

From **public** back to **private**

Returning assets from the public sector to private enterprise can be a challenge whatever the line of business involved. Public reaction may take the view that such a transition is necessarily a 'bad thing'.

When the 'asset' in question is a senior government minister who has given up a front bench career for life back in the private sector, that challenge may be different but is no less significant.

We follow the career of Ian Pearson inside and outside Westminster to assess where the benefit of that transition now lies.



With the prospect of **years** in the political **wilderness**

We consider whether **Ian Pearson**, a Labour MP for 16 years and a minister for a decade, took the right decision when he stepped down at the 2010 Election. What skill set and experience has he been able to bring **back into the private sector** from the corridors of Whitehall?

‘Former Minister’ is one epithet that Ian Pearson is keen to avoid, though he chose to retire from Parliament at the 2010 Election having held the senior rank of a Minister of State - as Economic Secretary to the Treasury - and has a string of equally important ministerial jobs to his credit before that. It conveys, he believes, the wrong impression both of the roles he played in government over a decade, and the management skills brought to those posts.

Closer examination of his CV would suggest that extensive experience from outside Parliament had been inextricably interwoven with a political career.

Born in 1959, Ian Pearson grew up in a West Midlands family whose politics were well to the left of centre. It was almost inevitable that he should join the Labour Party: he attended local party meetings and, as a fifteen-year old, was out canvassing for its candidate in the 1974 General Elections.

Breaking a glass ceiling

University beckoned, and Pearson applied to Oxford to read Politics, Philosophy and Economics (PPE), the course which has become a right of passage for many parliamentarians; Prime Minister David Cameron included.

The product of a traditional grammar school that was on the verge of turning comprehensive, Ian Pearson was its first pupil to go up to Oxford to read an arts subject. But what marked him out further from the field

was that he decided to apply to – and was accepted by – Balliol College, for which competition to secure a place for PPE is always intense.

Prime Ministers and Chancellors including Harold Macmillan, Edward Heath, Denis Healey, Roy Jenkins and Tony Blair had all been members of the college, flagging it as an important launch pad for a political career.

Once up at Oxford, membership of the University Labour Club was inevitable, while the Presidency of the Balliol Junior Common Room was a useful addition to the already burgeoning political credibility.

Enforced change of direction

Performing well enough in Finals to be accepted to research for a doctorate at Oxford, his plans were abruptly changed when a cut-back in postgraduate funding in 1980 meant that he could not afford to take up the offer. Pearson took the well trodden path of arts graduates applying to an accountancy practice for professional training. Price Waterhouse

The there can be no assumption that ministers are inherently managers or leaders or have true executive potential. True executive decision-making in Government surely rests with the PM and the Cabinet?

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took up him on board in Birmingham, where he spent eighteen months working towards his accountancy qualifications.

But the academic spark had not left Mr Pearson; neither had political ambition. The thirst for knowledge which had run through his veins at Oxford led him to apply to Warwick University where he read for a Masters in Industrial Relations. Academic research into the subject set him on track to study for a PhD at the university.

Too ambitious, too soon?

Acadæmia provided the breathing space for Ian Pearson to take his first tentative steps on the electoral ladder after Oxford. The post-Falklands election of 1983 tested his mettle: the challenge to the ambitious 23 year-old candidate was the hopelessly unwinnable Conservative seat of Bexhill and Battle. Fighting on the legendary Michael Foot manifesto – described as the longest suicide note in history – ensured he could do nothing to dent the inherent majority.

While working part-time for the Labour Party in London, he was able to win a seat for Labour on Dudley Council in a 1984 by-election. As Ian Pearson noted, "Two and a half years on the Council and a period as vice-chairman of finance provided invaluable experience of working to meet defined objectives. I had to win the support of a spectrum of interests from across the Council and the community."

The loss of his Dudley Council seat on the day of the 1987 General Election spurred Pearson to start writing up his PhD thesis. Four months and 85,000 words later, the task was complete. It contained the originality of thought required to secure the doctorate. "The time had now come to take a break from politics and pursue a real career", he believed.

Regenerating economies

An interest in economic regeneration found Ian Pearson in 1987 taking up a post as Deputy Director of the Urban Trust. This body was a response to the riots half a decade earlier in Handsworth and Toxteth, for example. He spent the next eighteen months working on both sides of the fence; one day giving presentations to the boards of the Glaxos and British Telecoms of this world making the case for them to fund regeneration initiatives; the next working with the communities targeted by the Trust for them to leverage the benefits of that investment.

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Being head-hunted by the strategic policy consultants Victor Hausner & Associates was something of a mixed blessing. The organisation supported the Department of Employment and DTI task forces. "It was exciting both to be able to influence Government policy and work in task forces in the most deprived parts of Birmingham, Bristol and Liverpool getting involved right across the economic regeneration space.

"But the fact is that I became uncomfortable about the ethos of the organisation: it was a pretty hard-nosed American company, even by US standards where the short-term bottom line was more important than the quality of the product delivered and output achieved."

With the track record that Ian Pearson was accumulating, he was able to move to a post that more closely mirrored his own views on regeneration. Being appointed Head of Marketing and

Fighting a totally unwinnable general election seat at the age of 23, on a Labour manifesto hailed as the longest suicide note in history, was either foolhardy or a way of accumulating political Nectar Points.

What conclusions can be drawn from the fact that Pearson transformed a regional enterprise board from a small investment and regeneration organisation set up with £20 million of grant aid into what became a multimillion pound consultancy business over three and a half years?

later Joint Chief Executive at the West Midlands Enterprise Board (WMEB) gave him the flexibility to apply his management skills to good effect.

Transformation of business

He set out to transform the Board's operations from a small investment and regeneration organisation, originally set up with £20 million of grant aid, and minimal consultancy earnings, into what became a multimillion pound consultancy business under his management over the next three and a half years.

"In restructuring the organisation, I was able to take non-core assets - a technology transfer centre employing 200 people and a clothing resource centre - out of the equation. Meanwhile, we reduced the core staff from 83 to 40, a process that involved gaining their support by understanding that these strategic decisions were fair and necessary.

"With that rationalisation complete, we rebuilt the organisation with the kind of people who would be able to move the business forward in the direction we sought. My vision was that, with a sharper, more flexible and fitter WMEB, we could be a leading regeneration consultancy winning contracts in the UK and overseas."

Opportunities in Eastern Europe

The raising of the Iron Curtain presented an opportunity to bid for strategic consultancy across a large part of Europe

undergoing radical economic change. Pearson and his team took the view that they could offer a comprehensive range of services on terms that would prove more acceptable to the new governments than traditional consultancy houses.

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Funded in part by European Community outreach programmes, Pearson and his colleagues felt they were adding value by working with local people to transfer skills as well as advising and guiding on strategy, rather than offering conventional consultancy and taking a fee.

Were attitudes realistic?

Was it perhaps arrogant to think that the experience in building regeneration models fit for the West Midlands could be rolled out into an environment like that of Czechoslovakia or other post-Soviet nations? "This was not just the West Midlands model with the name changed. It was grounded in a very clear and well thought-through analysis of regeneration experiences world-wide coupled with practical experience of what we had done in the UK."

The West Midlands Enterprise Board was earning its fair share of export revenue, but its activities within Britain were expanding in parallel as it built up its portfolio of activities.

Under Ian Pearson's management, for example, WMEB ran economic evaluation courses. Its clients included the Civil Service, teaching them to use the Treasury financial model of evaluation.

Property portfolio management

There were initiatives, too, on the property front - where WMEB had been responsible for a commercial and regeneration portfolio - and in the private equity and venture capital sectors serving small and medium-sized companies; part of the community under-represented in funding.

Funding for investment activities was augmented by a highly innovative unit trust. As part of his total brief, Ian Pearson was directly involved in the investment team and took up a non-executive directorship at Warwick Science Park.

Given the nature of an Enterprise Board, did he find this a challenging management environment?

"To the extent that there were people on the board who were politicians and looked at political reasons rather than purely commercial considerations, it was more complex than perhaps a conventional commercial enterprise would have been. But it was immensely valuable to have worked with and understood the political process." §

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Turn of events

Examining Mr Pearson’s career to this point – it was the Autumn of 1994 – an observer could reasonably assume that he was set on a career in managing innovation and enterprise which had clear social objectives. The early political experience would be seen as providing the checks and balances on strategic decisions that may have to be made. The chance of a political career from that point onwards was probably small enough to be negligible.

The untimely death of John Blackburn, the Conservative MP in the Dudley West constituency in October that year challenged Pearson’s thoroughly grounded view of life. The ensuing by-election was to be the first under new party leader Tony Blair, and the tide of opinion was running nationally against the Conservative government of the day.

Long odds of success

While believing that he had little chance of securing a nomination for a seat which the Party had every prospect of winning, Ian Pearson submitted his application, along with over 300 others. He was, however a local candidate with a solid track

record in promoting employment and investment in the area: on paper at least, he stood a chance of being nominated. A rigorous process of vetting and shortlisting indeed found him as the Labour candidate and – as day follows night – with a seat in the Commons. For the record, Pearson won the seat with nearly 70% of the votes; the Conservative candidates winning fewer than 20%.

Blairite before Blair

The new MP regarded himself as being New Labour before Tony Blair had taken the term into the political argot. “My political standpoint was heavily influenced by the commercially focussed approach which would subsequently underpin the Party’s strategy.”

For a senior executive like Pearson, the process of joining the Commons was unnerving. Where were the induction programmes and the formal training? Parliament was clearly an environment in which the experience of strategic policy-making and managing successful organisations gained over more than a decade could be applied.

The Parliamentary environment was also one which would eventually create conflicts with home and family life: a

40% reduction in income at a critical time in his personal development – he had a new family - could not be ignored as a starting point.

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On to the greasy pole

Having joined the Commons at the 1994 by-election, Mr Pearson had the more welcome prospect of fighting the 1997 Election after boundary changes which found him representing the newly created Dudley South, but posed few threats to his new-found career.

Promotion followed immediately as Parliamentary Private Secretary (PPS) to incoming Paymaster General Geoffrey Robinson; himself an MP with a long track record in managing enterprise. It was an appointment that ended with Robinson’s high profile resignation in 1998.

Rather than continue as PPS – the parliamentary ‘bag-carrier’ – to the next Paymaster General, Ian Pearson opted for the back-benches until after the 2001 Election, when he was appointed a Whip.

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Northern Ireland: career cul-de-sac or opportunity to use acquired skills?

First real promotion could have seen Ian Pearson disappear without trace



Being promoted in 2002 as Parliamentary Under Secretary at the Northern Ireland Office suggested that his personnel and management skills had been recognised and would not be going to waste.

He joined the NIO team which directly governed the Province at a difficult time in its post-Good Friday phase, when there remained the real threat that talks with and between the main parties at the time could break down.

A safe pair of hands?

The fact that Ian Pearson remained in that job for 2½ years, taking on increasingly heavy responsibilities during that time (including security in the Province for the final twelve months of his stay there) would suggest that he was well regarded in Downing Street; a 'safe pair of hands' in a difficult place.

Within his remit was control of a £13 billion budget and responsibility for industry and agriculture. He noted that, with a population of just 1.6 million, the levers of government in the Province were short.

As he observed, "I got to know the key players and established many good friendships in Northern Ireland. I believe

I was seen as someone who was prepared to make decisions and see them implemented."

Northern Ireland was perfect for someone with Pearson's background. One of his tasks was to develop a long term investment strategy: he was keen to re-build an industrial infrastructure for the Province and establish a long term pattern of investment into the local economy.

His financial resources ranged from the UK government's block grant to Northern Ireland, lines of EU expenditure along with private sector funds.

It could be argued that the Minister had greater responsibility for the local economy than would 99% of CEOs running a commercial enterprise.

Applying communications skills

The unique political environment in the Province must surely have demanded a high level of communications skills: did Pearson feel he had done the job justice in that respect?

"I believe that I did communicate effectively; a task made more straightforward, perhaps, by the limited scale of Northern Ireland which makes communications easier. More important,

perhaps, was that I could apply management skills developed in my previous career."

Executive approach

The former Minister saw the NIO took a view of the job. "As soon as I went to Stormont, I made it clear that this was a full-time job: there had been a tendency amongst Whitehall ministers assigned to the Northern Ireland Office to operate more remotely; only visiting when necessary.

"I was determined to be different, staying in the Province and only going back to the mainland when necessary. It showed commitment and dedication, and demonstrated to the local leadership that I cared.

"I went out to talk to people; establish their viewpoint and tried to deliver what I thought was the best way to help the Northern Ireland economy."

Two and a half years based at Stormont, with many weekends spent at Hillsborough Castle, and a number of achievements under his belt, Pearson knew devolution of power back to local politicians was imminent and asked Tony Blair to transfer him to another post in Government. §

One of Pearson's tasks was to develop an investment strategy for Northern Ireland: he was keen to re-build an industrial infrastructure for the Province and establish a long term pattern of investment.



Whatever else the post as Trade Minister may have been, the joint trade brief was demanding and included specific FCO responsibility for China and South East Asia. Pearson spent 120 days in his first year out of the country.

Foreign Office responsibilities

Pearson's request to Tony Blair was for a transfer to a post promoting trade, where he could equally use his skills. It did not fall on deaf ears, and promotion to Trade Minister with the rank of a Minister of State duly followed.

The post reported to both the Department of Trade and the Foreign & Commonwealth Office (FCO). This was a rare example of the much vaunted 'joined up government' of which Ministers often speak but have little to point to as evidence.

Given the way that international trade is managed in the UK, between UKTI which is part of BIS, for example, and the activities of the FCO, this was a logical step. But Pearson also had specific ministerial responsibilities in the FCO for China and South East Asia; two areas where his increasingly demonstrable skills as a negotiator were called into play: he admits that the Northern Ireland experience helped.

Onerous responsibilities

Whatever else it may have been, the joint trade brief was demanding: Pearson spent 120 days in his first year out of the country. Over a year into the job, the PM moved the Trade Minister to DEFRA as Minister of State with responsibility for Climate Change; another sensitive post at

a time when the impact of climate change was being quantified.

Strategic planning was key to the post, in a portfolio which included the £2.3 billion London Tideway project; itself a task that required him to harness the efforts of the bodies as diverse in culture as the Environment Agency, Ofwat and Thames Water.

In a ministerial career that had begun only as recently as 2001, Pearson found himself called upon to handle another strategic challenge when he was moved to the newly created Department of Innovation, Universities and Skills as the Minister for Science and Innovation in 2007. The view was that this appointment required a player with a business innovation background.

Research must be broadly based

Pearson's line in developing the Government's innovation strategy was to assert that opportunities for innovation come not just from the universities and research establishments but from across the spectrum of UK business as well.

"It was a story that needed to be told, so we brought in academics and business people to support the process; opening up government policy making to the outside world."

Was there universal acceptance of the new strategy across Whitehall? By all accounts,

Appointment as Trade Minister reporting to both the FCO and the Department of Trade was a rare example of the 'joined up government' of which Ministers often speak but can show little evidence.

Ian Pearson was not a Minister who made the front pages of the Red Top dailies through any indiscretion: his name did not become a household word outside the sectors he served. Indeed, the most adverse criticism voiced about him was as Science and Innovation Minister, from the Science and Technology Facilities Council in 2008, over the level of funding due to that organisation.

power of persuasion was involved as the Departments affected were being asked to spend money in different directions.

In the two final years of the Labour Government up to the 2010 General Election, Pearson was in the Treasury team as Economic Secretary: for the first year, he also held the post of Parliamentary Under secretary for Business and Economics under Lord Mandelson.

The broad swathe of responsibilities which included company law reform and the mechanics of the Vehicle Scrappage Scheme. The onerous Business brief lapsed a year later when the 'business' ministries merged into the new Business Innovation and Skills (BIS).

Heading for the exit

Announcing in December 2009 that he would not be standing for re-election to Parliament, Ian Pearson had taken another strategic decision. He was under no pressure to leave the House for expenses irregularities and attributed his retirement publicly at least in part to the excessive pressure that senior responsibilities had placed on his private life.

On the political front, however, and probably the real reason, he had become increasingly disenchanted with the direction in which No 10 was taking the economy: he had argued for an increase in VAT rather than National Insurance, and contended that a 3 pence cut in

Corporation Tax would be an effective way of stimulating business investment.

At the age of 51 by the time of the Election, Pearson saw the window of opportunity opening through which he could re-establish a private sector career. "It was time to move on and do something else."

That 'something else' has been maturing into a small portfolio of responsibilities where he feels that his underlying skill set and experience at managing major projects in the public and private sectors can be applied effectively.

Close on 16 years as an MP, ten of them in Office, had broadened the platform on which his activities after Parliament could be based.

Transition to the private sector

His career has already turned full circle, working with four or five companies including the international telecoms service provider Global Crossing, where he is an advisor and senior vice president of business development.

Ian Pearson noted that there is a certain irony that PricewaterhouseCoopers the successor to the Price Waterhouse - which had taken him on board three decades ago - has appointed him to its Advisory Board. As he observed, "I am able to work with people I like and respect; in companies which I feel have high CSR values where my skills and experience can help make a difference."

Head below the parapet

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A year earlier, while at DEFRA, he had accused the Irish airline Ryanair of failing to do enough to reduce carbon emissions from its aircraft. Ryanair CEO Michael O'Leary described Pearson as "silly" and argued that the Minister did not know what he was talking about. This episode was a nine day wonder for the press and had no effect on Pearson's reputation.

The longer view

Ian Pearson has, by all accounts, been a professional politician in the best sense of the phrase: his expenses raised no criticism when turned over by the Press, for example. Many of his achievements in office have drawn on the skills and strategic thinking that he brought to those jobs from experience 'outside'.

That he is a former minister is a matter of record. It is understandable that he should wish to draw clear blue water between himself and the breed standard. §

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