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BUSINESS

After sexists and activists, Aviva's boss is the winner

For turning around the fortunes of the FTSE 100 insurer, Amanda Blanc is The Sunday Times business person of the year

INTERVIEW
JILL
TREANOR



Amanda Blanc is a good listener – and it's just as well. When she took over as chief executive of Aviva in the depths of the Covid crisis, she heard a barrage of complaints from shareholders who were fed up after years of underperformance from the FTSE 100 insurer.

What were they unhappy about? "They were unhappy with the sprawling portfolio, they were unhappy about the financial strength and they just didn't really understand what Aviva stood for," she reels off in her rapid-fire delivery.

Blanc, 55, found an answer, selling off eight international businesses for £7.5 billion and reducing the insurer's debt. She then set about refocusing the business on three core markets – the UK, Canada and Ireland – while sticking with its model of selling both life insurance and general insurance, such as for home and cars.

It does not appear to be wildly ambitious, but after a period of instability at Aviva – born through mergers between Commercial Union, General Accident and Norwich Union – Blanc has impressed the markets. The shares have risen nearly 60 per cent since she took the helm in July 2020 – better than the FTSE 100 index and beating the company's peers for total shareholder returns, including dividends and other payouts to investors, during 2022.

A strong character – "You can't be a shrinking violet in this role," she says – Blanc is The Sunday Times business person of the year for progress in winning around investors who had doubted she could succeed where her predecessors had failed. Mandeep Jagpal, an analyst at Royal Bank of Canada, said Blanc had "acted on feedback from many investors that Aviva's strategy was too unwieldy, and so it was difficult to appreciate what the true growth opportunities were".

Born in the Rhondda Valley, and with an accent to prove it, Blanc took over from Maurice Tulloch, who had left the top job after just 18 months to deal with a family illness. Tulloch had replaced Mark Wilson, ousted in a row over strategy, and he in turn had replaced Andrew Moss, forced out after a period of underperformance.

Blanc was already on the board when Tulloch resigned, though as a non-execu-

tive director who had chosen a "portfolio career" after 30 years in insurance in a number of key roles. But she could not resist the opportunity to throw her hat into the ring at a company where she had begun her career as a trainee, in the Luton branch of what was then Commercial Union. "I was absolutely loving my plural career, but ... this was the company I started with. You're sitting there going, 'I know what I would do here.'"

When she got the job, Blanc made big changes to her lifestyle, living in London during the week and returning at weekends to the family home in Hampshire where she lives with her husband Ken (a former insurance executive) and two daughters, now aged 20 and 16. "Anybody that says you can have it all ... it's just not the case," says Blanc.

She made management changes, too. Of the 14-strong executive committee, 12 are new to their roles. A year into her job, the demands on Blanc became more intense after Cevian Capital, the Swedish activist investor that had just profited from the break-up of rival RSA, declared a 5 per cent stake in Aviva. Some wonder if Aviva may suffer the same fate.

She insists her new strategy had been instigated before Cevian's arrival and that the views of all investors matter. Even so, she is close to achieving the activist's demand for £5 billion of capital to be returned to shareholders: the tally is now £4.75 billion and the City expects the remainder to be handed out at the time of



TIMES PHOTOGRAPHER TOM STOCKHILL

the full-year results in February. Cevian also wanted a 45p dividend and an overall value from the shares, including distributions, of 800p by 2024. Here there is more to be done: the interim dividend was 10.3p and the share price closed at 443p on Friday. However, if the distributions that Aviva has promised by the end of 2023 are rolled in, the value to investors will get to about 650p by the end of 2023.

The dividend is key not just to the big institutional investors, such as Cevian, but also the army of 500,000 retail investors who own shares. "Aviva's role is to provide a good dividend," Blanc acknowledges – and she must be aware it is the measure by which many will judge her.

Her aim is also to give back as much surplus capital as possible. "I've said our capital return strategy will be regular and sustainable," she says, rattling off the maths. Aviva's operations – the life arm, the general insurance side and the fund manager Aviva Investors – should generate £1.8 billion of cash a year. It costs £500 million to run the business and make interest payments on debt, which takes that total to £1.3 billion. The dividend costs £870 million to £900 million, so the difference is surplus cash and would appear to imply a sum that could be handed back to shareholders.

Surely it would be more rewarding to run a business where the surplus capital

could be invested for growth? "The worry our shareholders had about Aviva was that ... we were basically going to let our ego take hold and say, 'Let's go and buy something,'" Blanc explains. "We needed to show we could be disciplined with capital."

That is not to say, though, that Aviva is not being primed for growth, particularly in bulk annuities, where pension firms pass the risk of their schemes to a big insurer. Meanwhile, Blanc has paid £385 million for financial advice firm Succession Wealth, and she also wants to get customers to buy more products; on Boxing Day, Aviva launched a TV ad campaign to try to emphasise that point.

So she listened to investors, but Blanc also faced huge challenges in streamlining Aviva. What was the secret of her success here in winning over the markets? "First I'm impatient to get things done," she says. "Second, it's the simplicity of the message. Too often, CEOs get carried away with ... [such] super-complicated, fancy strategies that when you say, 'What is it you're actually going to do?', they can't answer that. And there's also the force of personality: you have to be determined, you have to be resilient."

Perhaps that resilience helped her deal with the sexist comments at the insurer's annual shareholder meeting in May, when, for example, one private investor talked about women being good with money because they are good at housekeeping.

"I'm not unfamiliar with misogynistic comments. I've had 33 years in the City and in insurance – you become a little bit immune to it," Blanc says.

But after this occasion she responded, writing on LinkedIn that the behaviour was "unacceptable".

She is not impressed either with the fact that she is one of fewer than ten women running FTSE 100 companies – even if she is in the unusual position of working alongside another senior woman: finance director Charlotte Jones. Still, Blanc says, "it's just rubbish". But she acknowledges there is no silver bullet for achieving greater diversity at the top.

One problem, she explains, is the absence of a boardroom "pipeline" due to women leaving the workforce for childcare or other caring responsibilities.

At Aviva, though, she tries to avoid all-male shortlists for jobs and has simplified job adverts to cut the number of features required. "If you have 20 things on a role profile that you would expect a candidate to be able to do, that puts women off. They'll go down the list and say, 'I can't do that' [and won't apply]. If you shorten the role profile to five or six key things, you get more female applicants."

Blanc has a warning, too, about the implications for female staff of the mix of home and office working since Covid. She fears women will be held back as it is men who have tended to return – and she acknowledges this is a view at odds with those who hope the hybrid model will encourage more men to work flexibly. "I really worry that in ten years, we will look back and say that was the point at which we lost part of the diversity battle," she says.

Aviva has a reputation as a forward-thinking employer – with equal paternity leave for men, for instance – and after the pandemic, it adopted what it calls "smart working": two or three days in the office and the rest at home. So how is the return to the office going in practice at the company? Blanc pauses. "We have not reached that target," she says. But productivity is not the problem. "My real worry is creating the right culture."

As the new year starts, while aware of the cost of living crisis, she intends to give the top 1,000 managers a performance objective to adopt smart working and get more staff back to the office. "When leaders come in, their teams come in," she says. "My duty is to hand this organisation over – to whoever and whenever I do – with the culture intact and with ... people who have learnt, who have developed, who know our values and know the way that we do things."

You must be resilient – not let things get you down

THE LIFE OF AMANDA BLANC

VITAL STATISTICS

Born: August 8, 1967

Status: married to Ken; two daughters, aged 20 and 16

School: Treorchy

comprehensive in the Rhondda Valley

University: history at Liverpool; MBA at Leeds

Home: Beech, Hampshire, and a flat in the City

Pay: £1 million salary plus bonuses

First job: local video shop

Car: Tesla Model Y

Favourite book: "I read board papers and newspapers, and I download The Times and The Sunday Times"

Film: *Field of Dreams*

Music: anything from the 1980s

Gadget: Apple Watch. "I'm obsessed with it as it measures my steps"

Watch: Rolex

Drink: Yorkshire Tea

Last holiday: Ibiza

Charity: Insurance United against Dementia

WORKING DAY

The chief executive of Aviva travels

from her home in Hampshire to London on a Sunday or a Monday evening and stays at a flat in the City. Amanda Blanc gets up at about 5am, sometimes does a Peloton session or uses the running machine, and walks to the office by 7.15am for back-to-back meetings until 7pm. She works from home on Fridays and some Mondays.

DOWNTIME Blanc cycles and listens to podcasts. She also plays the piano.

Blanc drives a Tesla Model Y and loves Yorkshire Tea

Jim Armitage

THE JUDGES' VIEW

Every chief executive who navigated the mountainous seas of 2022 deserves plaudits, so choosing the business person of the year was tougher than ever. Our shortlisted bosses not only coped with crises, but transformed their businesses, too. Shell's Ben van Beurden, Octopus Energy's Greg Jackson, Pearson's Andy Bird, Channel 4's Alex Mahon and SSE's Alistair Phillips-Davies could all have been worthy winners. But Amanda Blanc's restructuring of Aviva paid off more than any of them. A flurry of disposals to simplify the business meant she could return billions to shareholders, dealing with an activist investor to boot. She also confronted, head-on, outrageous sexism from some shareholders at its AGM. Plain-dealing, efficient and a strong leader, she is a worthy winner.

