

# NEW MAN AT THE WHEEL

Despite struggling with maths, he became a CA and founder of an international transport business. ICAS president-elect Sir Brian Souter speaks to Robert Outram

**S**IR BRIAN Souter's story is probably one of the best known in Scottish business today. The son of a bus driver, he paid his way through college working shifts as a bus conductor and started his own business, Stagecoach, with two second-hand vehicles in 1980.

Stagecoach now operates more than 13,000 business, coaches, trains and trams in the UK and North America. In the UK it serves around two million passengers every day. Its turnover for the year to April 2016 was £3.87bn and pre-tax profit was £104m.

This month, Souter succeeds Ken McHattie as president of ICAS. Never the typical CA, Souter does however acknowledge the role that his professional training had in his career.

As he puts it: "The key thing for my own 'success' ... was taking the skill set that I got from being a CA, and matching it with the passion I had about transport.

"It was especially useful when that accounting skill was very relevant and important. It was good to be able to do that work myself and not have to pay someone else to do it. And to understand the interpretation of the numbers... these skills were really, really useful."

It might seem odd that Souter struggled with mathematics at school and did not even get an O-Level in the subject, despite being fundamentally numerate. He describes it as a "mental block" and explains: "If you put x and y in an equation I just didn't get it. But if you put pounds into it I could get it

reasonably quickly ... the management of money always interested me."

Without maths O-Level, he was unable to take a university degree so studied for a diploma in commerce at the then Dundee College of Technology (now Abertay University). It was intended to lead to a career in teaching, but that did not appeal and Souter was able to use the diploma to transfer to the second year of an accounting and commerce degree at the University of Strathclyde.

That was the route to the career Souter had decided was for him: accountancy. He trained at the Glasgow office of Arthur Andersen, a firm prepared to take a chance on a candidate with an unconventional background. As Souter explains: "Arthur Andersen was a meritocracy. They took a wide range of students in, many of whom had shown exceptional academic performance, but they also had the good sense to work out that sometimes there were people who weren't, perhaps, academic giants, but had had to drive very hard to get to where they were."

What the firm didn't know was that their CA student had not given up being a bus conductor, and was still working shifts at the weekend. He was eventually forced to admit his double life when he turned up to the office with a battered and bruised face, after being attacked by a drunken passenger on a late-night bus.

In 1980, funded by with his father's redundancy money, Souter set up Stagecoach with his sister, Ann Gloag, and brother-in-law Robin Gloag. The

business had two second-hand buses. Souter had spotted a gap in the market in Scotland, and the market was about to be transformed by the privatisation of local bus services across the UK. Stagecoach was among the leaders in taking advantage of this shake-up, and grew at a rapid pace, both organically and through acquisition,

In 1993 Stagecoach, then valued at £134m, was floated on the London Stock Exchange. In the 1990s privatisation extended to rail services and Stagecoach entered this market too, acquiring South West Trains, the UK's biggest rail franchise. Stagecoach now also operates South Western and East Midlands Trains, has a 49 per cent stake in Virgin Rail's West Coast route and a 90 per cent stake in Virgin East Coast. In 2003, Stagecoach launched budget inter-city coach service megabus.com.

Stagecoach's expansion was not limited to the home market. Internationally, the business acquired operations in Australia, New Zealand and Hong Kong. The company also bought Coach USA, the biggest operator in the United States and a major player in Canada. The acquisition proved to be a troubled one – Coach USA had a number of problems and ultimately, much of it had to be sold off. Souter, who had become executive chairman by this stage, returned to the chief executive role in 2000 to turn the situation round. The elements of Coach USA still in Stagecoach's hands generate more profit than the whole of the subsidiary did at the outset, the company says.

Looking at the business today, Souter says: "Stagecoach has got some interesting opportunities. There are a number of rail franchises up for renewal. We just did a deal with a company in Europe to sell our European Megabus operations but we still find there are opportunities and challenges, in Europe, and with digital."

In 2012 he stepped down from the



“What the ICAS Foundation is doing is really important. They’re dropping ladders down to people who are socially excluded, to follow a career in accountancy”



**BRIAN SOUTER**  
CURRICULUM VITAE

▶ **1970s**

Trains as a CA with Arthur Andersen, Glasgow

▶ **1980**

Co-founds Stagecoach with his sister Ann Gloag and brother-in-law Robin Gloag

▶ **1984**

Joins ICAS

▶ **1992**

Souter Charitable Trust is set up

▶ **1993**

Stagecoach lists on the London Stock Exchange

▶ **1998**

Souter moves from chief executive to executive chairman

▶ **2000**

Returns to chief executive role

▶ **2012**

Becomes non-executive chairman, Stagecoach

▶ **EDUCATION**

Commerce diploma, Dundee College of Technology; degree in accountancy and economics, University of Strathclyde. Awards and honours include: honorary degree, University of Strathclyde (1997); Scottish Entrepreneur Award (1998); Ernst & Young UK Master Entrepreneur of the Year (2010); knighted for services to transport and the voluntary sector (2011)

▶ **FAMILY**

Married, with four children

« chief executive's role, to become non-executive chairman. He is still very much involved with the business, but stresses: "At Stagecoach we have a great team and that team continues to do a lot of innovative and interesting things. We are still at the forefront of our industry."

The current chief executive and finance director, Martin Griffiths and Ross Paterson, are both CAs and, like Souter, started out at Arthur Andersen.

Another focus is Souter Investments, the family fund that now accounts for the greater part of Brian Souter's net wealth and through which he has invested in more than 200 businesses. One of the most significant of these is bus and coach maker Alexander Dennis, which Souter Investments acquired as a turnaround investment and is now thriving, with more than £600m in sales to the UK and overseas markets including Hong Kong, China, Malaysia, North America and New Zealand.

Outside business, Souter's Christian faith and personal beliefs are an important part of his life. The Souter Charitable Trust, set up in 1992, runs as a grant-making body assisting a range of organisations in Scotland and further afield, working on issues from child poverty to the fight against malaria. In 2011 he was awarded a knighthood in recognition of his services to transport and the voluntary sector.

His beliefs have proved controversial on occasion. A leading political donor (to the SNP), he also helped fund a privately organised referendum in Scotland as part of a campaign to try to persuade the Scottish Government not to scrap Section 28, the legislation that barred local authorities from "intentionally promoting homosexuality".

Souter says his views on a range of topics are "well known and understood", but makes it clear that as ICAS president he will be expressing the ICAS position on issues that ICAS has an interest in.

He continues: "ICAS gave me a great training and I want to put something back ... it was very much part of my story. I couldn't have done what I did without that training and the benefits I got from it," adding that the key themes of his presidential year are "enterprise, compassion and inspiration".

A major event this year will put young CAs in touch with figures from the business world, including a planned live link and address from Virgin founder Sir Richard Branson. There will also be

a train-themed fundraising event for the ICAS Foundation, which supports young people from disadvantaged backgrounds who are looking to make a career in finance.

Souter says: "I'm passionate about enterprise, and it's also important to me to live in a compassionate society. One of the reasons I agreed to take on this role was that it's really important what the ICAS Foundation is doing. They're dropping ladders down to people who are socially excluded, to follow a career in accountancy."

Souter also believes that ICAS has a role in helping to rebuild trust in business. He says: "There is a scepticism in the world just now ... I don't think that ICAS is tarnished, I think it has a great standing, as the oldest professional body in the world. We need to be part of the renewal of integrity. We need to be part of the solution to this challenge. 'Seeking the truth' is where we should always be."

"I know I am going to have a busy year," he concludes. "But I like being busy." **CA**

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