video and data. He had the idea and sought out the resources to make it happen. March Networks' product base includes sophisticated emergency response systems for the elderly and fully interactive, networked digital video security systems. It takes a very shrewd mind to drive this innovative team output.

Recognition is the second plank upon which he has built success. He has never yet had cause to regret the ripples which accompany his business achievements. He recalls the occasion two years ago when the Celtic Manor enjoyed front page notoriety by serving beef on the bone to Prince Charles and Alun Michael; *"We couldn't have done it better if we'd tried, but in reality our new European chef, who had arrived only a short while before the visit, was not aware of the rules here regarding the serving of beef on the bone!"* Matthews certainly believes in being noticed and creating a stir. Whilst he stresses the need for a differentiated product, he also networks tirelessly.

Most recently, Matthews has received significant amounts of press interest as a result of the bid from the Celtic Manor to host the Ryder Cup in 2009. He was delighted by the challenge this presented, and by the reaction of others - that Wales had dared to suggest that this competition could go somewhere other than Scotland. Rather than being frustrated and annoyed by the delayed decision, he saw this as an opportunity, creating yet more interest, and attention for Wales and of course, the Celtic Manor. Matthews recognises the potential importance of this event for

the Welsh economy - *"Anything that focuses the eyes of the world on Wales is worth pursuing right to the end"* - and this is just what he intends to do.

Matthews' third core value is confidence. He never doubted his future success. From the standpoint of his current position, it is difficult to identify whether success and education have bred confidence or vice versa. And the influence of luck in his business life? He just shrugs and confidently shakes his head - *"Not really"*.

It is business confidence rather than luck which led to the success of the Celtic Manor resort. Many people were sceptical that Newport could support a hotel of its scale and quality, given the level of competition and economic activity. What they perhaps failed to understand was the 'total experience' concept with the creation of a microcosm of escapist luxury in the heart of industrial south Wales, with Terry's 'own personal back garden' available to all those enslaved by the golf obsession. The Resort has been built to a high specification, its stark austerity from a distance giving way to gothic magnificence closer up. The grand atrium is decorated with original art of an appropriate scale commissioned from local craftspeople. Dragons flank the central reception area, hand-carved from single columns of Welsh oak. They imbue a sense of real quality and care which permeates this particular patch of land, ironically a neighbour to the Llanwern Steelworks and perhaps a reminder to those who mourn its inevitable decline and passing that strong oaks can grow from small acorns on unfavourable ground.