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VALUES BITE THE BRAND THAT CREATED THEM

> **We expect Tesco executives to work hard and be paid less than the fat cats that surround them**

There was only one place to be last Friday for frenzied action and nail-biting excitement. No, I am not talking about the Nelson Mandela Bay stadium for Brazil versus Holland. Any self-respecting marketer would have traded that ticket for a ringside seat at the Queen Elizabeth II Conference Centre in London where Tesco's senior management team had to face angry shareholders at their annual meeting.

Investors gave the supermarket chain a raucous reception with nearly half the shareholders voting against, or abstaining from approving, Tesco's proposed boardroom pay packets. Almost a third of those present cast their vote against the remuneration, making it the sixth biggest pay protest in the last decade of British annual meetings.

Tesco certainly isn't an exception when it comes to over-compensating. A recent survey by HR consultants MM&K has revealed that since 2008, chief executives at FTSE 100 companies have seen their remuneration rise by 5% to an average of £3.1m. Over the past decade, CEOs' remuneration has quadrupled despite the fact that the share prices of the companies they lead have declined over the same period. Forget all talk about performance and results; most CEOs are greedy, incompetent aberrations to the corporate credo of return on investment.

You might have expected Tesco, however, to be spared much of the anger aimed at other under-performing, over-paying organisations. Unlike the average FTSE stock, Tesco's share price has almost doubled in value since 2000. And despite a small blip two years ago, Sir Terry Leahy and his team have navigated a sure course through the recession. So what was driving all the fury last Friday?

I'll give you a clue. It's the same reason that BP is in so much more trouble than Exxon Mobil would be if it owned the Deepwater Horizon. It's also why Al Gore's reputation will be hit much harder by the allegations that he demanded sexual favours from a massage therapist than if the same rumours had been aimed at Bill Clinton. As usual, it all comes down to brand.

Aside from its exemplary financial performance, Tesco has something else to celebrate over the past decade. Slowly, steadily and with ruthless retail efficiency, it has built Britain's strongest brand. From the very beginning, Leahy trumpeted "every little helps" as the secret sauce behind Tesco's transformation. Tesco was the working class store that worked extra hard on everything to give value back to the shopper. It was the key to escaping the middle-class shadows of Marks & Spencer and Sainsbury's in the Nineties and it was at the heart of every major decision the store took, from the launch of a discount private label to its policy of opening tills the minute a line began to form.

But branding is a double-edged sword. It can inspire the strategy and slice into the competition to drive ever-greater profits. But if you behave inconsistently, it can cause immense harm. And the more established and recognised your brand associations become, the sharper the knife can cut. That's why BP has suffered substantial harm as a result of its oil spill. And that's why Gore is going to be horrendously damaged by the rumours surrounding his recent massage. We expected better from both. We thought BP was part of the oil solution, not its worst culprit, and we still hope that Gore is the kind of guy who wouldn't indulge in any sexual gratification from a stranger.

By the same token, we expect Tesco executives to work hard and be paid less than the fat cats that surround them because that is the Tesco way. This is probably why many investors directed their most furious response last Friday at Tim Mason, who was paid a £4.3m salary despite making a balls-up of Tesco's US business, Fresh & Easy, and losing £165m of the company's money in the process.

But to hold Tesco's executives accountable to their own brand positioning is to break a glass ceiling that we never press against. Branding, positioning and value are the watchwords for marketing departments and frontline staff. But corporate strategy and executive behaviour operated on a different, unconnected plane.

Most modern executives talk a good game when it comes to branding, but they walk in a very generic direction when it comes to their own behaviours. They can happily ask a 17-year-old shelf stacker to "love the brand" and go that little bit further to help the company, but woe betide anyone attempting to apply that same rubric to their own leadership. Tesco's store managers lost bonuses this year if their stores underperformed, but Mason walked away with millions despite losing a small fortune in America.

Brand consistency can be applied everywhere, it seems, except the place where it originated. ●

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