

TEAM HUTSON

THE CHAIR OF AUSTRALIA'S DARING NEW TRAVEL GROUP, S8, IS VERY CLEAR ABOUT WHO'S THE BOSS. BUT SHE'S KEEN ON RECRUITING TALENT AS WELL

STORY LYNDALL CRISP // PHOTOGRAPHY ROBERT ROUGH

GROWING UP on a cattle property near Grafton in northern NSW provided Jenny Hutson with a valuable education that's served her well in corporate life. Her love of horses taught her affinity, control and how to anticipate unlikely outcomes. Rowing for Grafton – her team won the state titles in 1985 – and later at the University of Queensland, where she studied commerce law, Hutson learned tenacity, discipline and structure.

"The boatshed was like family," she says. "In the same way, my sort of business structure and preferred business model is unconventional but traditional, in the sense that almost everything I do is modelled on hierarchy." Now managing director of her own investment bank, Wellington Capital, and chairwoman of brash new travel company, S8, Hutson says: "Here, I'm unashamedly in charge of the operation."

Hutson joined the Brisbane law firm McCullough Robertson in 1991. As a partner and head of the corporate advisory

group, she was immersed in capital raising and mergers and acquisitions. The largest corporate transaction she handled was the merger of two building societies and a credit union with Bendigo Bank in 2000. There were five people in McCullough's corporate group when Hutson started; today there are 53. The firm is ranked six in M&A activity Australia wide.

But while taking long service leave last year, Hutson, 38, decided it was time to bite the bullet. "I toyed with sitting at the same table but from a different perspective and finally I got up the courage to leave behind something that was really successful to chance my arm at something that was my own," she says.

Last March she stepped down to start Wellington Capital and pursue her role with S8 more vigorously.

Wellington Capital, incorporated in 2005 and focusing on property-based transactions, has 11 staff. But it is S8, now the biggest retail travel group in Australia and New



Zealand, with an alliance with Virgin in Britain, that is making headlines. Managing director Chris Scott, a former truck driver and university economics medallist, established it in 1998. (S is for Singapore – where Scott worked for 20 years, and 8 is the number that signifies prosperity in Asia). The company's plundering of the travel market has been nothing short of audacious.

"I joined the board because I thought Chris had an outstanding view of business and how to achieve the right outcome for shareholders and staff," Hutson says. "We raised \$2 million in 2004 and capitalised at \$25 million. Today we're capitalised at \$650 million. He and I both see the world optimistically."

Scott, whom she credits with being intensely practical and bold, is also a director of Wellington Capital. Robert Pitt, an "outstanding accountant" she's known all her working life, is Wellington's finance director.

Since it was founded, S8 has made 36 acquisitions. For the first few years, it bought management-letting rights for Queensland holiday apartments. But since September last year it has changed tack and gone on a buying binge in the travel industry, acquiring Harvey World Travel, Transonic Travel, Travelscene American Express and the New Zealand firm Gullivers Travel. The travel business is based in Sydney and the accommodation side of S8 is based on the Gold Coast. It manages more than 5000 four- and five-star holiday apartments in Queensland and S8 Property Trust owns some of the properties.

S8's travel retailers will have a total transaction value of \$7.5 billion once the current acquisitions are finished. It employs more than 5200 people in 2000 outlets. The share price has risen from \$2 last September to \$3.95.

Hutson and Scott have met about 1000 HWT staff on three continents. "If you are growing you can motivate people to come with you," Hutson says. "Alignment is really important to me. Once again, that's unconventional. A lot of organisations have flat structures, including Sir Richard Branson's Virgin, which is not hierarchical and relies entirely on independent decision-makers. What I'm looking for always is people to come with the vision and to subscribe to it, and to reward fair effort. Clever people are important. I only ever like to bring with me people who are more talented at something than I am."

And when a big job is completed, Hutson does reward those who contributed. Last year she pulled 25 lawyers together for 48 hours straight on a project. When they delivered a successful outcome she paid for a two-day holiday at one of S8's premier resorts for the lawyers, their support staff and families (54 people in total).

"It's about give and take," she says. "I've developed quite a sophisticated framework to think about how the right people might work together and how I can move people around to complement each other. We've been able to achieve things people said we couldn't in terms of the capital markets and the positioning of our company, and we now find ourselves

having the trust and respect not only of the staff of the organisations that came together as S8 but of some of the most talented people in travel. We did some commonsense things. Chris [Scott] got all the staff together and asked for suggestions. He got 121 ideas and we've implemented 82 of them."

The profitability forecast for HWT has increased fourfold since S8 took over. Hutson puts that down to engaging the leadership team and giving them space, resources and support.

"I describe it as letting three genies out of the bottle, three young senior managers: Mark Cario, Mark Emney and Fiona Montgomery. They are genuinely and seriously talented, and we gave them the space to deliver and they have. That's as exciting as it gets."

Hutson and Scott will do the same at Transonic and Travelscene. (A takeover bid for Break Free in 2003 failed, but made a \$3 million profit for shareholders.)

"We don't purport to be experts at travel. We do have outstanding skills in how to run a business," she says. "The fundamental strategy is right and the people we're bringing together should have been doing business together whether we were there or not. We're just the glue that makes it stick, and the impetus that drives it along to the next level."

But it's a dicey time to be in travel. Such factors as fluctuating oil prices, soaring costs and internet bookings have made huge inroads on travel agents' profits.

Hutson is undeterred. Back-office consolidation through one computer system and a central ticketing area will cut costs, and unforeseen disasters such as the terrorist attacks on the US, the Bali bombings and SARS have forced the industry to think outside the circle.

"At one level we see travel as robust," Hutson says. "It had to endure a whole lot of world events and as a consequence travel agents have proved themselves to be remarkably resilient and adaptable. About 70 per cent of our franchise stores in the HWT network are owned by women and they have all brought some outstanding business skills. It's a business model we think will not only work but prosper."

Cheaper fares and easy access booking on the internet represent the "commodity" end of the market, Hutson says. An agent, on the other hand, comes into their own when a client is looking for five-star silver service.

"If people are looking to have their third-largest spend after a house and car (ie, an overseas trip), they're actually looking to buy a dream or experience that is almost unattainable in the virtual space," she says. "And just as you might go to your bank to seek a tailored solution, your holiday is the same thing. The travel agent who retains their expertise and service levels will always have a spot in the market, and we think a sensibly profitable spot."

Her firm handshake spells extrovert and it's true that Hutson doesn't lie awake at night worrying. "I can sleep anywhere, anytime," she says. And it's a testament to her skill as a boss that most of her staff – and many of her clients – have followed her from job to job.

She's an eclectic reader: Nelson Mandela's speeches and biographies of American presidents, particularly Teddy Roosevelt, inspire her. At the moment she's reading Dav Pilkey's *The Adventures of Captain Underpants* (Scholastic US, 2005). The daughter of a country GP, she has a photographic memory ("at least 250 phone numbers in my head") and uses her time at the gym, not to listen to music or watch Dr Phil, but to plan her next move.

Hutson is also on the boards of Property Funds Australia Limited and the Mental Health Foundation of Australia Limited.

"Our philosophy has always been to look at anything that's positive for our shareholders and makes business sense," she says. "It centres around simplicity, which frees up staff time to do more business."

"We've had better than 25 per cent year-on-year growth on any measure. I don't think that will stop. The theory that you might make an acquisition a year and that would be nice, ordered and structured and allow you to integrate and move on to the next one is a fallacy. It's like the seasons. There's a time to harvest, and a time to get ready and plant for the next season." **B**

THE OFFICE DRILL

ALL STAFF at Wellington Capital have remote access to the office but Hutson doesn't like staff working from home. For a project to work effectively, she says, a team needs to be together.

At Wellington, half the staff works part-time, others work from 9am to 2pm, two or four days a week. Age is no barrier.

"I will manage around talent," Hutson says. "I believe in abundance. It's important to resource people properly, whether it's having fabulous executive assistants or state-of-the-art computer systems and offices that are right."

She's not a fan of some office arrangements: "We've gone too far in terms of the concept of open plan; that doesn't work with me. People need their own space, particularly when looking to deliver at a high level."

Hutson is married to Brett Heading, chairman of McCullough Robertson. They have two sons, James, six and Tom, three. A nanny and housekeeper make life easier but Hutson and Heading, who also sits on the Federal

Government's tax advisory panel, put their children first.

Hutson took three months' maternity leave with each baby. She leaves work at 5.30pm and will not work more than six weekends a year. This family-friendly attitude spills over to the office.

"I don't just employ someone," she says. "I want to know about their kids. We're all a product of what went before us, so we have an obligation to the next generation. So in this [Wellington Capital] office you'll hear the laughter of kids at very odd times of the day. All our kids feel comfortable coming here, so if they need to they can. I'm demanding and I encroach on people's family time, but when what we're doing is over I'll give them time to spend with their families."

"The work flow in my business is seasonal. If I need people to work at night or on the weekend I'll ask them to, but I'll send them away when the project work is over so they can be well rested and have the family time I borrowed earlier on."