

Sphere

#42 2017 

INTERNATIONAL JOURNAL OF THE
CK HUTCHISON GROUP



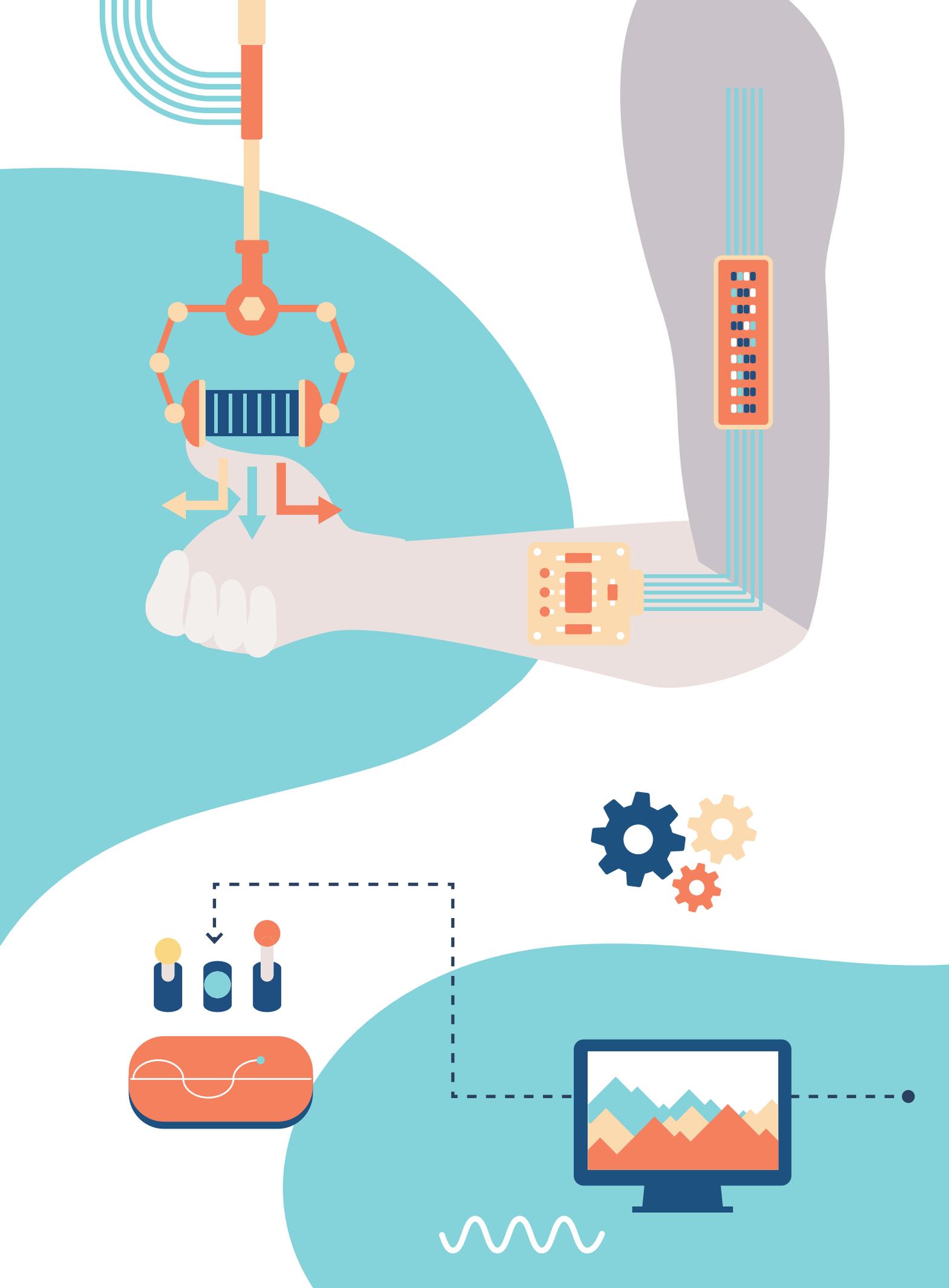
21ST CENTURY WORK

Venerable Vintages 09

Challenge on the High Seas 20



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May 2017

Cover Illustration
Jessica Li

The body corporate is a complex machine, in constant need of renewal – just like us. The cover illustration captures the complexity of the Group and reminds us that we must be vigilant and be committed to reinventing ourselves to be fit to face the future.



Look within for the secrets of a healthy body corporate!

W E L C O M E

THE BODY COMPLEX

There is no shortage of advice coming at us daily about how to keep our bodies healthy. From diet and exercise to meditation to pharmaceuticals, it seems choosing a health regime is more complicated than ever as our understanding of the body and mind expands.

Likewise, the corporate body is the subject of intense scrutiny, with business schools, magazines, consultants and self-styled gurus all advising executives on how to flourish in a rapidly changing world.

Many of us are finding our work transformed, or are hiring people with skills we ourselves have never used or do not possess. Often these skills are in the domain of technology. But sometimes they fall in the realm of heart and soul – the hearts of people and the souls of communities. *Sphere* looks at these transformations and what unconventional jobs mean for a healthy company.

In addition to hearts and souls, strong backs and stomachs were needed for a group of landlubbers that became open-ocean adventurers in a mission to row from Shantou to Hong Kong. New skills were not just useful, but were survival skills for these young people from Shantou University.

Of course, many believe that a glass of red wine a day is good for the literal and metaphorical heart! The art of winemaking is supported by the ancient and mysterious process of deciding how the world's finest wine – the Bordeaux vintages – will be valued and distributed. Watson's Wine is well-versed in that system and reveals its secrets.

One place to get solid insights into what will make the corporate body healthy is by looking within, to those parts of the CK Hutchison family that are leading by example and are profiled right here in the pages of *Sphere*! □

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RETAIL FOCUS

Venerable Vintages

Bordeaux wines are not like any other wine. The unique way in which they are sold, which was developed over 400 years ago, shows it. Watson's Wine has mastered this age-old system.



2 0

COMMUNITY FOCUS

Paddling, Perseverance, and Courage

Shantou University was the source of 20 Young Turks who took to the open ocean to travel from Shantou to Hong Kong - and lived to tell the tale.

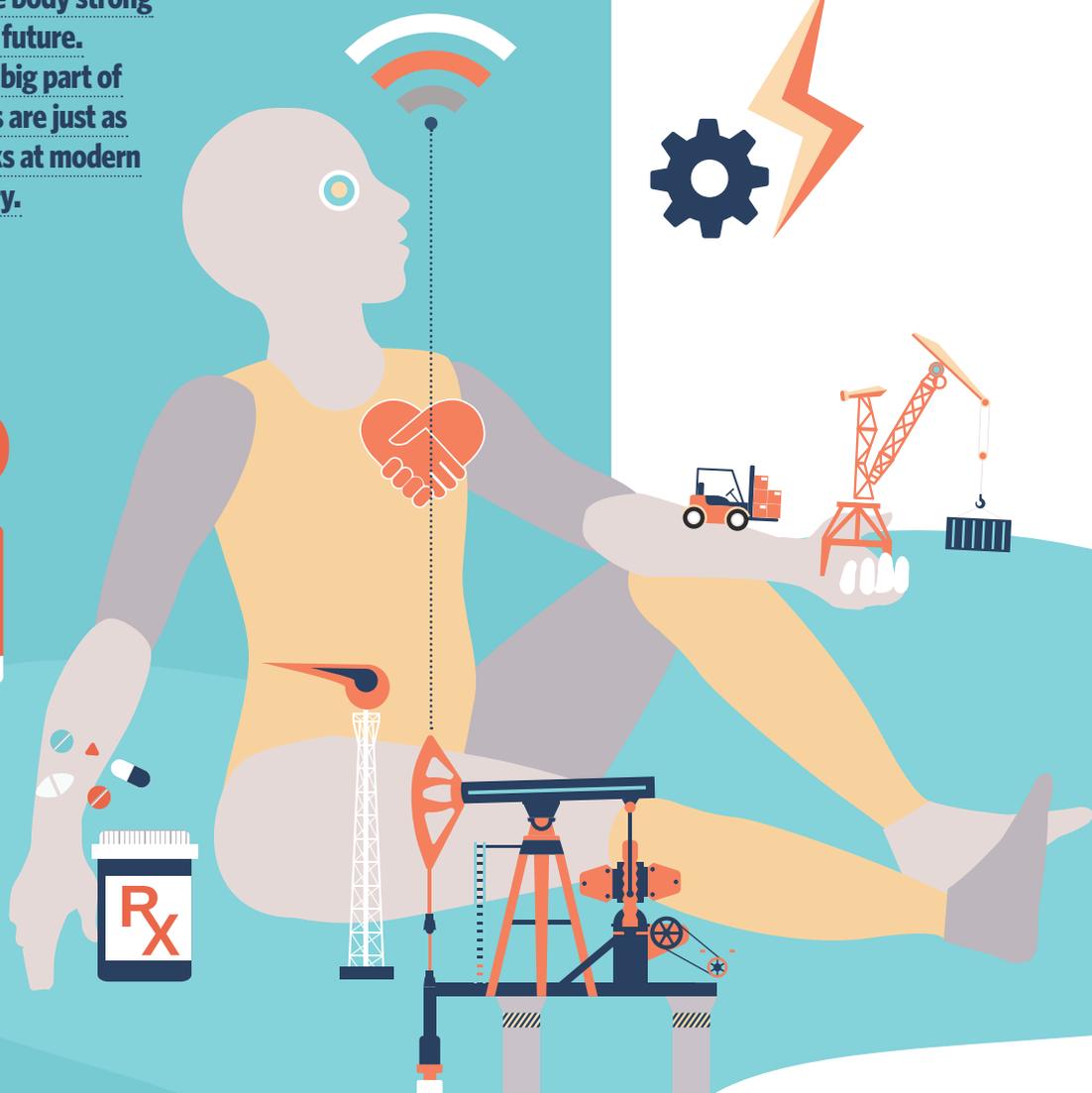
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COVER STORY

OUR EVOLVING WORKPLACE

Keeping the corporate body strong means embracing the future.

While technology is a big part of that future, big hearts are just as important. CKHH looks at modern jobs in the 21st century.





CORPORATE

“Let’s Party! Let’s Celebrate!”

The Cheung Kong Group launched a summer-long celebration of the 20th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR). Companies across the group are celebrating through contests to send lucky Hong Kong customers to Beijing (A S Watson Group companies), a music jam party (Cheung Kong Property), a shipping container graffiti art competition (Hongkong International Terminals) and half-price champagne (Watson’s Wine) starting 1 July – the big day! Happy 20th birthday to the HKSAR and her people!



PORTS

“WE’RE-HOUSING” TOGETHER!

On 20 February, Hutchison Ports SITV and Cargill Vietnam co-organised a groundbreaking ceremony to mark the commencement of a joint partnership warehousing project.

LIKE LIGHTNING!

On 17 January, Hutchison Ports Pakistan set a new productivity record for Karachi, handling 1,666 moves in under 17 hours while servicing the 6,200-TEU *MSC Lucy*. The vessel operating rate was 129 moves per hour, the berth productivity rate was 102 moves per hour and the gross crane rate was 27.8 moves per hour. A total of 2,634 TEUs was handled!



NEW RAIL SERVICE FROM BARCELONA

Hutchison Ports BEST launched its first rail service connecting Barcelona, on the Mediterranean, to Miranda de Ebro in northern Spain. Launched on 14 March, this service is managed by Hutchison Logistics Spain.

HUTCHISON PORTS TO OPERATE NEW STOCKHOLM PORT

Hutchison Ports signed a formal agreement with Ports of Stockholm on 17 February that will see the firm operate Stockholm Norvik Port once construction is completed. The new port, located 60km south of the Swedish capital, will have better access, deeper water and greater capacity than the city-centre facilities it will replace.

U-CAN UKRAINE! HUTCHISON PORTS ON THE BLACK SEA

Hutchison Ports Europe has signed a memorandum of understanding (MOU) to develop container terminal facilities at Chornomorsk, one of the largest ports on the Black Sea.

CK HUTCHISON RANKS TOP IN ANNUAL REPORTS AWARDS

CK Hutchison Holdings ranked top of the MERCURY Awards for Annual Reports: Overall Presentation – Diverse Business. The awarding body described all facets of the CKHH annual report as exceptional and enthusiastically praised the persuasiveness of the Chairman’s Statement and the presentation of financial information. There were 670 entries overall from 21 countries, making last year’s annual report truly “World Class”.





C O R P O R A T E

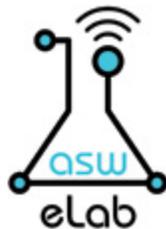
New Zealand PM Visits Group in Hong Kong

New Zealand Prime Minister, Right Honourable Bill English, visited Mr Victor Li, Chairman of Cheung Kong Infrastructure (CKI) and CK Life Sciences (CKLS), and Mr H L Kam, Group Managing Director of CKI and President and CEO of CKLS. They discussed the Group's commitment to the country that has seen NZD1.5 billion deployed in businesses that employ over 1,000 Kiwis.

R E T A I L

LAB WORK HEATING UP ONLINE GROWTH

eLab's second-year anniversary had something extra worth celebrating: a 47 per cent increase in e-commerce sales for AS Watson Group (ASW) in 2016. Its digital enhancements deliver a laser-like focus on customer needs – and strong results!

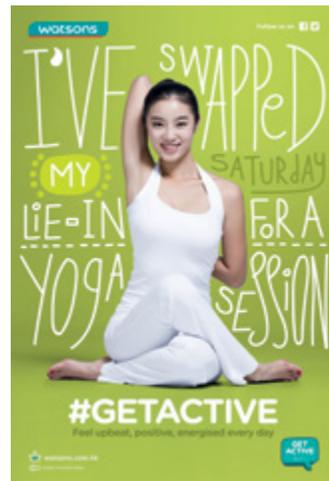


ASW'S 47 FINEST

ASW's Global Store Team Awards honoured the 47 best store teams from its 13,300 store network across Asia and Europe. Congratulations!

#GETACTIVE

Over 46 million customers around the world are going to get moving with ASW's Global Health Campaign. Health-themed activities such as outdoor sports challenges, in-store activities and social media education campaigns will connect its outlets to customers by encouraging them to #GetActive!



A SOLID CORE IN THE KLOUD

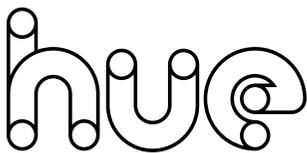
A big bet on big data, artificial intelligence (AI) and machine learning will see ASW invest USD70 million to improve operational efficiency and customer experience. Toronto company Rubikloud is partnering with ASW to deploy Rubicore to enable the application of AI technology within the ASW data network.



TELECOMS

The Cutting Edge: 3 Group and Razer

3 Group is the first mobile network operator to collaborate with the world-leading gaming hardware, software and e-currency platform, Razer. The partnership will co-promote mobile devices, tariff plans, and Razer's gaming products including in-game currency Razer zGold. Together, they will reach the top e-sport athletes and 2.3 million Razer gamers on the 3 platform.



Hutchison Mobile Enabling Solutions

THE IOT IS HERE - WITH HUE

Hue, 3 Group's mobile-enabling services division, has teamed up with Jasper Cisco to enable corporate customers to provide Internet of Things (IoT) services in the cloud. High internet speeds, flexibility and control of networks available through the partnership will power IoT capabilities for connected car, building automation and security, and transportation and logistics services.

RECYCLED MEANS RECONNECTED

3 UK recently announced "Reconnected", a corporate social responsibility (CSR) initiative that encourages customers and staff to trade in their old handsets. Partnering with a number of charities, these handsets are then bundled with unlimited network access for three months, and distributed to people who need them most, such as the unemployed seeking work or veterans of the armed forces.

The coming 5G era will enable virtual reality, augmented reality, and Internet of Things applications.

KNIGHT RIDER AND BAYWATCH STAR FOR 3 DENMARK!

A man, a dog and a Pony are all parts of the latest 3 Denmark ad campaign. The man is TV star David Hasselhoff, backed up by the 3 dog and the music from "Pony" by Ginuwine. "The Hoff" cruises LA and talks about 3 Denmark in this quirky ad series, a smash hit with the Danes!



3 HONG KONG GEARS UP FOR 5G ERA

The coming 5G era will enable virtual reality, augmented reality and IoT applications, driving data usage to new heights. 3 Hong Kong recently announced its plans for a series of network upgrades. Trials have been carried out for various technologies, such as small cell installations, network cloudification and Massive MIMO. These efforts will enable the timely launch of services to cope with the surge in data volumes in the new 5G era.

WE WON!

Six uSwitch awards voted on by consumers were won by 3 UK this year: Best Network for Data Pay, Monthly Retailer of the Year, Best Pay Monthly Provider, Best for Roaming, Best Online Retailer and Best SIM-only Retailer.

3 UK also won Mobile Network of the Year 2016 at the Trusted Reviews Awards, Best Network Customer Service at the Mobile News Awards and Most Recommended Network. It was also rated number 1 for Mobile Internet by YouGov consumer polling. Champion form in all instances!



WIND TRE'S LOFTY AMBITIONS IN ITALY

The first Wind Tre dealer convention was held on 19 and 20 February in Rome's latest architectural marvel, the newly opened La Nuvola. The architectural vision expressed by La Nuvola matches that of Wind Tre, which expressed its ambition to become Italy's number one mobile operator. Around 1,700 guests took in the new convention centre - and Wind Tre's vision for the future.

INFRASTRUCTURE

POWER FIRST - LAUNCH OF EMERGENCY PACK

UK Power Networks launched a new emergency pack that will help consumers on its Priority Services Register in case of a power cut. Although outages are rare, they still happen occasionally, and can be worrying for vulnerable people. The new pack contains helpful items such as a plug-in-the-wall torch that automatically switches on when there is a power cut, a glow stick, and a storage bottle where people can keep vital information in case of an emergency.



SHADOWY, GREENY ENGINEERS AT HK ELECTRIC

The top three “Happy Green Community Ambassadors” selected under HK Electric’s Smart Power Campaign shadowed the company’s environmental engineers and worked at its headquarters and Lamma Power Station early this year.



OTHERS

Chi-Med first Phase III trial success

Hutchison China MediTech (Chi-Med) announced positive results for a Phase III clinical trial of Fruquintinib in colorectal cancer patients. This marks a huge development for Chi-Med after 15 years of investment and research. It is the first ever home-grown, Chinese-discovered and developed drug in a mainstream therapeutic area (i.e. a major cancer) to get through Phase III trials in China. Colorectal cancer is the second most common cancer in China, with about 380,000 new cases per year.

BAGS OF KINDNESS

“Giving Back to the Community”, a theme that is part of Park’N Fly’s CSR strategy, saw caring employees support the Ronald McDonald House Charities. Team members from across Canada visited Houses in Vancouver, Edmonton, Winnipeg, Toronto, Ottawa and Montreal to help support over 650 families by assembling snack bags filled with goods and non-perishable food items. The snack bags were a welcome and healthy treat for families attending to their seriously sick kids in hospitals.



BEST PLACE TO WORK - THREE YEARS RUNNING!

UK Power Networks was one of the top 30 best companies to work for in the country, for the third straight year. The rankings, based on a detailed employee survey, show UK Power Networks’ ability and capacity to put their employees first and to involve employees in the community. The power company has also won the “Utility of the Year” title for the second year in a row, and the third time since 2012, which is unprecedented in the industry.



OTHERS

WEVOW, WE WIN

ESDlife was the winner of the “Best App – Creative Design” Bronze Award at the Mob-Ex Awards for its newly launched, all-in-one, wedding planning app WeVow. WeVow is a unique app that aims to offer stress-free solutions for the big day. Brides and grooms can focus on the memorable moments of their special day, knowing that WeVow is there for them!



METRO'S LOVE FOR THE ELDERLY

The Helping Hand Cookie Campaign 2017 was successfully concluded in February in bustling Causeway Bay in Hong Kong, with Metro Broadcast as the media partner. Popular local performing artists took part in the campaign to encourage public volunteerism. Helping Hand is a Hong Kong charity assisting more than 800 senior citizens under its residential care services.



ENERGY

Husky: far from home

The Asia Pacific Region continues to hold great potential for Husky Energy, with four natural gas developments targeted in the Madura Strait, offshore Indonesia. The Madura BD Gas Project is expected to ramp up to a target of 40 million cubic feet per day during the second half of 2017.

Furthermore, the Canadian company is drilling about 150 km southeast of Hong Kong in the South China Sea. Husky Energy expects to drill two exploration wells in the shallow water block during 2018, in conjunction with two planned exploration wells in the nearby exploration block.



INFRASTRUCTURE

HELPING KIDS KICK OFF EVERY DAY RIGHT

Australian Gas Networks used the power of sport to collect over 1.23 tonnes of tinned fruit and AUD8,000 for children. Partnering with Foodbank South Australia and The Port Adelaide Football Club, they challenged over 53,000 fans to donate at the first Australian Football League showdown match of the season. The aim was to support families struggling to make sure their children have a healthy breakfast.

TELECOMS

4G, 3 MONTHS, 227 CITIES

Reaching out to millennials, 3 Indonesia rolled out 4G coverage in 227 cities in a three-month period to encourage high-speed data usage across all walks of life. A creative communication campaign called “Berani” (Do You Dare?) was launched to drive the millennial market to adopt upgraded speeds and experience higher data usage on the network. 3 Indonesia is also supporting the government’s commitment to provide reliable high-speed access to the entire population by accelerating its broadband roll-out.



CONNOISSEUR

VENERABLE

VINTAGES

Bordeaux's centuries-old system is one that is unlike any other distribution chain on earth. Watson's Wine may not be the oldest buyer, but it has a role to play for Asian buyers of these venerable vintages.



From barrel to bottle, the *en primeur* sales happen when the wine is still in its infancy.



Credit: UGCB

The experience of buying and selling wine diverges wildly for the billions around the world, from dabblers in vinology to those who have spent a lifetime in the business. From the quickly grabbed New World wine, chosen for a funky label and to fulfil a dinner party obligation, to those who taste with the aim of importing containers full of consumer-friendly plonk, wine buying is a many-splendoured thing.

But nothing compares to the history, maturity and sophistication of the centuries-old system whereby the finest Bordeaux wines, from the finest châteaux, are evaluated, chosen and then distributed to the world's most discerning - and highest spending - oenophiles.

The evolution of this system not only delivers wines, but also remade the physical terrain of Europe. Today, that system affects how wine reaches from the terroirs of France to the palates of Hong Kong and China. Watson's Wine participates in this age-old dance of the

grapes, creating a vital link that brings the best of Bordeaux to the Far East.

DUTCH, NOT THE FRENCH

Of course, it is the French vintners of Bordeaux and their grapes that are the wellspring of the world's most celebrated beverage. But the Dutch had a key role in developing the system of determining who gets the world's best wine *en primeur*. *En primeur* is the term used to describe the futures system for allocating the limited supply of Bordeaux wines from the top 200 producers while the wine is still in the barrel, long before it is bottled.

The Dutch were among the first *négociants* - buyers, storage providers and distributors of Bordeaux - as early as 1620. *Négociants*, many of which (like

Beyerman), are still active today, invested in road systems in Northern Europe to better enable them to bring quality wines to their clients. They enabled wealthy château owners to focus on producing their wines, and these were increasingly becoming known by name. Names like Lafite, Latour, Margaux and Haut-Brion rose to prominence at this time.

Négociants helped to handle much of the business that the aristocracy had no interest in being involved in. They even have their own museum in the Chartrons region of Bordeaux, the "Musée de Vin et Négoce", located in the original wine cellars of the official wine merchant of France's King Louis XV.

Courtiers played a role in helping pass communications between the wine producers and *négociants* in the age of horse and carriage. Their two per cent fee, a fixture of the business, earned many the moniker of "Monsieur 2%" among insiders. In 1680, "The Sun King", Louis XIV, made their role a legal necessity as go-betweens for *négociants*, with *courtiers* negotiating pricing and allotment in an impartial manner. Even today, a vineyard may work with anywhere from five to a hundred *négociants*, but they must all work through a "Monsieur 2%".

Final allotments and pricing are a closely held secret. So is the amount the *négociants* turn around and sell *en primeur* to buyers - buyers like Watson's Wine.

The French vintners of Bordeaux and their grapes are the wellspring of the world's most celebrated beverage.



Alfred Tesseron (right) of Château Pontet-Canet communing with Jeremy Stockman on the 2016 vintage.

CHÂTEAU WATSON'S

Jeremy Stockman, General Manager of Watson's Wine, introduced *Sphere* to the mysteries of the modern *en primeur* system. He and his team travel to Bordeaux every year to make decisions that influence Bordeaux consumption in Hong Kong, Macau, Shanghai and beyond (via internet sales). While Watson's Wine satisfies a wide range of wine buyers through a comprehensive programme of training staff to taste and source wines from around the world, buying Bordeaux is a process in a class of its own.

It is impossible to visit all of the 200 oldest châteaux to evaluate the wines that the *négociants* will make available in limited allotments. But Watson's Wine team do visit a great many of them, scoresheets in hand.

Mr Stockman elucidates, "What tends to happen is that we go to the most important ones. We may do 10 a day for the top 100. For the next 100 the industry gathers them together in one place so we can taste the whole lot together."

The tasting is trusted to those with the most experienced palates, who are not tasting the wines as they are, but as they will be. It's a little like looking at a 10-year-old and deciding on a contract for the Premier League footballer they'll be as an adult. Nonetheless, decisions are made.

"We then buy those wines, and they are bottled about 18-24 months later. So you are buying a future. But we get a good sense of what the wine will become. It has already had around six months resting in the barrel so we can evaluate the quality of the young wine," says Mr Stockman.

While Robert Parker's scores may have set the global tone in the past, Watson's Wine buyers and store managers are expected to have their own opinions that may show independence from the global consensus. "A few years ago, Parker was God. And if Parker said, in his magazine *The Wine Advocate*, it's a 100 point, everybody would go with it. Simple as that." However, Robert Parker retired specifically from evaluating Bordeaux futures in 2015 (he now only reviews Napa Valley wines), opening up the market for a wider range of opinions to be expressed.

The wine world waited to see what the impact of losing that authoritative voice would be. Parker sold his publication, print

The Dutch were among the first *négociants*: buyers, storage providers and distributors of Bordeaux as early as 1620.

and online, to a Singaporean group that keeps the name in play, even if the man himself has semi-retired to California. Many consumers still gravitate to the brand and follow its judgement. No similarly authoritative voices have risen above the fray to match Parker's weight in the wine world, so his name and the editorial team behind it live on. Neal Martin assumed "full reviewer coverage" with Mr Parker's blessing and has maintained a following.

Buyers in Watson's Wine's world know their wines and won't feel the loss too keenly. "The Hong Kong market is very savvy and many customers are very knowledgeable. They know the châteaux they follow each year," says Mr Stockman. And they have the direct tasting of the Watson's Wine team to help them along.

"So you taste them all. You give all your scores, make your decision, have discussions with the châteaux, and show respect to the châteaux so they can give you allocations for supporting them."

Mr Stockman and his tasting team travelled to Bordeaux in late March this year to take in the first sampling of the 2016 vintage, still in the barrel. Weather this year saw heavy rains early in the season, followed by a very dry summer which was ideal, and then a brief wet period in mid-September allowing perfect ripening. What became evident was the homogeneity in this vintage - the brief late rain benefited all, and all communes on both the Left Bank and Right Bank (Médoc and St Emilion/Pomerol) produced grapes with perfect ripeness. The verdict?

An "extremely good year" in the words of Mr Stockman. There is a game whereby the producers talk up the year as possibly the





Credit: UGCB



The Garonne River divides Bordeaux into the Right Bank (to the east) and the Left Bank (to the west).

best ever – as they did in 2005, 2009 and 2010. Mr Stockman thinks, putting aside the hyperbole, that 2016 is an “excellent year”. While many years are characterised by one appellation or area performing well (for example, “a Left Bank Year” or the Margaux of 2015), he and many of his fellow experts thought the entire region performed well.

The next phase of sales after the tastings is “the campaign”. Pricing will be determined. Up to 95 per cent of the wine will be sold on

by the *négociants* over the next few months. Ideally, a reasonable pricing will see values rise over time. The factors influencing decision-making can be elusive to pin down, but economics certainly have an impact. The 2008 pricing was depressed not by the quality of the vintage, but the global economic downturn. Money held back that year drove higher pricing in 2009. A repeat attempt at a big price jump didn’t work well in 2010. Chinese factors influenced pricing in 2011 (upwards) and 2012 (downwards) as their buying became more important.

BEST OF THE BEST

Napoleon III was not to be outdone by his rivals, the English. He created a massive *Exposition Universelle* in 1855 to outdo London’s Great Exhibition of 1851 to showcase France’s finest in industry and agriculture, especially the Bordeaux vintages.

To help non-French visitors appreciate France’s finest wines, Napoleon III asked the regions to create a system of classification of wine estates to denote their various levels of quality, recognising the reputation of chateaux and the prices their wines fetched in the market. The system of *Grand Cru Classés en 1855* was born.

The *Premier Cru* are the most revered wines, with only the famous Château Latour, Château Lafite, Château Margaux and Château Haut-Brion making the list at its inception. The only change in the history of the classification was the elevation of Château Mouton to the coveted rank in 1973.

Les Grand Cru Classés en 1855 includes sixty red wines from the Médoc region plus one from Graves, the exceptional Château Haut-Brion. Many people do not know that Bordeaux also produces white wines, including 25 from Sauternes and Barsac that qualify for the *Grand Cru Classés en 1855*.

The system works well when prices rise from the *en primeur* value. Those who buy and hold are rewarded for making the investment in holding stock, including storage costs. If prices fall from *en primeur* prices, the whole system could be at risk from buyers losing faith and preferring not to buy early. A sentiment that overpricing rewards those who wait could depress early buying and destroy the *en primeur* system. As in much of business, a cautious optimism can provide many rewards.

The quality of the vintage doesn’t just influence buying out of Bordeaux. It even drives trends in France’s biggest competitors for vinology supremacy – like Italy.

INFLUENCE

The change in direction of Bordeaux wines over the decades has influenced wine producers in regions around the world.



The 2016 vintage: An "extremely good year".

Credit: UGCB

Super Tuscans are some of the Italian wines credited with rejuvenating the Italian wine industry and elevating its status globally. Sassicaia and Tignanello were among the first to add traditional Bordeaux grape varieties in Italy in a conscious imitation of the French greats.

As the Bordeaux wines, over the past 30 years, have trended towards a fuller body with higher alcohol content, the Super Tuscans and even Napa Valley (in California) reds have followed suit. Where Bordeaux goes, the industry goes. Of course, the buying process for those other wines is simpler and lacks the sophistication of the *en primeur* system in Bordeaux. There are no words in Italian or English for *négociant* or *courtier* that mean quite the same thing!



The truth is in the tasting: The Watson's Wine team tasting at Château Cos d'Estournel with Directeur Général Aymeric de Gironde (centre).

IT'S ALL ABOUT SUPPLY

The producers give an allocation to the *négociants* after working through the *courtiers*. The *négociants* then determine how to divide the spoils among the global buyers like Mr Stockman and his team. Everyone in the chain must be given their due respect – or buyers could be frozen out.

Many smaller buyers turn around and sell their allotment to final preferred customers to help cash flow. But by doing so, they miss out on the potential upside from improving valuations. A rare few, like Watson's Wine, with serious scale and financial backing, can pay storage costs that allow the wine to mature – and improve in taste and reputation – while still with the producer. Keeping the vintage in one place avoids risk of spoilage from travel and poor storage conditions and opens up the possibility of selling it at higher and higher prices over time. Mr Stockman is grateful, saying, "Luckily, we have a business that understands the idea of maturing the stock and investing in that."

The quality of the wine is also protected by Watson's Wine buying practices and commitment to engaging in the ancient Bordeaux system. Mr Stockman explains, "We only buy from the original source. The reason for that is that there are a lot of poorly conditioned wines in the market."

The aim is to avoid subjecting the precious liquid to variability of temperature as it travels the world. "The wine is put inside a refrigerated container in the cellar, the container is closed, and is then put onto a refrigerated truck – with the same temperature all the way. It is only opened inside our warehouse – also set at the same temperature of 16°C – and delivered via a refrigerated truck to the store – which is temperature controlled as well."

From decision-making, to managing the flow and storage of the wines over many years, clients place their trust in Watson's Wine to deliver the most prestigious vintages in the optimal condition – all the way from the vineyards of France to the palates of China. *Santé!* ▣

"We only buy from the original source. The reason for that is that there are a lot of poorly conditioned wines in the market."

Jeremy Stockman
General Manager, Watson's Wine

HUMAN RESOURCES

OUR EVOLVING WORKPLACE

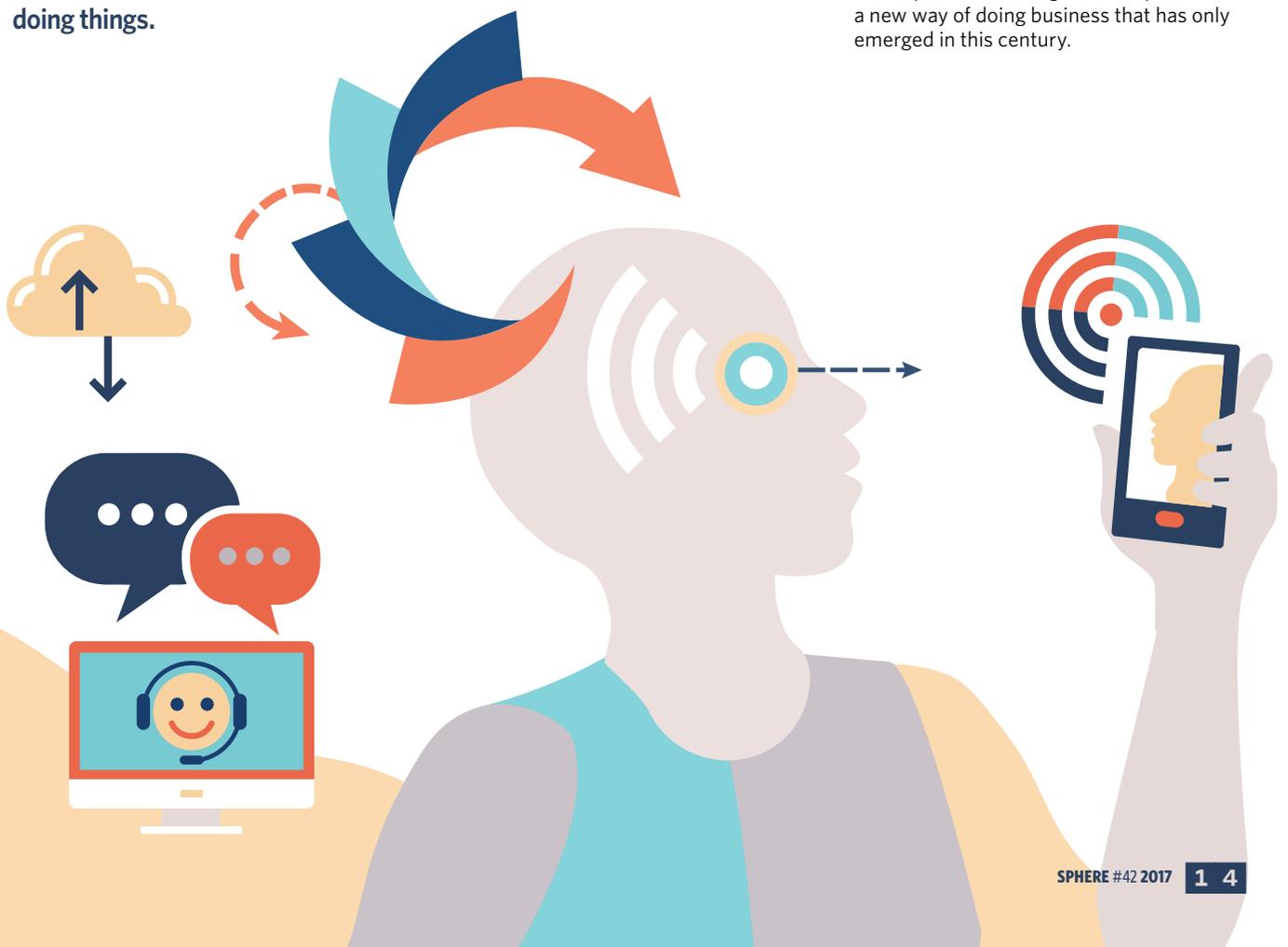
The secret to longevity doesn't come out of a fountain of youth or a sip from the Holy Grail. In our working world, it comes from a commitment to constant reinvention, a healthy fear of falling behind and a willingness to take calculated risks on new ways of doing things.

It means new ways of using your head, your muscles and even your heart to work with technology, people and your community. Across CK Hutchison's family, new ways of thinking, planning, acting and even caring are changing how the Group does business. Reinventing a healthy body corporate is the key.

THE PLASTIC BRAIN

For decades, neurobiology held that the structure of the brain was fixed after the high-growth phase of puberty. But recent research has shown the brain has more plasticity than previously expected. It can change. And so can companies.

Christoph Berndt is the Senior Corporate Change Manager, Business Development and Project Office within 3 Austria's Agile development team. Agile development is a new way of doing business that has only emerged in this century.



The brain has more plasticity than previously expected. It can change. And so can companies.

Like evolution, Agile thinking emphasises a rapid run of trial and error with careful pruning to promote promising ideas and quickly kill off less fruitful efforts. A 1998 Harvard study showing the failings of pre-planned software design and rollouts led to the publishing of the Agile Manifesto in 2001. From software, the concept spread into other areas of technology development - including telecommunications.

Mr Berndt explains, "With Agile methods you opt for adaptation rather than prediction. For short iterations rather than lengthy planned phases. For short feedback loops and direct communication rather than communication through documents and waiting for a project to finish to show the outcome." While this may sound alien to many used to long, drawn-out, document-driven planning, it would sound familiar to evolutionary biologists and those who study learning at the level of the neuron.

Successfully implementing Agile development requires a shift in corporate structure, understanding of job roles and recruitment. One branch of Agile philosophy uses Scrum - an iterative and incremental framework of development that allows developers to change their desired outcomes and targets. This goes against the grain of traditional project management. But it allows for fast development of robust technology solutions, rather than commitment to a plan that doesn't allow for correcting hidden flaws or response to a changing environment.

The leader of such a team isn't tracking traditional progress and ensuring compliance, but rather is coaching team members to excel in their areas of

expertise. Mr Berndt outlines the role of this special leader - The Scrum Master.

"The Scrum Master is not the manager of a team or the chief. The Scrum Master is making sure that the Scrum methods are applied correctly. They are coaching the team and removing any impediments to raise the team's performance."

Finding people to work in these new ways is not easy. Mr Berndt emphasises that the old "pick and train" for skills doesn't quite fit in this scenario. "In a change like this, it is actually more important to manage emotional rather than cognitive factors."

But with fluid targets, the question arises of how the firm can ensure anything of value comes of employing these valuable and expensive assets. Mr Berndt has to keep one important target in mind when he hires: the customer.

"If we have to hire staff, we make sure that it's a cultural fit and that even if it's a role in software development, the person has a focus on providing value to the customer."

This way of working started at **3** Austria with 60 people split across four teams. Mr Berndt explains it normally takes two to four years to "really become agile". However, the team is successfully implementing a new CRM system (a process fraught with difficulty in many companies), has changed how star programmers collaborate, and has reduced the documentation needed in Business Requirement Specifications with clients. All in all, a promising start.

3 Austria isn't the only team that has had to change its thinking. A S Watson Group (ASW), now comprising over 13,000 stores, has mastered the O2O world of retail - online to offline. While the stores are a crucial part of its business, many customers are shopping online. With over 65 million customers a week, many of them rarely set foot in the stores.

O2O

Dan Jarvis is the General Manager, Group eCommerce for ASW Europe. In late 2014, the retail group set up their eLab to drive innovation in e-commerce. Since then, they have grown, hiring professionals skilled in digital marketing, including design, graphics, coding and user experience analytics. They work not only to drive online shopping, but to understand the whole consumer user experience.

Again, it is about learning and sharing to change the way ASW's "corporate brain" thinks. Mr Jarvis explains, "Each business unit has its own analytics account, but eLab can see the total view. So we can make a comparison, say, of why the time spent on the website for Kruidvat in The Netherlands is different from the time onsite for Superdrug.com. And then we can dig into the real details underneath that are causing that. We can take that learning and spread it across our business units."

The way in which the team works is different as well. Walls were physically removed from the eLab area to promote cross-functional thinking. And their methodology looks suspiciously agile. Mr Jarvis describes it as a "test-and-learn process".

The eLab section quickly began to get results, with 2016 e-commerce sales growing by 47 per cent and with over 200 million smartphone app downloads. In two years, the team has grown from 60 people to more than 200 worldwide, based in Hong Kong, London and Milan. New people, new jobs and new thinking are paying off.

It is about learning and sharing to change the way ASW's "corporate brain" thinks.

SOCIALISED

If online marketing was the first wave of promoting online sales, it now incorporates the next wave: social media, a hotbed of jobs in the new economy. Vodafone Hutchison Australia (VHA) has invested heavily in people that can help it to succeed in "new media".

The process begins with recruitment. If you're going to find social media experts, what better place to recruit them from than social media? Traditional channels,

such as recruiting out of universities, are more challenging as education has not normally trained people for social media marketing. VHA does see some providers dipping their toe in the market and starting to supply training for some needed skills, but has developed its own recruitment techniques.

Gray Wilson, Talent Acquisition Business Partner at VHA, explains how they look at hiring in this space. "It's qualification by experience. This is still a new skill set

and has become an extension to roles such as digital marketers or brand marketers." In lieu of formal training, "Assessment of candidate knowledge and capability has been done through behavioural-based interviewing where we seek examples of innovative ideas and knowledge of best practice social media at an enterprise level."

It is, in many ways, a young person's game. Mr Wilson says that "Senior Leaders have an understanding of this space and the benefits/impacts it can have on a business, although may not be avid users of social platforms in their personal lives." He suggests, "With social media only really erupting in the last 10 years, it's naturally a very attractive industry for younger men and women, particularly within customer service where social media chat positions continue to open."

Keeping the brain limber and up to snuff is important, but a strong body is needed to carry out the heavy lifting. The body corporate also needs to flex its muscles from time to time - even when those muscles are powered by steam.

UNDER PRESSURE

The energy business requires the application of big brains, but also sees PhD graduates getting their hands dirty. Husky Energy Inc employs engineers at thermal plants across Canada's prairies, and their work is changing with the times. Power engineering has become more demanding and sophisticated and now engineers must be licensed for steam work. Four levels of licensing exist, leading to 1st Class Power Chief Engineer - Unlimited.

Each level is defined by the amount of (real) pressure an engineer is licensed to work with. 1st Class Chief Engineers can command a whole plant with a wide range of high pressure. As Mel Duvall, Manager, Media and Issues of Husky Energy, explains, "High pressure equipment is inherently dangerous." Hence the need for extensive training as responsibility grows.

It's not always easy to find qualified people, especially to work in remote areas. Husky Energy has responded by investing in local, high-quality technical colleges to bring local graduates up to par in this niche area of work (see *Sphere* 37). Scholarships and internships will ideally lead to full-time work and a long-term commitment that sees them grow with the company, while settled in the local community.





HEALTHY DIET, CLEAN ENERGY

Muscles without power lie limp. Mitochondria fuel our cells with energy, and utilities power our cities and our countryside with electricity. The sources of that energy are on the mind of Northern Gas Networks and its Special Adviser to the CEO and H21 Programme Director, Dan Sadler. Mr Sadler was formerly the Head of Investment Planning and Major Projects, mostly concerned with business plans and satisfying regulatory requirements. The old role, while critical to the business, had a shorter-term outlook, ticking the boxes for regulatory requirements and short-term planning.

But there is a new reality that Northern Gas Networks – and energy firms around the world – are facing. Governments are leaning on energy providers to help them achieve goals set in supranational bodies, with planetary objectives in mind. In Britain, the national government has reacted by creating successive agencies to connect international counterparts, domestic businesses, municipal governments, local non-governmental organisations (NGOs) and community groups to each other. Mr Sadler has worked in these agencies, at the centre of a broad and complex dialogue.

His expertise in this area is now critical to providing partnership-oriented solutions in this new era, going beyond the traditional utility providers' role of delivering safe, reliable and cheap energy.

One clear example of this kind of work is the H21 project in Leeds, an important city with a population of around 660,000 (including surrounding areas) in Northern Gas Networks' area. This city, as envisioned in the H21 report, will see its gas network being converted to hydrogen – its solution for a carbon-free future.

Hydrogen will be provided via steam methane reforming (combining methane with steam to break the methane down to produce hydrogen) and salt cavern storage would play a part. The H21 authors believe “the availability of low-cost bulk hydrogen in a gas network could revolutionise the potential for hydrogen vehicles and, via fuel cells, support a decentralised model of combined heat and power and localised power generation”.

Northern Gas Networks has become a key player working with local and national governments, using the skill sets of people like Mr Sadler, to create plans for cleaner energy source adoption in the future. While it is likely that numerous forms of energy will play a role in the future of heat in the UK, moving to a hydrogen network presents an affordable energy option with minimal impact on customers. The gas networks company is looking to the future and investing in resources and people to ensure Northern England's energy is secure, affordable and environmentally friendly. Not only will this benefit local residents, but it will make Northern Gas Networks a major supporter of Britain's contributions to international efforts to reduce carbon-driven climate change.

**The energy business requires ...
1st Class Power Chief Engineer -
Unlimited.**



HEARTS OVER HARDWARE

Sometimes, the heart has to be engaged before the muscle can make things happen. Companies find that geniuses and technical experts can find themselves stymied when a community turns against them. While Mr Sadler is addressing community concerns regarding global warming, his colleague Tom Bell, Head of Social Strategy, is dealing with other issues that need their constituents to get their hearts behind gassy issues.

These issues include fuel poverty and carbon monoxide awareness. They can strike hard against a group which Northern Gas Networks particularly cares about: vulnerable customers – the elderly, the poor, and mobility-, vision- and hearing-impaired, as well as those living in remote areas.

Community engagement staff are a new category of worker striving to not only project messages to the community, but actively listen to discover the challenges customers face in their daily lives so that Northern Gas Networks can address those challenges. The staff often share what they learn internally so the company can better help vulnerable customers in conjunction with the government and the UK energy regulator, the Office of Gas and Electricity Markets, “a non-ministerial government department and an independent National Regulatory Authority, recognised by EU Directives”.

Working with these customers means more than simply ensuring that gas gets delivered to homes and businesses safely. Mr Bell explains, “It means making sure that we understand their needs more; making sure that we engage them correctly; making sure that our channels of communication are correct; and making sure that the language that we use is right – so we have the appropriate level of caring in place.”

New types of workers include local community artists, who work with citizens, in particular children, to get messages into households. Northern Gas Networks delivers creative workshops to help explain why the renewal of gas pipes is important in a neighbourhood. A little refrigerator art can go a long way to bringing the message into many homes and reducing resistance down the pipe.

A new job title – Social Strategy Project Manager – was first introduced in January of this year. The company has recognised that traditional skills aren’t always appropriate in dealing with people who may be passionate, self-taught volunteers leading their communities – not paid technocrats. As Mr Bell explains, “We need people who are non-judgemental; we need people to respect and consider things from different perspectives; and we need them to have empathy without being condescending. They need to be socially aware, both ethically and technically.”

Neither these skills nor qualities were on the radar of engineering schools even a decade ago, so new ways of hiring have to be accommodated. Aside from being “Northern”, Husky Energy also has this in common with their colleagues across the Atlantic.

IT'S ABOUT RESPECT

In Canada, the resolution of land treaty rights with First Nations (also known as Aboriginal) peoples and an increasing respect for their traditional and legal rights has inspired Husky Energy to work more closely with these communities, to ensure that projects benefit all people as the company works to develop energy sources across Western Canada.

As Mr Duvall of Husky Energy explains, this is much more than a simple public relations exercise. Deep expertise in legal matters relating to a broad range of rights issues is needed to address the treaty rights of First Nations people, the lease

rights of companies like Husky Energy and the complex web of national, provincial and local laws. Social skills are needed to work in a constructive manner not only with leaders, but with entire communities across a range of valid concerns from community development to environmental matters.

This can require teams of people with technical expertise in economics, geology, anthropology, land and treaty rights, and negotiation. Husky Energy needs to keep a close eye on its staff for those who, through interest or expertise, may show a hidden talent for this type of engagement beyond the technical skills they may have been hired for.

Mr Duvall says they look for, “the ability to listen, deal with many personalities, show a willingness to learn and understand the challenges they are experiencing. The roles will evolve and there will likely always be some people who need to do more harder-edged negotiation as well as those who are better at the softer skills, like building relationships.”

If hearts can’t be won, all the brainpower and brawn that can be mustered will be for naught. But community backing for a big project can clear the way for not only easy implementation, but also new ideas and the development of a better community.

BRAINS, BRAWN AND BIG HEARTS

Building relationships allows companies to develop successful projects that may supply a global market, but also strengthen local communities. Many jobs in the new economy will need big hearts that robots won’t have for many decades to come. Likewise, the body corporate has to keep its muscles strong and its diet clean to keep its energy up! New ways of thinking will mean that the brains of business will require new types of people working in novel job types to keep a firm competitive. Leaders with experience need to look around and see how many people they have working for them in roles, new or evolved, that didn’t exist in 1999. If there are many, that tells them they’re ready for a healthy 21st century! □

A little refrigerator art can go a long way.

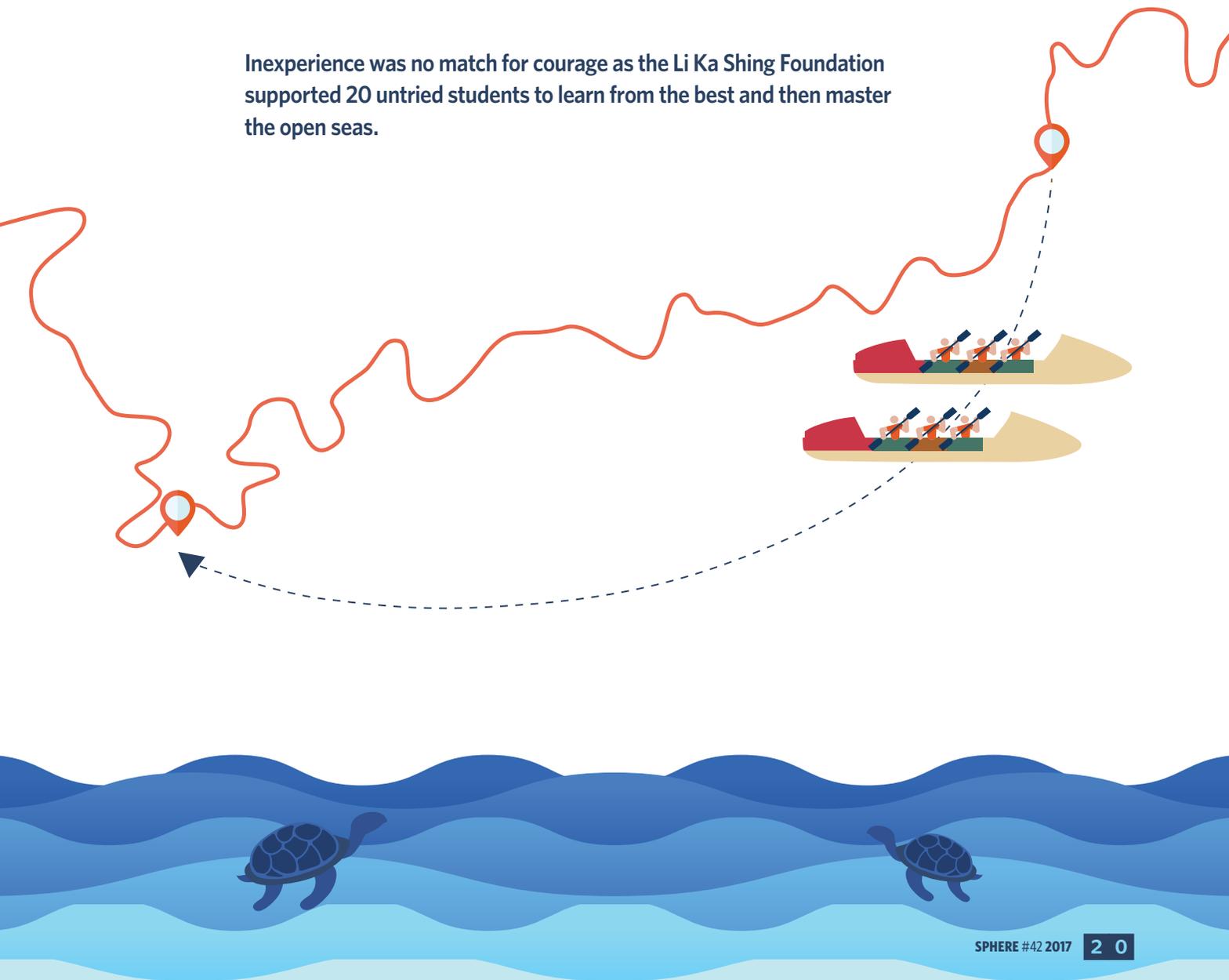


Many jobs in the new economy will need big hearts that robots won't have for many decades to come.

ACCOMPLISHMENT

PADDLING,
PERSEVERANCE,
AND COURAGE

Inexperience was no match for courage as the Li Ka Shing Foundation supported 20 untried students to learn from the best and then master the open seas.





Strong hearts – and dedicated training — are needed to face big waves on the high seas.

A

Aspiration. Knowledge. Perseverance. And finally, Achievement.

A small group of adventure neophytes took up their oars in early 2015 to tackle a huge task – rowing along the South China coast from Shantou to Hong Kong. Braving the open seas’ rough waters and massive commercial ships that dwarfed their rowing vessels, 20 undergraduate students from Shantou University (STU) set out on 11 February 2017 and persevered to arrive in triumph at the pier in Hung Hom, Hong Kong, on 19 February. They were exhausted, but glowing with the pride of accomplishment as the people of Hong Kong came out to welcome them.

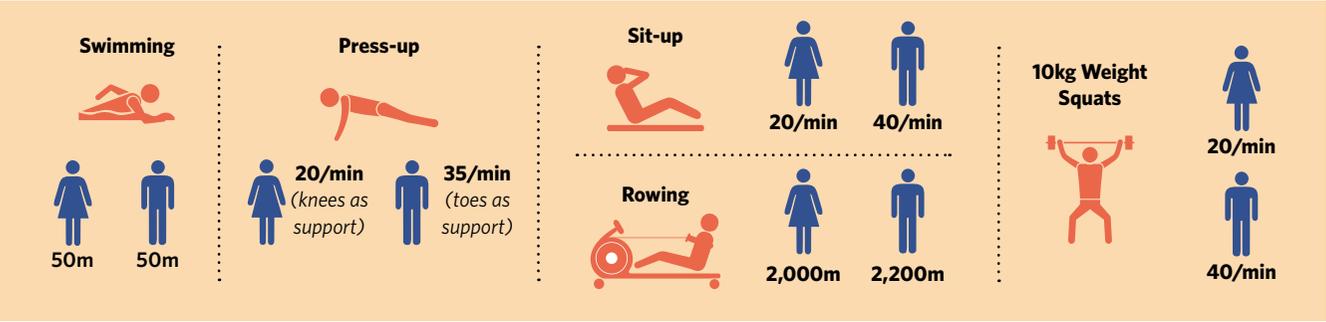
START IGNORANT AND BRAVE, FINISH SMART AND STRONG

To be clear: the 20 students who took on this huge task had no experience in rowing, ocean navigation or survival skills. Over 260 applicants took up the call to apply, but only 20 were chosen. Attitude and physical fitness were the main qualifiers as the plan was to begin training from level zero. They did not know how to row, steer or complete even the simplest of tasks known to a beginner rower. But they had heart and took on the training with gusto.

In 2015, a phone rang in the Burnham-on-Crouch (England) office of Rannoch Adventure. The founder, Charlie Pitcher, took the call that would see him cross the world a number of times over the

To be clear: the 20 students who took on this huge task had no experience in rowing, ocean navigation or survival skills.

MAKING THE GRADE





Row row row! Physical training is a must (left) as are survival skills (right), including navigation.

SURVIVAL SKILLS ON BOARD



Swimming



Rowing



Navigation



Seamanship



First aid



Weather planning

next two years to select, train and guide the chosen 20.

In contrast to the students, he knew what he was doing. He is the world record holder for rowing solo across the Atlantic (35 days and 33 minutes) and his company is the world leader in ocean-rowing expeditions. When he accepted the project, he also brought an accomplished student to work with the Chinese students – Molly Brown, the youngest girl ever to row across the Atlantic, at the age of 20, during the summer of 2016. As a fellow young person, she could connect to the students and provide inspiration they could relate to.

The students went on a physical and mental crash course including all the skills they would need to survive on the open water. Swimming, rowing, navigation, seamanship, first aid, weather planning and forecasting were the obvious skills that would be needed. However, it also included less obvious open-ocean life skills, like cooking on board without setting fire the boat. Changing clothes on board without getting soaked, leading to life-threatening hypothermia in the winter conditions. Eliminating personal waste without making an unholy and unhygienic mess.

Working with Chinese students was a first for Mr Pitcher – and he loved it. “Working with Chinese students has been unique and absolutely delightful.” Starting from level zero meant extra work, but it was made easier by the unquestioning work ethic, often rare in the West. “They were new to rowing and had to be taught. It was great to see them growing from Zero to Hero.”

LIFE ON BOARD

There were, in fact, two boats: a men’s boat and a women’s boat. This enabled more students to participate and preserved some sense of modesty in the close quarters required. They were shadowed by a command boat that was in VHF contact and “never more than a couple of miles away” – a long way, it seems, if disaster struck. The rowers had to be ready for a man overboard or rogue wave at all times. They were trained on identifying and staying away from commercial shipping lanes where a huge container ship would never see their two tiny blips on an open and unforgiving ocean.

The two boats had their own names, of course. *Hannah* was the men’s boat and had a name that hearkened to the university’s links to the Technion – Israel

Institute of Technology. The Hebrew name means favour and grace – two things very welcome on the open ocean. The women rowed in *Jasmine* – a Chinese flower suggesting purity, abundance, dignity and persistence – the latter a must-have on the long journey, and part of the university's motto.

The R45 boats were custom-designed and built by Rannoch Adventure for this expedition and will stay at the university. The students were on them for eight days in total. Rowers would eat and sleep on the boat, alternating between two resting and two rowing in four-hour shifts.

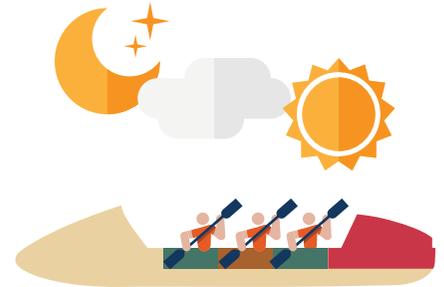
Seasickness was a real companion on the trip. The students would “puke and row” – it was all part of the training! Sometimes students would be completely wiped out by the conditions and others would have to pick up where they could. Student Yoyo Wang remembers, “I rowed for eight hours consecutively against rough waters when my teammates were down. But I made it through because I knew my team was behind me. I believe this experience will lead us to go further and beyond the horizon.”

Times were tough on the open seas – but not without quiet moments of reward. James Xu Yuxuan, a member of *Hannah* for the second half of the journey, recalls, “It was tough rowing in the daytime when the scorching sun was above us. But the stars at night-time were just breathtaking. I have never seen so many stars in my life.”

AN INSPIRATION FROM CHINA TO HONG KONG

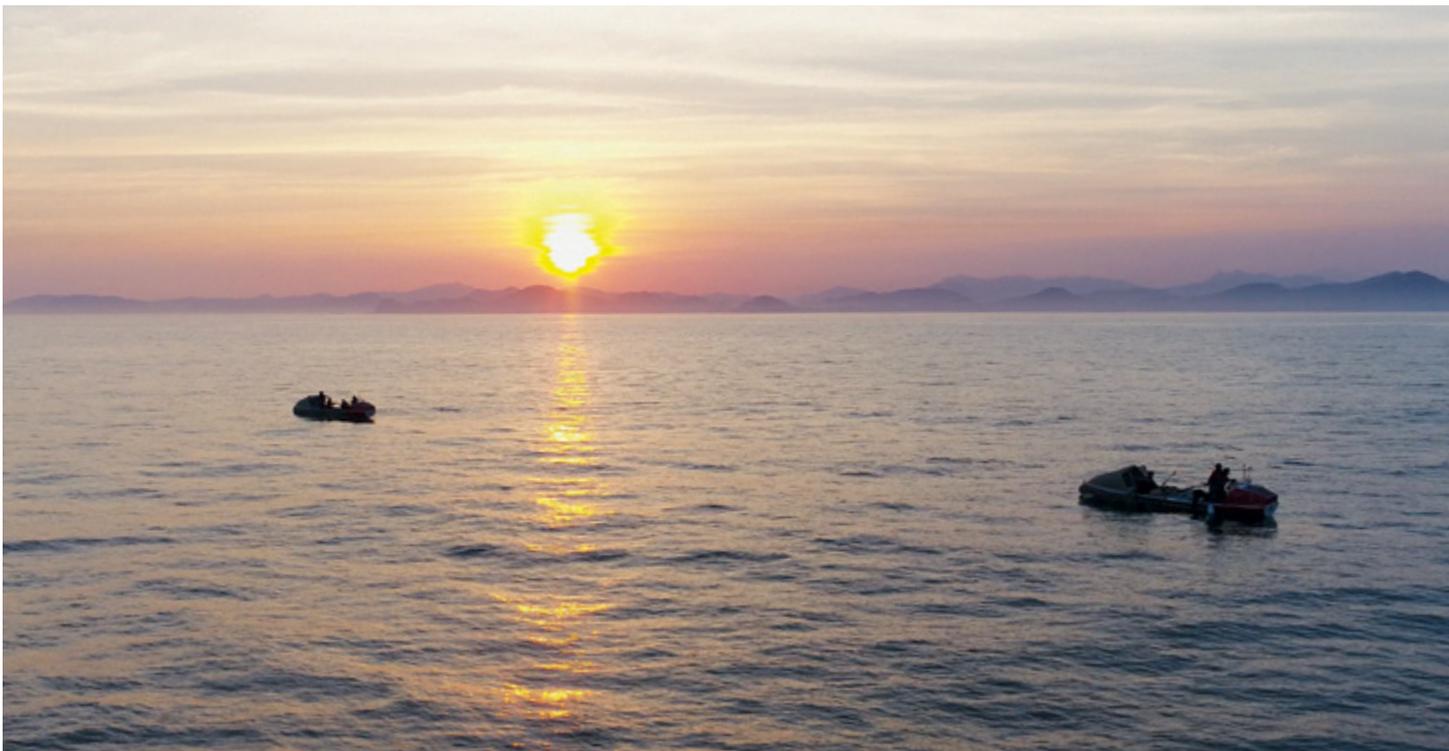
The Li Ka Shing Foundation (LKSF) supported the venture and Mr Li followed the journey by satellite. Indeed, many Hong Kongers were interested and took inspiration. Many came from families that made a similar journey, if less well trained, to establish themselves in Hong Kong in the 1940s, 1950s and 1960s. Mr Li himself remembers his family travelling the more than 1,000km from Chaozhou (next to Shantou) to Hong Kong when he was only 11 years old.

While many of those people made the journey out of necessity, this expedition saw young people take on a completely novel challenge and push themselves to their limits. Mr Li supported this venture, and continues to support the university, as part of a longer-term goal of changing



“It was tough rowing in the daytime when the scorching sun was above us. But the stars at night-time were just breathtaking. I have never seen so many stars in my life.”

James Xu Yuxuan, *Hannah* rower



It isn't all blood, sweat and tears. There are rare moments of beauty.



Mr Li is on the high seas in spirit, keenly interested in the progress of the teams.

the world. He says, "In this changing world, I am committed to inspire societal improvement through long-term education initiatives and it is my hope that Shantou University and Guangdong Technion - Israel Institute of Technology, through their pursuit of education and excellence will foster our younger generations to become mission-driven thrivers, creative, caring, intellectual engaged industrious leaders of the society."

Young people in Hong Kong were equally excited. The Chinese University of Hong Kong (CUHK) Rowing Team came out to welcome the arriving heroes. They had participated in a friendly head-to-head rowing match with the aspiring rowers earlier this year and been impressed with the beginners' grit and commitment. Shantou did not have a rowing team and these trainees were competing for the first time. Chiu Tak-wing from the CUHK team joined fellow members and alumni to share their own open-ocean experience (on a Hong Kong-Macau return venture) and looked forward to seeing the Shantou team arrive safely in Hong Kong.

It was an incredible experience, but Mr Pitcher felt "... sad that this has to come to an end." This journey has ended perhaps - but for at least four students the adventure continues. LKSF will support these four young women through a new round of training with Rannoch Adventure and Molly Brown to follow in her footsteps - or rather, her oar strokes. They will tackle a crossing of the North Atlantic - 5,000km in 50 days. For Amber Li, Cloris Chen, Tina Liang and Sarah Meng, they are on to the next challenge in life - again on the open seas! □



Mr Li cannot resist welcoming the students on arrival in Hong Kong.

"The pursuit of education and excellence will foster our younger generations to become mission-driven thrivers, creative, caring, intellectual engaged industrious leaders of the society."

Mr Li Ka-shing





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