

TOUGH CHALLENGES  
NEW POSSIBILITIES

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and nimble in re-evaluating  
their business models.

Lord Hammond of Runnymede

Foreign Secretary 2014-16, Chancellor of Exchequer 2016-2019

Welcome to 'Tough Challenges, New Possibilities', the interview series that asks business leaders for their advice for small businesses to adapt and thrive in these challenging times. We spoke to Lord Hammond of Runnymede about the challenges small businesses are facing, the importance of the fourth industrial revolution and post-pandemic opportunities.



Photography: Thomas Skovsønde, Metin Ozer, Hugo Sousa, Danielle Hoang

## Philip Hammond

Foreign Secretary 2014-16,  
Chancellor of Exchequer 2016-2019

Philip has had a distinguished career in British politics as a Member of Parliament from 1997 to 2019. He held a range of Senior cabinet posts, most recently serving as Chancellor of the Exchequer from 2016 to 2019.

As Chancellor, Philip focussed on the long-term productivity challenges facing the UK economy and was a strong advocate for the Financial Services sector, and especially for the fast-growing Fintech sector. He championed the cause of SMEs and the need for greater access to long-term growth capital to allow successful British start-ups to scale up in the UK, rather than seeking capital overseas.

### How challenging was it for you to leave the Government in 2019?

For me, politics was always about government. I went into politics to be in government, not opposition, and had to wait 13 years to get that chance. I was only on the back benches for nine months and returning to them 22 years later was not a great pleasure. Some people love Parliament's theatre and camaraderie but that wasn't my experience. On the other side, you don't have the same access to information or the same ability to cross-examine the key players.

### How difficult was it been to return to your business career?

I came into Parliament in 1997 when it was still common for people to have an outside career, so I continued with business interests for the first decade and it helped me be much more useful in the Commons. Ending nine years in Cabinet was a wrench but it was a pleasure to return to things I was doing before. Now in the Lords, I'm working out how to play a role as an advocate for business.



### What's the biggest challenge small and mid-sized businesses (SMEs) face coming out of the pandemic?

The first instinct was to hunker down and survive, generating and preserving liquidity as best you can. Now we're moving into a phase when business and government have to take stock of structural changes, such as the move to a cashless society. We're probably never going back, so SMEs need to be agile, honest and nimble in re-evaluating their business models.

### What's your advice to SMEs in this pandemic?

In the crisis, it was imperative to conserve cash. Now, the challenge is in moving from the defensive crouch to the leap forward. If you remain in the defensive crouch, you'll be left behind. It's time to look beyond the crisis and decide where your business can go.



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— Philip Hammond

### How important will leadership be?

It’s absolutely critical in motivating people and mobilising ideas and foremost in how entrepreneurial businesses persuade capital to invest and attract talent. Coming out of the pandemic will be all about leadership – like it is at a political level too.

### Will there be a “new normal” after Covid-19?

Yes, but it will affect some sectors far more than others. Some things will return to how they were. Others will change significantly. I don’t see the commuter economy returning to its previous form and that will impact the support economy around big cities. People will be more interested in living in suburban houses than in urban apartments, creating opportunities for people who can identify these trends and exploit the changes flowing from them.

### What role can technology play?

Technology is a very important driver of Britain’s future prosperity. We’re strong in generating it and far ahead of other large economies in adapting to trends, such as online retailing and the cashless society. Technology is going to change everything, transforming the way the economy works and creating opportunities for new businesses, plus new options for established firms.



“Without technology providing exciting opportunities, the next five years would look like a hard slog”

— Philip Hammond

### What more should banks do to help SMEs?

Big banks' connections to small businesses give them a major role in the eco-system. During the pandemic, they've acted as intermediaries delivering government guarantees and getting loans to SMEs. They can also bring SMEs game-changing technologies, allowing them to compete and succeed.

### How can technology enable SMEs to make a difference?

Technology enfranchises SMEs, reducing the economies of scale larger competitors enjoy and giving them access to buyers who weren't accessible a few years ago. Through technology platforms, SMEs can also access tools like loyalty programmes that were previously the preserve of larger businesses.

### What excites you most about the next five years?

Without technology providing exciting opportunities, the next five years would look like a hard slog, with challenges including an ageing population and shrinking workforce, climate change and decarbonisation. Digitising the economy through the fourth industrial revolution should bring a productivity revolution that can answer the question of how we're going to pay for all these things.



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— Philip Hammond

What’s impossible in business today that will be possible within a decade?

Some things only open to the bold and brave will become more commonplace. Access to capital and early stage support for entrepreneurs will be wider and easier. Supply chain relationships will become more collaborative than adversarial.

If you were to start in business again, what would you disrupt?

There are clearly huge opportunities in tech and fintech. With a background in property, I’m also interested in regenerating our high streets and town centres. There’s a lot of money to be made by people who get the future model right.

