

= Paul S. Walsh =

Paul Steven Walsh (born 15 May 1955) is an English businessman . He was the chief executive of Diageo , the world 's largest spirits group , for twelve years between 2000 and 2013 .

Walsh was criticised in the press for what was seen as his excessive remuneration , but received admiration for his ability to build brands . He spent the majority of his career at Diageo and its precursor Grand Metropolitan . His most notable decision was the acquisition of the Seagram drinks company , which added Captain Morgan rum and Crown Royal Canadian whisky to Diageo 's roster of brands .

Walsh 's tenure in charge of Diageo closely mirrored his behaviour as head of the Pillsbury food business : selling off non @-@ essential assets such as Burger King and aggressively marketing a select number of " core " brands . He was disciplined regarding prices paid for the acquisition of assets . Towards the end of his Diageo career , he increased the company 's exposure to developing markets such as India and China .

In February 2014 Walsh became the non @-@ executive chairman of Compass Group , the world 's largest catering company . His role as an advisor to Diageo ended in September 2014 .

= = Early life = =

Walsh was born in Middleton , and raised in the former mill town of Chadderton , Lancashire , in the North West of England . The only child of Arthur and Anne Walsh , his father was a pipe fitter who later ran a small thermal engineering company , and his mother was a housewife . Walsh claims to have inherited his work ethic from his father , his organisational skills from his mother , and his confidence from both parents , who he has described as " strict " but " loving " . His great grandfather emigrated from Ireland , hence he bears the common Irish surname of Walsh .

Walsh was educated at his local comprehensive , the Royton and Crompton School , followed by Oldham College . He initially aspired to become a fighter pilot after becoming influenced by his " hero " , a mathematics teacher who had been in the Royal Air Force during World War II . Walsh gained his pilot licence , but failed the medical examination to fly fighter jets due to colour blindness .

Instead , Walsh took a sandwich degree in accounting and economics at Manchester Polytechnic in 1973 , with a work placement at the Co @-@ operative Group 's soft drinks operation . He did not enjoy accounting , but reasoned that the skill would provide a good gateway into business . < He moved to London to work for International Computers Limited , and later the American Eaton Corporation , a manufacturer of industrial equipment , which he says he learnt a " can @-@ do attitude " .

= = Career = =

= = = Grand Metropolitan = = =

Walsh joined London @-@ based property and brewing conglomerate Grand Metropolitan (Grand Met) in 1982 as a financial planner and account manager for their brewing division Watney , Mann & Truman . By 1984 ? 5 , at his request , he had moved into a sales and marketing role . In 1986 he became the brewing division 's chief financial officer (CFO) , where he came to the attention of Grand Met 's chairman Allen Sheppard after he reformed the financial reporting system . In 1987 , Walsh moved to New York to become CFO of Grand Met 's 100 property @-@ strong Intercontinental Hotels division . There he was tasked with acquiring properties , but having arrived at the height of what he identified as a real estate bubble , he argued that , " at that price we should be selling , not buying " . In 1988 , he helped to negotiate the sale of the chain for \$ 2 @.@ 3 billion in cash (a price to earnings ratio of 52) to the Saison Group , in what he later described as " the deal of the decade " . Even before the bubble burst , it was suggested that the Japanese company

was overpaying for the chain ; one analyst described their valuation of Intercontinental as " off the chart " . Saison sold the chain in 1998 for \$ 2 @. @ 8 billion , having added a further 87 hotels .

Following the divestment , Walsh joined Grand Met 's US @-@ headquartered food division as CFO . In 1989 , Grand Met used the proceeds from the Intercontinental sale to initiate a hostile takeover of Pillsbury , owner of the Green Giant and Häagen @-@ Dazs brands , for \$ 5 @. @ 7 billion . The Grand Met offer was held by analysts to be a generous one for a struggling company that was under @-@ performing in its industry . Walsh subsequently admitted to overvaluing the Green Giant vegetables division . Grand Met was attempting to diversify , and was attracted to Pillsbury 's brands , which they believed held under @-@ exploited potential for international growth . Writing in Businessweek , Mark Maremont accused Pillsbury of being " lax " in exploiting Häagen @-@ Dazs ' potential overseas . Walsh said :

We thought Pillsbury had powerful brands , but it had kind of lost its way . We felt we could leverage its brands and its technologies . They had under @-@ resourced their R & D and done a number of things to make the number , make the number . Cost reduction is a way of life , but you have to be responsible about it . You have to protect the seed today because that will be the tree that bears fruit in the future . I don 't think Pillsbury had done that .

In January 1992 Walsh was made chief executive of Pillsbury , in addition to his job as CFO of the Grand Met food division . He identified the various divisions of Pillsbury as poorly integrated and reined in their independence to make them more accountable to head office . He also invested heavily in research and development , technology , IT systems and marketing . A boosted marketing budget helped to grow Häagen @-@ Dazs from a well known US brand to a product with global reach , and one of the best known names in luxury ice cream .

Concentrating the company on consumer food , in 1994 he sold the Alpo pet food business to Nestlé for \$ 510 million in cash . In February 1995 he participated in Grand Met 's friendly takeover of Pet , Inc . , the makers of Old El Paso branded Tex @-@ Mex foods , for \$ 2 @. @ 6 billion . A number of analysts feared at the time that Grand Met had overpaid for the company , and was taking on too much debt , but Walsh defended the acquisition , arguing , " we are paying a fair price for attractive brands " , adding that he had faith in the continued growth of the Tex @-@ Mex food sector . In October 1995 he joined the Grand Met board of directors and assumed additional responsibility for Grand Met 's Paris @-@ based European food operations . In 1996 he was made chairman and president of Pillsbury . Investors Chronicle described Pillsbury as " well managed " under his leadership . Walsh was credited with re @-@ energising the company , and operating profits grew from \$ 250 million to \$ 660 million between 1992 and 1996 .

= = = Diageo = = =

In 1997 , Grand Met merged with Guinness , a major drinks concern , and the new company was named Diageo . In 1999 Walsh returned to England , and was elected chief operating officer of Diageo in January 2000 , and CEO in September 2000 . He took over a company that had stagnated since its merger three years earlier , and that The Economist deemed " mediocre " . As head of Diageo he transformed the consumer goods company into a streamlined premium drinks business . Walsh said :

" While Diageo had positions in drinks , that leadership was marginal ? capital was not limitless . My view , supported by colleagues on the board , was that we should focus on where we can be a global leader . We couldn 't aspire to that in food ? that slot was taken by the Unilevers and Nestlés and Krafts of this world ? but we could command that position in premium drinks . "

Walsh identified drinks as the central Diageo business , and began selling off assets that did not fit this model . He sold Pillsbury to General Mills in 2001 for \$ 10 @. @ 1 billion , and Burger King to the private equity firm Texas Pacific Group in 2002 for \$ 1 @. @ 5 billion . He suggested that he would have liked to have sold Burger King earlier , but was worried about Diageo 's capacity to handle both transactions simultaneously . In a strategy to bolster Diageo 's drinks sales , in 2001 he acquired the Seagram drinks business from Vivendi Universal in conjunction with Pernod Ricard for \$ 8 @. @ 2 billion , an action that was later credited with refocusing and re @-@ energising Diageo . At the time

, analysts suggested that Walsh had overpaid , and that Pernod Ricard had gained control of the better brands . Despite having entered into an alliance with Pernod in order to avoid regulatory issues , Diageo was still forced to divest the Malibu Rum brand after acquiring Captain Morgan . Walsh defended the deal on the basis of efficiency savings and the fact that the deal was almost entirely financed by the sale of Pillsbury . Of the acquisition he says :

We moved in on that Seagram deal and forced their hand very quickly while our competitors were still trying to get their act together . If you look at what we paid it will go down in history as the bargain of the century . It was an \$ 8.1bn total price of which our part was about \$ 5.6bn and it was at economic profit break even at the end of year two . It ? s produced phenomenal returns . If you look at Pernod ? s Allied Domecq acquisition , it is 30 per cent higher in multiple terms and you ? re not getting as good a collection of brands .

The Seagram deal cemented Diageo 's decision to focus on drinks , and strengthened its leadership position in the key US market by adding Captain Morgan rum and Crown Royal Canadian whisky to the company 's portfolio of products .

Meanwhile , inspired by the success of Smirnoff Ice , Walsh invested heavily in ready to drink products , termed " alcopops " by the British press . However , with the exception of Smirnoff Ice , none of the new products developed by Diageo was able to establish itself in the marketplace , and the alcopop trend was quickly dubbed a " fad " by the media . Some of these failures proved costly : Captain Morgan Gold lost £ 24 million for the company in 2002 .

In 2005 Diageo acquired the Bushmills Irish whiskey brand and distillery from Pernod Ricard for ? 295 million . In 2008 Diageo acquired a 50 per cent stake in the Ketel One brand for US \$ 900 million .

Walsh received an Honorary Doctorate from Heriot @-@ Watt University in 2009

In 2011 , Walsh threatened to move Diageo 's headquarters away from the United Kingdom , following the introduction of a 50 per cent income tax rate for high earners . He said : " I believe the 50 per cent tax rate will lead to the long @-@ term damage of this nation ? s competitive edge . " In April 2012 , the Daily Mail accused him of personal income tax avoidance . Later that same year , Walsh criticised the Cameron government again , suggesting that the London Olympics ought to have been followed up with greater infrastructure spending to tackle unemployment .

In May 2013 , Walsh announced that he would be stepping down as the chief of Diageo in September , but would stay with the company as an advisor until June 2014 to aid the transition process .

== Reception and appraisal ==

Walsh has repeatedly spoken of the need for companies to genuinely be socially responsible .

Under Walsh 's management , Diageo has been careful to " manage for value " , and to avoid overpaying for assets . According to Nick Goodway of The Independent , Walsh " has been canny in allowing others to bid for the really big rivals and then pick up the brands that fall out of those deals cheaply " . Walsh has been criticised for his decision to exit the Indian spirits market in 2002 by disposing of Gilbey 's Green Label , a strategy which he reversed in 2012 with the acquisition of a stake in United Spirits . David Wighton commented in The Times that Diageo 's acquisition of United Spirits had seen the company 's owner , Vijay Mallya , " utterly outmanoeuvred by a canny rival prepared to play the long game . "

William Hopper , a former director of merchant bank Morgan Grenfell , described Walsh as a " bean counter " , and criticised the size of his salary . In 2012 , one leading Diageo shareholder said , " We have a very , very positive view of this company and Paul Walsh as well . We do not have a problem with [his] pay . "

== Other responsibilities ==

In addition to his responsibilities at Diageo , Walsh has been a non @-@ executive director at FedEx Corporation since 1996 , at Unilever since 2009 , and at Avanti Communications since 2012 .

From 1991 - 2007 he was a non @-@ executive director of Control Data Corporation and its successor company Ceridian . He sat on the board of General Mills from 2000 until 2004 , stepping down after Diageo reduced its stake in the company . He was a non @-@ executive director of the energy company Centrica from March 2003 until May 2009 . He is former chairman of the governors at Henley Management College . He became a council member of the Scotch Whisky Association in 2001 and served as its chairman from 2008 until 2011 . During 2012 he was a member of David Cameron 's Business Advisory Group . In August 2013 , Walsh joined the United Spirits board .

= = Personal life = =

Walsh was described by Philippe Naughton in The Times as " tall , paunchy , balding and thickset ... [with] a burly confidence that exudes from every pore ... a bluff Mancunian whose blokeish humour masks a fiercely competitive nature " . Walsh claims to lead a " relatively modest " life that is dominated by work . At Diageo , he spent around half of his time in various foreign countries , totalling over 5 million air miles .

Walsh met Manchester @-@ born Nicolette (Nikki) in London in 1978 when she was a Laker Airways flight attendant . They married in 1980 and have a son , Dean Paul Walsh (born 27 April 1981) . Due to Paul 's work , in 1987 they moved to the United States , first New York , followed by Orono , Minnesota from 1990 . The couple returned to the United Kingdom in 1999 . They separated in 2006 , and she received a divorce settlement of around £ 15 million , which ranks among the largest payouts in British history . In October 2012 it was reported that Walsh was engaged to marry his longterm girlfriend Julie Lewis , a public relations executive , and they married in May 2013 .

Walsh is one of the highest @-@ paid businessmen in Britain , earning £ 11 @.@ 2 million between June 2011 and June 2012 from his work at Diageo . He lives in a farmhouse with 20 @-@ acre (8 @.@ 1 ha) grounds at Billingshurst , near Horsham in West Sussex , and also maintains a penthouse apartment near Chelsea Bridge in London where he lives on weekdays . He holds a minority stake in a 2 @,@ 400 @-@ acre (970 ha) game ranch in South Africa , where he enjoys big game hunting .