

Interview

Purves' Plans

An Interview with Tom Purves,
Chief Executive Officer, Rolls-Royce Motor Cars



Tom Purves

EDITORS' NOTE Tom Purves assumed his current post in July 2008. Prior to this, he was Chairman and CEO of BMW (US) Holding Corp., a position he held since May 1999. He was also President of BMW of North America, LLC. In addition, Purves was responsible for the successful launch of MINI in North America. He has spent his whole working life in the automotive industry, beginning with Rolls-Royce as an apprentice engineer at Crewe in 1967. His role with the company evolved to include several management positions in various fields including sales in Europe, Africa, and the Middle East. Purves joined the BMW Group in 1985 as Sales Director of BMW (GB) Ltd in Great Britain and was appointed Managing Director in 1989. In 1996, he became a Rover board member, where he oversaw the global sales and marketing of Land Rover, MINI, MG, and Rover before his move to North America.

COMPANY BRIEF Rolls-Royce Motor Cars (www.rolls-roycemotorcars.com) is a British manufacturer of luxury automobiles. It is the current producer of Rolls-Royce-branded automobiles, whose production dates back to 1904. The factory is located across from the historic Goodwood Motor Circuit in Goodwood, West Sussex, England. It is an independent company, wholly owned by BMW Group.

In light of the current economic climate affecting all industries, how much of an

impact have you seen on the business of Rolls-Royce worldwide? Are you optimistic that you will find growth for the brand?

I am, but I accept and acknowledge that we are not immune to this very serious economic situation. At this time, we're fortunate in that we just introduced a series of new cars, our Drophead Coupé in 2007 and our Phantom Coupé in 2008, and they have had a substantial effect on our business. So we were able to record an improved business result in 2008; we were 20 percent ahead of last year. That was a very good overall result.

For 2009, much of our time is going to be spent preparing for the introduction of a new Rolls-Royce that will be smaller, a little less formal, and a little more agile, and will come to market in 2010. I anticipate not only that the economy – certainly the American economy – will start to show improvement at that time, but also that anybody who has new products will do well. So I'm optimistic. I think 2009 will be a pretty tough year, certainly with tougher trading conditions than we experienced last year. This is one of the first times that I've seen a downturn on an international basis where there are not too many opportunities to export our way out or to benefit from some new market that's booming.

Will the newer models Rolls-Royce is bringing into the market still address that very high-end niche market that has always been your focus?

We look only at what we describe as very high-net-worth individuals. Beyond that, our customers have only two things in common: they aspire to have the very finest of things, and they have the means with which to acquire those things. Beyond that, they're of all ages, from both genders, and from all markets in the world. The new model we're introducing will be marginally less expensive, but it is still a very expensive car, by normal standards. It's at the pinnacle of the market that we have traditionally appealed to and will continue to supply.

How much has Rolls-Royce focused on environmental issues, and have you had to put an emphasis on that in terms of the new product?

Anybody who operates in this environment cannot ignore those issues. They're a consideration for many people today, and we're happy that our current car is around 20 percent more CO₂ efficient than its main competitor. We would not for a moment suggest that it's extraordinarily

environmentally friendly, but of its type, it's the most friendly. And we certainly plan in the future to improve that performance with each new model entry. It's very important – it's going to be part of living in this society, so we have to be part of it.

What are your key priorities to ensure that Rolls-Royce is able to survive and thrive in this type of market and that in a year or two Rolls-Royce will still have its strong position?

The critical thing is to sustain a consistent position. A premium brand should always under-promise and over-deliver and be very consistent about what it says and what it does, so people get to know and trust it. The reason that Rolls-Royce is preeminent in its field is that people trust it, and that's extremely important.

Certain brands in this industry have such history and tradition that survival would not seem to be an issue; yet, as of late, their futures have become uncertain. Knowing this industry, does it surprise you to see how significant the challenges are for some of these companies?

No. It's a highly competitive industry, and decisions are made that affect products five, six, or seven years away. Individual customers aspire to own products when they're kids and then teenagers, but it's probably not until they're 40 before they're in a position to buy what they want. The gestation period of brand development is critical. All of these things suggest that decisions that were made many years ago are affecting business today, and consumers' attitudes that were developed many years ago are also affecting business today. In that kind of environment, it's tough to see things change from one moment to the next. But most of these companies have been moving in a certain direction over time. That's something that observers could learn more about.

Those who know you say you are not the type of executive who will ever slow down. Do you ever think about taking it easy?

I never really think about things in those terms. I do what I do the best way I can with the time I have, and I do take holidays and breaks with the family. I have interests outside of work. But I was always very open-minded, and if I found myself in a different environment tomorrow, I would not plan to go fishing all the time. ●