

# LION OF PSION

FRASER PARK HAS BUILT HIS CAREER ON MAKING BRAVE DECISIONS IN THE CORPORATE JUNGLE, WRITES **SALLY PERCY**

I'm hugely mixed up because I was born right on the cusp between Cancer and Leo and so I have certain Cancerian attributes and certain Leonine attributes and I don't know which one is going to come out today, but it probably explains why I get a bit of a paradoxical view of myself on occasions.'

So begins Psion's CFO Fraser Park who, with his shaven head, soft Glaswegian lilt and snappy black suit and black tie combo, certainly does seem something of a paradox. You can't help thinking he would be more at home in the creative department of a West End advertising agency, scribbling witty slogans on the back of a cigarette packet, instead of cooped up in an office in Hampshire, pouring over a draft copy of his company's annual report, as has been his lot lately. But perhaps it's his defiance of the finance stereotype that makes him just the right fit to be the numbers man at one of this country's best-known technology innovators.

Psion, which launched the iconic Psion Organiser pocket computer in 1984, now specialises in making heavy-duty or 'rugged', hand-held computers, the likes of which are used the world over by couriers for parcel delivery and by supermarkets, warehouses and ports for stock and inventory control.

The company is well known as an innovator in mobile computing but there have been challenges along the way. In the late 90s, Psion took a battering from US-based Palm Computing, which launched the extremely successful Palm Pilot personal organiser in 1996, and it subsequently decided to exit

the consumer market. In 2000, Psion entered the rugged computers market by acquiring Canadian company Teklogix.

But competition was also fierce in Psion's new focus area. In the past decade, it has battled US-based rivals Motorola and Intermec, which have around 40% and 20% respectively of the share of the rugged computers business market. Psion was eking out an existence on an operating margin, before exceptional items, of 3% in the five-year period to 2008, while in August that year a £16.2m fraud was uncovered in its Japanese operation.

The company was in need of a shake-up and in April 2008 John Conoley, a former IBM and E.ON executive, took over as CEO with a remit to improve profitability and drive cash generation and make the changes necessary to turn round ailing Psion's fortunes.

By January 2009, Park was also on board, lured by Psion's innovative brand heritage and by Conoley himself, whom he describes as 'an exceptional leader'.

## BUILDING THE ROADS AND SEWERS

Park's remit was to support Conoley by 'building the roads and sewers and getting the basics of the business sorted out'. But his building site was a fragmented organisation riddled with process duplication as a result of its geographic disparity – it has operations in 27 countries around the globe – and some very bad habits left over from the technology bubble. 'I went in to John and said: "Do you realise we spend 4.5p in every pound of revenue on travel and entertainment?" "Er, no." "Do



## CV

**Who:** Fraser Park

**When:** July 1963

**Where:** Glasgow

**Qualifications:** BA (Hons) Accountancy & Finance (Strathclyde University); CA (ICAS)

**Work:** Qualified with Arthur Andersen; divisional financial controller, ML Holdings; European finance manager and UK finance director, Stanley Tools; engagement manager, McKinsey; group finance director, Nettek; CFO, RiverSoft; CFO, Via Net.Works; CFO, Tandberg Television; CFO, Psion.

**Life:** Football; rugby; tennis; golf; contemporary music; wine; history.

**iPod:** Interpol; Kasabian; The Killers; The Subways; Icelandic band Sigur Rós 'when I'm in a more reflective mood'. The Proclaimers' *I'm Gonna Be (500 Miles)* is the most played song on his iPod because his daughter loves it ('and it helps rev me up for the long days').

you realise we spend 3.5p in every pound on legal and professional consultants?" "Nope."

In March 2009, the company announced an ambitious round of cost reductions and, in Park's words, just 'went for it'. 'We've simplified operating structures, we've radically enhanced the supply chain, we've reorganised the business on a functional basis so we can get better clearance to control processes; we've widened our channel relationships; we've added a bunch of new value added resellers and added some very large distribution organisations like Ingram Micro.'

In total, cost reductions of £46m have been implemented – 41% of the cost base. Around 450 heads have been cut since 2008, reducing the company's headcount by a third to some 900.

Psion has publicly said that it is aiming to hit an operating margin of 10% but 'we prefer it to be 10% of something interesting rather than 10% of something less interesting' says Park. In the second half of 2009, operating margin before exceptional items was 6.6%.

Park credits the recession with giving Psion the push to take positive action. 'The recession could not have come at a better time for Psion as it allowed us to look at the business and the required level of cost reduction and change management in a far more aggressive way than we would have done if it hadn't been a recession. Also, our employees are, and have been, absolutely fantastic.' He does, however, admit: 'Probably the best moment of my tenure at Psion so far has been the ability to stand up and say "no more across-the-board redundancies". It's as if the sword of Damocles has been lifted away from people's necks.'

### ALL CHANGE

The restructuring at Psion is the latest in a varied career that has seen Park brandish the sword on a few occasions and even once fall on it himself.

finance director before the age of 30. He was appointed Stanley Tools' UK finance director with a day to spare.

In 1996, having reached the giddy heights of the FD's office, Park then made a sideways move. He joined elite strategy consultancy McKinsey, seeing it as an opportunity to broaden his horizons.

'I've worked with some exceptional people,' says Park. I used to joke that I would be working with a bunch of rocket scientists and for the second assignment I was working with someone who designed rockets for the Israeli airforce.'

But after three-and-a-half years Park was ready for change again and this time he favoured a small-company environment. So he joined internet consultancy Nettek as group finance director, something that was to be another formative experience.

### GROWING PAINS

It was 1999 and the technology bubble hadn't yet been pricked. Nettek then had 40 employees and was valued on the over-the-counter market OFEX at about £10m. Park led the company to a breathtaking £250m flotation on the London Stock Exchange in April 2000. It was, he admits, dot.com madness. But the bubble burst just as the company listed and several of Nettek's clients – traditional corporates that didn't see the imperative of web-enabled e-commerce – backed away and business 'fell off the edge of a cliff'.

At its peak, in the months after the initial public offering, Nettek's workforce had reached around 400 employees through organic growth and acquisitions and mergers. But by December 2000 Park realised that some severe cuts needed to be made.

'I made a number of mistakes that I've learned from and changed the way I go about doing things from that whole process,' says Park.

'We could see that the pipeline was beginning to tail off and we arguably had been so close to things

'The whole lesson I learned there is if you are going to cut, formulate what you think is your worst nightmare and then add 20% to it and cut by that much'

He settled on a career in accountancy while he was still at school. Although he had originally dreamed of becoming an archaeologist, his father, a college lecturer, advised him: 'Don't become something where you end up as a college lecturer.' So he chose accountancy, seeing it as a recession-proof option.

Park trained with Arthur Andersen, but the prospect of a career in practice didn't send his pulse racing so he switched into industry almost as soon as he qualified and landed a job as divisional financial controller with defence group ML Holdings in London. There he learned 'the basics of being a good financial controller and the basics of team leadership where your team wasn't a bunch of high-performing youngsters'.

Next, Park was headhunted for a European finance manager role with Stanley Tools, a US-listed \$2.6bn (£1.7bn) turnover organisation. The only career goal he had ever set himself until this point was to make it to

## IN FIGURES: FRASER PARK

**First salary:** £6,300 per annum with Arthur Andersen

**Salary now:** £230,000 per annum (source: Psion 2008 report and accounts)

**Size of finance function:** 111 (Finance and Information Systems)

**Time in post:** 15 months





that we weren't able to step back and get a change of perspective. So the change programme that we began to implement was nowhere near aggressive enough and that meant that we did one cutback, two cutbacks, three cutbacks and then it became death by 1,000 cuts.

'We destabilised the whole organisation. Our best people who we wanted to retain got itchy feet and started going back to their traditional businesses like Saatchi and what is now Accenture.

'The whole lesson I learned there is if you are going to cut, formulate what you think is your worst nightmare and then add 20% to it and cut by that much. And it is very hard, and it is very painful, and it has to be done very sensitively because you are having a really dire impact on a lot of people's lives. But do it that way and when you look back, no matter how hard it gets, you've done enough and you can rebuild from there.'

By June 2001, when Park decided that his own time was up at Nettek, there were around 75 staff members remaining.

After that he headed to IP network management company Riversoft as group FD, where he led programmes to reduce costs by 40% and cash burn by 50%. Having learned his lessons from Nettek he 'went hard' and helped achieve the sale of the business to its largest rival Micromuse.

In 2005 Park was hired as CFO of Tandberg Television, an Oslo-listed company that developed video compression and interactive television technology, working from their Southampton office. Together with CEO Eric Cooney, he tripled the company's market capitalisation over a two-year period and Tandberg was

sold to Ericsson in 2007. He decided to spend some time in Australia (his wife's homeland), then in January 2009 he re-entered the corporate fray by joining Psion.

### THE VISION

All the pain Psion has gone through over the past couple of years has been worthwhile and now the company is positioned for growth, according to Park. Investment in research and development was 7.7% of revenues in the first half of 2009 against 7.3% in the same period in 2008 and the company has invested £11m in 'accelerating product refresh'. 'I'm a skinhead Glaswegian and visions are not necessarily things I get unless I've had too much red wine, but our vision is about putting ingenuity back to work and that's really what we're all about as a business,' he explains.

This ingenuity is evident in Psion's newly launched open-source mobility technology that will allow its customers to customise their rugged computers and replace components as they date, thereby benefiting from a reduced total cost of ownership.

Park, meanwhile, as he himself says, is a man of paradoxes who will keep challenging himself both in life and in his career. He's the sort of man who, despite being afraid of heights, goes sky-diving. 'I think you have to be a wee bit chameleon-like,' he says. 'You've got to be true to yourself but don't hesitate to confront your weaknesses as well and be open about them. Be very honest.'

Leos love money and power; Cancerians are sensitive. On reflection, you can see Park's point: being on the cusp of both star signs may well have helped define his professional life.

### PSION FACTS

- Psion was formed in September 2000 as a result of the merger between the business-to-business division of UK-based Psion PLC, founded in 1980 by David Potter, and Canadian-based Teklogix Inc, founded in 1967 by Rod Coutts. It trades as Psion Teklogix.
- It is listed on the London Stock Exchange main market and has a market capitalisation of £135m.
- It has some 900 employees across the world.
- Group revenue in 2009 was £170m and it made a pre-tax loss of £3m. But the group has no debt and its cash balance at the end of the year increased to £45.3m from £41.3m in 2008.
- Psion's two main products are the Workabout Pro and Ikön.
- 50% of the world's ports use Psion products.
- You can drop a Psion Workabout Pro onto concrete from a height of six feet and it will still work.