

## Video Transcript: Pirates, Pounds, and Profit-Sharing

Simon Patterson:

There's an individual called Sir Francis Drake, who is a famous pirate in the 15th century, who the Spanish called El Dragon, because he was very bad news. He stole all their money and the British knighted him. Elizabeth I knighted him because he did a tremendous job. Just to give you an illustration of how successful he was: on one particular trip, he brought back a boat which paid his investors 40 times their investment, paid for the whole of the UK's GDP for a year, and bought him one of the nicest houses in the West Country in England.

Now, Forbes magazine did an interesting analysis of the most successful pirates ever, and Sir Francis Drake came out second. It's of interest to us in the UK, because Sir Francis is an individual who has a history, he actually saw off the Spanish Armada, which was quite important for us a country. Forbes' analysis is fascinating because what they did was they made some broad brush assumptions about how much money Francis Drake, in today's terms, actually made. The answer is \$150 million.

Why that's important in terms of executive compensation is because if you look at the numbers paid to the very highest paid executives, they dwarf the second most successful pirate in the world. That does raise the question: is the quantum paid to executives correct? I just drop that question in there. It certainly made me think, when I read the story of Sir Francis Drake, that perhaps we need to recalibrate a little bit. The second point, which I think is interesting, is that Sir Francis Drake shared the booty from all of his trips 50/50 with his crew. I wonder whether that's something which executives also could learn from in the future?

