

## **Will Rain Newton-Smith Reign Supreme in Rebuilding the CBI?**

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The recent antics at the CBI are truly shocking...and scarcely believable to me although the information out there suggests otherwise.

Having worked at the CBI for 13 years between 1983 and 2002, these were some of the happiest and most fulfilling years of my working life.

I was truly privileged to start my career at the CBI in London.

I'd just completed my Masters in Business at University College Dublin following my degree in law from Trinity College Dublin and I found myself working in a department which, at the time, was called 'European Affairs'. It seems inappropriate in light of recent revelations, but at the time it was the team highlighting the impact of lack of alignment of UK and European policy on British business.

I was asked to support the 'Kangaroo Club', dedicated to finding ways for British business to 'leap' over non-tariff trade barriers (NTBs) causing great concern to business and impeding competitiveness.

My first assignment was to survey members about the impact of these NTBs and present my findings to the House of Lords Select Committee on the European Communities. I did this, appearing in person before the Committee, aged just 23.

Our Director, Hugo Herbert-Jones, arrived bowler-hatted and with a black umbrella in tow each morning, inviting the entire team to join him in his office for a Friday afternoon G&T before we finished work for the week.

Many years later I learned that Hugo had arrived at the CBI from MI6 where he'd worked with the so-called '[Queen of Spies', Daphne Park, Britain's Spy Master during the Cold War years](#). There's a lovely picture of him with Daphne [at this link](#) but, tempus fugit, and he sadly passed away in 2014 aged 91 having shown me nothing but kindness, along with the rest of the London team.

I was then promoted to work in Brussels where, aged 24, I became Deputy Manager. After some years outside the organisation, I returned, aged 30, to work as Assistant Director CBI North West before being promoted to the role of Regional Director, CBI West Midlands. I stayed there for five years until I was appointed Marketing Director in 2000, working for John Cridland and Lord Digby Jones in London.

In thirteen years at the CBI I was treated with great courtesy and respect. So, on reading of [two rape allegations, inappropriate sexual misconduct and the dismissal of former DG, Tony Danker](#), it's been shocking and hard to imagine how a culture could change so radically in the intervening years since my times there.

What do I make of what's been going on in recent months at the CBI?

Quite simply it's flabbergasting.

During my time I recall Director Generals (DGs) coming and going. They included Sir Terence (Terry) Beckett (of the '[bare knuckle fight](#)' with Maggie Thatcher), 1980-87; [avid sailor and businessman, Sir John Banham](#), 1987-1992; [economist, Sir Howard Davies](#), 1992-1995; Brummie [lawyer, Lord Digby Jones](#), 2001-2006.

Shortly after I departed, [Sir Richard Lambert](#), former editor of the FT, was appointed, 2006-2011, followed by the first and only internal appointment of [John Cridland CBE \(a notable fan of 'Star Trek'\)](#), followed in turn by [Dame Carolyn Fairburn](#), the first woman to serve in this role as an economist, journalist and high profile director.

These DGs have held relatively short periods of tenure, around five years in general, with a largely external facing role. Of those listed above, only John Cridland would, in my view have had a very strong grasp of the organisation's internal culture, with their roles focussed on external member and government communication, whatever the governance might claim, with success measured in column inches and policy wins.

[Following Tony Danker's departure in April many businesses either resigned or suspended their membership including BMW, BT, PwC, BP and Shell, John Lewis Partnership](#), amongst others.

So it was into these turbulent waters that [Rain Newton-Smith](#) boldly stepped in taking on the mantle of the CBI's twelfth Director General and second female DG.

There was outright [criticism that as a former 'insider' she was appointed without an open recruitment process](#), but it's easy to understand the perceived need for a rapid appointment to calm the waters and ensure an experienced hand at the tiller.

I can see the arguments for the appointment of a 'new broom' but anyone coming in and starting from scratch would have had to spend three to six months acclimatising.

If I'd been asked who the CBI should appoint in these tricky circumstances, I'd have suggested Rain Newton-Smith. She's a thoroughly decent woman, no doubt genuinely voicing her concerns when stating, following the vote of confidence (6<sup>th</sup> June 2023) cast at the EGM, ["We will work tirelessly to repay the faith shown in us and are committed to living the values and changes we have proposed."](#)

However, it does bother me though that [only 371 member companies cast a vote at the EGM yesterday with 23 of these abstaining](#). Whilst many 'wild' claims are made about CBI membership – sometimes it's cited as having as many as 190,000 ... well wide of the mark with this number representing a cumulation of the all the members of the Trade Associations (TAs) forming part of the CBI's membership.

But I seem to recall the organisation had around 6,000 companies and organisations in membership in the early 2000s. If this were the case, then just over 5% of members voted which does not look like a ringing endorsement. [With £22.2m membership revenues in 2021](#), an average membership fee of £3,000 would suggest almost 7,500 members prior to this crisis or possibly even fewer than 5% of membership participating in the EGM vote.

Many member businesses remain deeply disturbed and are sadly far from convinced. On Radio 4's flagship Today Programme on 7<sup>th</sup> June, Simon Boyd, MD of Reidsteel, no doubt chimed with many when stating that the CBI 'has to be in tune with the values of its members'. And despite the

reassurances made on 6<sup>th</sup> June by the CBI's DG, Newton-Smith, the [PM has refused to confirm whether it will re-open dialogue with the CBI following the EGM.](#)

It seems Newton-Smith will have to slug it out to win this battle for the heart and soul of the CBI. I, for one, remain convinced she's up to it.

I do hope that [Patience Wheatcroft is wrong in her sentiment that it's probably time for the CBI to disband.](#) These comments, made in a matter of seconds, do not reflect the years of graft required for an organisation whose foundations are built on consensus. Once destroyed it will take many long years to rebuild the levels of understanding and policy insight.

It's sad, although understandable, to see other business lobby group's taking advantage of the CBI's troubles with the [British Chambers of Commerce forming a new Business Council.](#)

I've not heard anything from Lord Heseltine on this crisis, but given [his earlier recommendation that Chambers of Commerce be given 'statutory recognition' in 'No Stone Unturned'](#), perhaps now might be the moment for more radical thinking.

It's worth recognising the differences in our existing business representative bodies.

The CBI is a national body with a strong combined voice representing agreed policy positions for businesses across the nation as a whole. In my day the CBI was proud of its record in never receiving any funding from government and having no possible conflicts in putting the case for business first.

In contrast, the Chambers, with a more fragmented governance as separate autonomous organisations across the country, each with their own membership, have received government funding in promoting various business support and training programmes over the years, making it harder for them to speak up independently in the eyes of many in business.

The fragmentation of British business lobbying organisations has long been a cause for concern and has remained an easy way for government to divide and rule in tackling the more awkward or challenging 'asks' from business. It has led to ongoing underfunding of British business in its lobbying and, if anything positive can come out of the CBI's difficulties and the current mess then perhaps it might be a more coordinated approach.

However, for many decades this has not been the direction of government which has historically focussed on the promotion of 'self-development' amongst British business representative organisations and trade associations with no statutory recognition.

An interesting paper by [Dr Justin Greaves at University of Warwick](#) argues that this fragmented, overlapping and under-resourced system of business representation has impacted, not just the success or otherwise of the dialogue between government and business, but the promotion of business competitiveness and productivity.

In referring back to the [Report of the Devlin Commission on Industrial and Commercial Representation \(1972\)](#), Dr Greaves notes the contrast between the 'duplication and confusion' in many areas of industrial representation in Britain with the 'orderly and logical pattern' prevailing in other European countries.

Ineffective representation is not in the interests of industry, the state or association officials and governments should, if functioning properly, want to talk to bodies capable of developing a considered view on behalf of the sector they claim to represent.

The paper points out effective dialogue contributes towards good government and furthers the public interest. Business should be able to provide government with advice on practical consequences of a particular policy helping it to avoid policies that are ineffective or have undesirable and unintended side effects.

But all these arguments and insights are not part of the ongoing drama at the CBI. It makes for good copy to see such a prominent organisation floundering. I feel very sorry for my former colleagues. Many good, dedicated members of staff who have often worked for years in support of the cause of decent wealth creation benefitting our society and improving our quality and standard of living.

I do not hold with views that we should scrap the CBI and start again. Easy to say; a long hard road to make an effective reality.

I wish Rain Newton-Smith every success as she seeks to rebuild, and no doubt rebrand the CBI. I do not want to rain on her parade; I salute her for her gutsy decision to take on this role when many others, more faint-hearted, would have run a mile. May she reign supreme in ushering a new, more civilised and inclusive culture.