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PERSONAL

Mr FLESHER



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3/14

DISCONTINUING THE RAYNER LINE

I do not know whether you saw the odd article in yesterday's TIMES by Professor Vincent (copy attached). It is a slight piece - intentionally so - but it is worth making two points on it:

- (1) The article betrays Professor Vincent's natural misunderstanding of the reality of Sir Derek Rayner's work at M&S. He has not simply built on success. He started the food business, whose striking performance is very much due to his imagination and his thorough attention to will the multiple complexities of what people will and not spend their money on. During his current attachment to Whitehall he has pulled back the M&S operation in Canada from death's door and has got it on its feet. He has supervised the M&S European operation, which is expanding. He has played a part of growing weight (and real intellectual and psychological burden) at the top of M&S. His package of salary, perks and pension is much less than that of many businessmen, even those whom he supervises in Canada; he has in fact showed striking personal loyalty to M&S in the face of other offers. I have throughout been amazed that he could do such a powerful job in Whitehall on top of that in Baker Street. As far as he is concerned, it is egregious twaddle to say that, "Business has joined church, law, college, Civil Service, and the Bar, as a lifelong shelter from the outside world".

- (2) Working with and for Sir Derek Rayner inevitably makes the able civil servant restless. Mr David Allen, the brilliant Treasury economist

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who was with me as one of the two staff officers in the Rayner unit from May 1979 to November 1980, has now resigned after a year's unpaid leave. This is not out of disgust with the public service but out of a sense that he can be more successful personally—indeed, stand or fall by his own energy and courage - in business than in slogging his way up the Whitehall hierarchy. During his leave, he has had some commercial experience. But he does not have a job to go to - he is going to rely on his "entrepreneurial" flair. I expect him to succeed, but his wife is a journalist with the DAILY MAIL, so there is a safety net!

2. You may like to show this to the Prime Minister.

CP

C PRIESTLEY
2 December 1982

Enc: As indicated

1/12/82

M. Priestley

1/11/80

John Vincent

Why the Rayner line should ^{Times} be discontinued

Conceptually speaking, the best example of what is wrong with this country is Sir Derek Rayner, the Prime Minister's adviser on efficiency, lent to her by Marks & Spencer. Conceptually, that is, for we do not mean Rayner the human being, whom to know is to love. (He is the one thing on which Mrs Thatcher and Mr Heath agree). We mean Rayner the economic concept, the very highest paragon in the great paragon companies - Unilever, M & S, GEC - who scintillate by employing ever fewer with ever greater acumen. Look then at Rayner the concept, that awful example to youth.

It is not what he has done, but what he has not done. He has not exploited the toiling masses. He has not sweated the poor. He has not set up back-street factories in Droylesden, Toxteth, Attercliffe. He has done none of the things which made Britain great. He has simply brought about progress in areas which were already very progressive. Now, one simple question. If Rayner, the paragon of managers, has restrained the urge to do his own thing, to toss perks and pension to the winds, how can you expect the less talented young things of today to set up an entrepreneurial culture?

The way to corrupt the intelligent young is to offer them the bait of spending the rest of their lives with their most intelligent contemporaries. That is how great English institutions work. That is how management is sold to the young today - as a way of being with your kind of people. No doubt Cardinal Wolsey sold a career in the church to the intelligent young of his day on similar lines.

This may not be a bad thing. Big business today can pick and choose as never before. The next generation of management will almost read books, almost listen to music, almost be good enough for your daughter. But this is no way to ensure that talent is spread far and wide.

The English pattern of clever people going only into the sort of things which clever people go into, is being reinforced by the new, glossy, higher management. Once it was All Souls or the Guards, now it is BP or Unilever (but not British Rail); the resemblance, based on the principle of getting the best people and putting them together inside an institution, outweighs the difference.

Look at GEC. It is the best Cabinet we have. In its boardroom the ex-Foreign Secretary has only to ring a bell, and the ex-editor of *The Times* hovers at his elbow. It is a political faction in its own right. Perhaps, clandestinely, it is a business as well. Business has joined church, law, college, Civil Service,

and the Bar, as a lifelong shelter from the outside world.

Life, you see, (it is the Prime Minister I address) is a matter of supply and demand. And two and two, as you have often observed, make four. This is to say that the Rayners of this world do not mind being seconded for a reason, even on sacrificial terms. They will go that far. But they will not be so foolish as to put house, and life savings, and pension at risk, and leave the salaried world altogether.

But an entrepreneur has to risk everything. Most new businesses go bust. (The average snack bar lasts six months). Banks throw loans at you - on the security of your house. The downside risks outweigh the possibilities of gain. That is why most entrepreneurs are working class or outsiders. They have nothing to lose. But to make corporate managers of 30, the cream of the cream, the true creative talent, leap over the corporate wall and set up their own show, would require great inducements, cash down.

Yet you, prime minister, think a copious offer of jam tomorrow is enough to turn corporate manager into entrepreneurial man. Evidently, it is not.

How many quoted companies have been founded in recent decades by managers from blue chip companies? It is like expecting the church or the Athenaeum to spawn entrepreneurs. Business, the higher business that monopolises the best brains, is just one more English cocoon designed to last a lifetime.

Does it matter very much? Sensible men would like to dismiss the idea of small business as an atavistic Tory dream, a mystification, a mere figleaf of corporate capitalism, as on one level, of course, it is. It is not quite as easy as that.

For what has anything else to offer? Employment in big business, the state industries, the Civil Service and other tax-based jobs is all likely to shrivel over the next generation, Shore or no Shore. That leaves small business - a fatuous romanticism, but also the only possible objective answer. Until the Prime Minister is willing to pay much more for people not to be like Sir Derek Rayner, all the best people will try to be like Sir Derek Rayner.

Supply and demand, Prime Minister, it all comes back to that. If you want an entrepreneurial culture on the American model, you will have to pay for it. You are not paying for it; and so a radical capitalist solution of our difficulties is out-of-the question.

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