

Patrick McLoughlin

Speaks at Devonshire House 29.11.16

We were delighted to welcome Sir Patrick McLoughlin, Chairman of the Conservative Party and Chancellor of the Duchy of Lancaster to speak to us at Devonshire House. When accepting our invitation in November 2015 to speak in November 2016, Patrick McLoughlin was a Cabinet Minister and Secretary of State for Transport. However, under the new administration of Theresa May's Conservative Government, he became Chairman of the Conservative Party and Chancellor of the Duchy of Lancaster on 14 July 2016. We very much appreciated his decision to keep our engagement in his busy diary.

Observing the Chatham House Rule and the fact that we can't and wouldn't quote anyone without their permission/ involvement – we thought that the real value in reporting on the evening would be to focus on the questions that were put to Patrick during the Q&A session – with varying levels of personal permission as will be seen – rather than grapple with the mysteries, complexities and comprehension challenges of answers!

Devonshire House is very keen on Q&A, other people's views and broad debate – and some humour!

DHN has no views of its own. But we are keen to offer platforms for the broadest range of views relevant to our purpose – which is - we are *Director-level professionals in leadership roles who have an instinctive focus on the human side of Enterprise.*

And courtesy is very important to us!

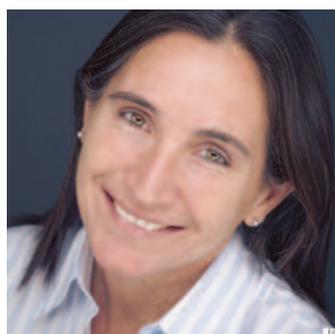


Of the questions/comments made, *here are most of them.....*

From Lara Morgan

"When will we make wholesale change to overcome the pathetic education curriculum we continue to churn out and pay more attention to the needs of the modern world, teaching children life skills, technology, people skills and finance skills at a much earlier age like other companies are offering in Mexico and elsewhere. Britain is being beaten in export markets around the world and we have endless tweaks to an old fashioned and redundant education system which therefore provides substandard individuals, who lack desire, understanding, enablement and empowerment to add value in a modern society where we will be left behind.

Better parenting ambitions, giving children practical confidence to approach anyone, to be self-aware to endlessly self-educate, challenge and grow in a competitive world would be huge steps forward – just the basic education of financial management and skills around networking and the importance of sales conversations from early years would change possibilities and probabilities for our country. When are we going to be brave enough to change?"



LARA MORGAN
Entrepreneur, Serial
Investor and educating
enterprise scale-up and
export awareness.
cbpmorgan@gmail.com.

Lara started Pacific Direct Ltd and sold it for £20m 17 years later. Founder member of the Young Entrepreneurs Organisation and Start Up Britain; finalist in the Veuve Clicquot Businesswoman of the Year Award; and has also been a three times finalist in the Ernst and Young Entrepreneur of the Year; named Cranfield Entrepreneur Alumnus of the Year in 2009. Now serial NED and quite a bit more.

From (Name withheld due to NED connections)

"My question challenged whether the Government accepted that perhaps the established politicians of the day were failing to recognise that the "success stories of current times – Farage/Salmond/ Le Pen/Trump/5 Star, etc – had all perfected the art of connecting emotionally with ordinary people on issues which they cared about. Moreover, they employed slogans and rhetoric and "instant" social media to magnify these concerns and bring them right to the kitchen table. In these circumstances, I would argue, it is no use for the establishment to try to fight back with the old weaponry of reasoned logic and clinical data – if people are not listening. And it is certainly counterproductive to try to argue that the ordinary people just don't understand what they are voting for. Rightly or wrongly this is the direction that our democracy has taken and it is crucial that mainstream politicians work out how to "take back control" without stooping to copy the methods of the "populists". But I do struggle to identify leading politicians with the insight and clout to do this. In "business-speak" this is routinely referred to as a lack of leadership "authenticity".

(Name withheld) has been a Group HRD with FTSE companies and now acts as an NED, REMCO Chairman and Advisor for some other organisations.

“Patrick McLoughlin was a very entertaining Speaker - had some perceptive insights - and made it a very good evening.”

From James Middlehurst

"My question related to the threat posed to business in general by the surge in cybercrime - and are the government doing enough to raise awareness and directly address this very serious threat to commerce in general. Whilst the UK Government has recently allocated £1bn, I would query whether this is going to be enough to tackle this burgeoning crisis with the overall lack of awareness of the issues and its serious potential for disrupting business. It will be interesting to see how the current US preoccupation with what – if anything – Mr Putin has been up to develops."

"Nevertheless from a DHN perspective it seemed to me to be fairly clear that few of the Members recognised cybercrime as something that affected them and that it was possibly more in line with a news item that occasionally happens to 'other people' "

A supplementary point from James Middlehurst

"I also supported the Member who raised the point about government support for start-ups - and the financial sector's willingness or otherwise to extend support in this area. Pre Financial Crisis there was no difficulty, whatsoever in securing grants, contributions, loans and overdrafts. Something I freely availed myself of in 2004 -2006 when starting up Fraudscreen. I'm now working on two fresh start-ups. Data Compliant and Jymjams - for which there are no obvious grants or contributions - and no readily available unsecured lending."

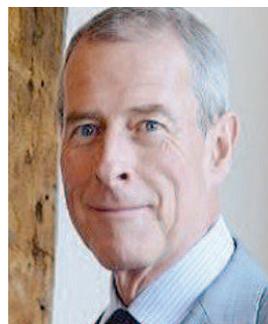


JAMES MIDDLEHURST

james@datacompliant.co.uk. James is an Entrepreneur with a specialist professional focus on cybersecurity and fraud.

From Patrick McIntosh

"Several of us made the same point coming from different directions – including concerns about education, lack of skill sets, low recognition around technology, etc. My opening point was about the disconnect of the above points between establishment and liberal elite leaving the rest behind and the establishment not recognising the position either here or in the USA or EU. I also made a minor point of traveling on a dysfunctional train system and that technology has overwhelmed drivers and guards might be a good example. I made a separate point about the absolute mess of taxation and reliefs legislation. (Tax manual 20x the size of the bible)"



PATRICK MCINTOSH

Managing Director, KMG, a Chartered Financial Advisory firm, primarily operating as a discretionary fund manager looking after high net worth individuals. www.kmg.co.uk.

For some very different info about Patrick, look up The KMG Foundation on google! As a triple cancer survivor, Patrick walked to the South Pole in support of the Foundation's Charities. One of some 24 people in the world to have taken on this extraordinary expedition, it was a semi-solo expedition, with only one other man, renowned arctic guide Conrad Dickinson, who walked to the South Pole with Prince Harry and Walking with the Wounded. The two men walked 222km over 15 days in temperatures as low as -35°C and at an apparent altitude of 4,000m. They were unsupported, which meant carrying and dragging 50kg of kit and provisions with them.

Supplementary Comment from Patrick McIntosh.

"Many thanks to DHN for developing this opportunity to expand and explore the debates. I suggest the purpose and benefit of this Talk and Q&A Event with Sir Patrick was its spontaneity. The debates both public with speakers and private around the table and at drinks helps form opinion both personal [within oneself] and possibly with the speaker in evolving the agenda of the evening. With a plethora of emails and reading and post, the reading of the tea leaves post battle is questionable as justifiable time to spend. But happy to have been persuaded otherwise"

From Peter Dunkerley

"Western democratic leaders have failed to stop their economies from floundering. They have increasingly failed to keep in close touch with their electorate and have been surprised when voting has gone against them citing the Brexit referendum and the US presidential election. How is the Government going to put this right for liberal democratic politics now about to be overtaken by the Far Right in Europe".

Peter Dunkerley helpfully set out how he would answer this question.

- Hoping for Theresa May's excellent and strong leadership.
- Extensive use of social media.
- Capitalising on the fact that Brexit and Donald Trump were successful because they appealed to the electorate's emotions rather than to logic. It has been this logical approach by western politicians that has led us all to moral and financial turmoil and until now to "more of the same" from our politicians.
- Abolish the House of Lords. (I'm not expecting agreement to this suggestion!) But is the "constructive role" that the Lords plays in our democratic process enough?



PETER DUNKERLEY

Managing Consultant, Russam GMS.

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From another (Name Withheld)

"My question was "What is the vision for Britain in 5-8 years' time? What will be our role in the world?"

Afterwards, the Questioner said that had he been answering this Question – and notwithstanding the answers he got - these would have been his key points:-

- The UK will be a beacon of free enterprise.
- The UK will be one of the best places in the world to set up and run a business.
- The UK will strive to be more both employer and employee friendly.
- The UK will develop a strong and sustainable economy and will, on a yearly basis, make a profit. (Not achieved since Margaret Thatcher's days.)
- The UK will develop a fair and simpler tax system providing recognised certainty and incentives to take risks, set up businesses, employ people, take a job.

HR Director, Quoted Biopharm company,

A post-event comment from a Senior Manager, Group Talent Management in a large Financial Services company:

“ I THOUGHT SIR PATRICK WAS A GREAT SPEAKER – ALONG WITH THE Q&A, VERY THOUGHT PROVOKING – & I’LL LOOK FORWARD TO MORE IN 2017 ”

From Bruce Warman

“There are three critical issues in my opinion that the UK has to address and I would be interested in your thoughts on them. Firstly we have had a dismal record on productivity improvement in recent years. This can be due to a variety of factors including that we are mainly a service-based economy where productivity is difficult to measure. The fact is, though, that unless we can improve our productivity performance the living standards of our citizens will stagnate. Secondly, for many years we have posted a balance of payments deficit, paid for by foreign investment in Government Bonds and equity investment. This has turned what was a substantial invisible surplus into a deficit as interest and dividends paid out to foreign investors increase. In the long run this is not sustainable. Thirdly, we have benefitted greatly in recent years by the immigration of skilled people. This has had a positive effect on the growth of the UK and Government tax revenues. Brexit threatens to choke this important source of talent.

I also have a further point to add. There is great clamour at present in particular in political circles for the Government to lay out its plans for the Brexit negotiations. This is absolutely the wrong thing to do and would cripple our ability to get a good result. I do have much experience in this area, having negotiated with senior union officials in the motor industry for 15 years. You should never, ever lay out your strategy for all and sundry to see. It would be like playing poker with your cards face up.”



BRUCE WARMAN
Chairman, CEBR.
For 20 years the Centre for Economics and Business Research has supplied independent economic forecasting and analysis to hundreds of private firms and public organisations. Bruce’s

career has been primarily in the motor industry where he was the Finance Director and Managing Director of two motor components companies, Director of Personnel for Vauxhall Motors, Chair of the CBI Eastern Region and a number of CBI Policy Committees. Bruce sat on the ACAS Council. He sits on the Employment Appeal Tribunal and is a member of the Senior Salaries Review Body. He has a BSc in Biochemistry and an MBA from London Business School.

From Gaby Glasener-Cipollone

“We are currently seeing in quite a few political elections & referendums people voting against the established “Business-as-usual” and the existing elite. One of the main reasons seems to be that people feel left behind with globalisation, new technology and digital industrialisation etc.

What if their elected candidate (e.g. US President-Elect Trump) or preferred solution (e.g. Brexit) fails and will not deliver the expected change? Are we looking towards a new revolution? If not, how is democracy going to cope with the dashed expectations?”

These are Gaby’s thoughts around answering her own Question:-

“In principle most Politicians agree with the above assessment saying that there seems to be a trend in many parts of the world of people being dissatisfied with the existing political and business environment. For those people, recent politicians’ promises about a stronger economy based on globalisation and digital industrial transformation have not translated into reality. And rather than going on with business-as-usual these people have voted for change.

There is a danger that this trend may escalate if their change candidates fail? If yes, how imminent is it?

The UK government is aware of a trend of increasing inequality in society and plans specific initiatives to counter these effects. One way forward is to take Germany (Ed: Gaby is German) as an example in specifically looking at their apprenticeship system to allow society’s middle classes to participate more successfully in the economy environment.

The German system shows some very impressive figures, with youth unemployment rate falling from around 11% to 8% since the start of the financial crisis in 2008. Currently, the percentage of young Germans not in employment, education or training (NEETs) is way below that of other European countries, including the UK.

This is due to a large extent to the German dual apprenticeship system which is has apprenticeships split between the classroom - provided by the state - and the workplace - paid for by companies.

Continued overleaf

From Gaby Glasener-Cipollone *Continued*

This ensures that apprentices receive a mix of the theory and practical for their qualification. Also on completion, around two thirds of young people are hired by the firms that provided their apprenticeship. This allows young people to move smoothly into skilled work and avoids the 'polarised qualification structure' - such as in the UK - where there are few qualifications to straddle the huge gulf between those with and without a university degree."



GABY GLASENER-CIPOLLONE
Partner at IBM for Finance Transformation, Risk and Counter-Fraud. Gaby holds an MBA from INSEAD, France and a PhD summa cum laude in Neurobiology from Technical University Darmstadt, Germany.

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A parting shot from Alasdair Goulden

"Do you think it right that one party with 12.6% of the electorate and almost 3.9 million votes gets one seat while another with only 4.6% of the electorate with less than 1.5 million votes gets 56?"

Due to lack of time, we treated Alasdair Goulden's question far too dismissively – but are grateful to him for providing his own answer:-

"I think that we should move to the Belgian form of government ie not have any politicians - the country seemed to operate for almost two years with no problems at all!"

Here are two questions that were waiting to be asked - but now have to wait for another time:-

- Current trends indicate that many of our best UK businesses will soon have American, Indian or Chinese owners. Is this a good thing or is it a bad thing?
- Did UK austerity measures, implemented post 2008, mean that costs and people reductions – particularly in prisons, hospitals, houses and schools – have reduced and are reducing unacceptably the delivery of what UK citizens have needed?

Alan Bell did not ask a question or make a comment, but he did write this to Sir Patrick afterwards

"Dear Sir Patrick,

I enjoyed the evening and your story/talk. We spoke briefly when you arrived.

*One thought that did form in my mind was this: The government could do far more to allay the worries and uncertainty of the nation with **a vision and a plan for the UK** – being different to the Brexit plan that is being called for – which is, in effect, a negotiation between the two sides.*

Brexit/EU, banking, the pound, housing, transport, robotics and AI. The list of future challenges to the people of the UK grows daily and many people, particularly the young appear permanently worried. It's been a very good life for we 'boomers' and the cards have been stacked in our favour but there are also great opportunities for the young if they are properly engaged.

I've worked in London for 50 years on some great projects. We live in exciting times. We need leadership, a vision and a plan.

Parliament needs to communicate with the public and, as we all know, communication is not just broadcast, it's two-way.

Kind regards"



ALAN BELL
 Chairman, Bell

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Bell creates, reboots and reimagines brands: impactful and practical, memorable, scalable and always with a welcome dose of clarity and simplicity.

Some afterthoughts.....

"I received your email, alerting me to this Event, from you some time ago and must apologise for not replying earlier. I would be interested in attending. In fact my father was a member going back to the early days of Devonshire House and I remembered the name when I saw it. If it is still open I would be able to attend the dinner on 29 November. Perhaps you could let me know?" JL.

NOTE FROM DHN:

JL came to listen to Sir Patrick; enjoyed it; and will come again. We make the point NOT that DHN is for elderly men (certainly not excluded on grounds of age and/or gender) but Devonshire House has been going for a long time, has adapted and is continuously adapting to the current environment and needs of its members. It seeks to carry forward its values, traditions and principles in a rapidly changing world where the important values, traditions and principles never change.

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.....and this is part of the Thank You letter sent to Sir Patrick McLoughlin, the morning after the Event:-

... looking through the correspondence in putting our Event last night together, I note that it was the 23.12.15 when we agreed yesterday's date with us – and much has changed since then – and not only in your own position within Government. We did note – with a mixture of gratitude and admiration – that, given all the pressures on you and on your diary, you kept yesterday's commitment in your diary and allocated some of your precious time to a relatively small group of Director level business people.

CHARLES RUSSAM,
Managing Director of Devonshire House, observes –



"It might seem odd to report on a talk from a leading UK Government Minister without making any reference at all to anything he said! What I noticed, however, sitting next to Sir Patrick, was that he went away with more notes than he came with! But he did make a comment that, as a Politician, it is more important to be respected than be liked (attributing it to Margaret Thatcher) and be good at listening. We think that he scored very highly on all counts at Devonshire House on 29.11.16 and we were very grateful to him for joining us for a couple of so hours."

Devonshire House was set up about forty years ago – and we started to re-model it two years ago. The strong core purpose remains... we are Director-level professionals in leadership roles who have an instinctive focus on the human side of Enterprise. We have a serious interest in all aspects of people at work and how people can flourish within whatever and wherever the work environment and context may be.

The Devonshire House formula is a subtle mix of the Speaker, the Topic, the Debate, the exchange of ideas and the Director-level people you meet-coupled with good food.

More info at www.DevonshireHouseNetwork.co.uk

With thanks to our main Sponsor – www.CharlesRussellSpeechlys.com (The top 25 full service law firm).

Robert Thomas is a Partner in lawyers, Charles Russell Speechlys. Robert specialises in all areas of employment law and has particular experience and interest in advocacy. He has dealt with almost every type of case in the employment tribunal and has appeared on numerous occasions in county court, the High Court, the Employment Appeal Tribunal and the Court of Appeal. Robert is a former barrister and is admitted as a solicitor to practise in England and Wales.

Thanks also to our Partner Firm www.Russam-GMS.co.uk (The longest established Interim Management Provider in the UK and a leading Search Firm). **Nicki Lawrence is an Associate Director at Russam GMS** and specialist lead for Human Resources roles, both interim and executive search. She has held senior Human Resources roles in both a permanent capacity and as an interim, mostly in the financial services sector; including JP Morgan, Citibank, Standard Life Investments and Aviva Investors as well as at the Civil Aviation Authority.

We also have a Reciprocal Agreement with the Economic Research Council - www.ERCouncil.org.