

Case exercise

Go Global

Go Global was a tour operator founded by Dirk Schuyster and a couple of partners in the early 1990s. All three of them had learned their trade with one of the UK's premier tour firms, but they believed they could prosper rather more if they took their business and customer knowledge with them and set up on their own.

They had identified a valid point of difference. By advertising in the regional press, collecting their passengers from locations close to their homes and using regional embarkation points they could offer a more customer-friendly service than larger, traditional operators. Their business aimed to be low cost and was targeted at customers who were retired or on lower incomes – customers who may not have travelled frequently, did not have high service expectations and who wanted someone else to do the planning and organisation for them. 'Your holiday begins from the moment you board our coach,' claimed the Go Global brochures. Destinations included proven favourites such as the Dutch bulb fields, the Channel Islands, the Italian lakes and German Christmas markets. Tours were of short duration with accommodation in low cost family-run hotels.

Schuyster and his partners set up business in rented premises in Epping, recruiting local Essex staff. Go Global's business model proved successful. There was a real excitement, commitment and sense of teamwork as the business grew; new tour destinations were added and customer numbers steadily increased. Schuyster in particular took a very close interest in all aspects of the company's operations, including the tour details, the choice of regional titles in which they advertised and the brochure copy.

But as the business grew, things started to change. In a boardroom coup Schuyster insisted that his partners resign. Their settlement cost the business £3 million. He then extended the business' operations into additional market sectors such as ocean cruises, flights and long-haul destinations where established competitors were very strong. The business flourished and Schuyster relocated into large new premises near

Chelmsford that he had bought at a cost of £8 million. To manage the increasing scale and complexity of his business he recruited senior managers from other tour operators, at least two of which had collapsed. The fact that they were associated with failed operations did not concern Schuyster: they would be grateful to be employed by him and could be relied upon to comply with his wishes.

In the office, staff felt increasingly apprehensive about Schuyster and his personal style. A large, burly individual, he was frightening when angered and micro-managed the business obsessively. He could be abusive towards staff, manhandled and made lewd comments about female employees who were too frightened to complain and coerced them into falsifying records. He talked about them as 'people I pay' rather than team members whose services and skills he needed to purchase. His style was to control through fear and intimidation. £45,000 compensation had to be paid to a Director to dissuade her from prosecuting him for sexist abuse. Yet the personal favourites he had recruited were spared such conduct and at the annual staff parties it was Schuyster who led the horseplay and merry-making.

Schuyster's aggressive behaviour also extended to customers and competitors. On one occasion he strode from his personalised BMW on to a quayside and harangued a group of complaining passengers who had suffered an ocean cruise in appalling weather, accusing them of plotting against him. He described his customers as 'horrid little people' and happily admitted he would never stay at the types of hotel into which they were booked, let alone go on one of his own holidays. Complaints were contemptuously dismissed with the comment 'there are plenty more little punters where they came from'. When competitors went out of business he rubbed his hands with glee and telephoned his suppliers to ensure they knew.

Thus as Go Global was prospering and was winning accolades for its growth, including being featured as a Local Business of the Year, the methods

its belligerent and increasingly dysfunctional owner was employing were starting to put the company at risk. The travel industry is incestuous and prone to gossip, so that people were well aware of Schuyster's behaviour and he started to make enemies. A takeover offer came when the company was at the height of its success but he rejected it out of hand. By now Schuyster was also drawing large sums of money out of the business as personal loans to buy property in Chingford and to fund the tasteless and extravagant lifestyle of his estranged wife Cheryl. This was against the advice of his finance director as well as his non-executive chairman, a wealthy former school friend with no travel industry experience whom he had asked to take on the role. Schuyster's view was that he could do as he liked, as he was the sole shareholder. Board meetings became screaming sessions at which Schuyster insisted he was in the right: he would not listen to opinions or advice he did not like.

Eventually his cavalier methods and conviction of his infallibility brought him one enemy too many. He cancelled a substantial contract with a cruise ship owner, who successfully sued him for several millions in compensation. This, together with the money Schuyster had taken out of the business,

put an intolerable strain on the cash flow. In desperation he doubled the salary he was drawing and re-mortgaged his home and the Chingford properties, but the banks would not help him. On Good Friday 2002 the business went into administration. 'Go Global Goes Gurgle!' trumpeted the tabloids as 30,000 holidaymakers lost their money and suppliers and hoteliers were left being owed millions. The entire staff lost their jobs. Schuyster took Cheryl and the family away to a pre-arranged luxury holiday in the Seychelles, but on his return he defaulted on his loans, the business went into receivership and in due course he was declared bankrupt.

It could all have been so different. It could all have been so much happier.

- Q1** How many of the common causes of business failure can you identify in the Go Global case?
- Q2** Could they have been avoided – and if so, how?
- Q3** If you had been hired as a consultant by Dirk Schuyster, how would you have gone about giving him advice on his operation?