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INTERVIEW STEPHEN HADDRILL CEO FRC

‘THE REGULATOR WHO WAS WARY OF REGULATION’

By Dina Medland

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For someone once accused of “drifting into a career”, Stephen Haddrill, chief executive of the UK’s Financial Reporting Council, has remained markedly focused on politics, policy development and the public sector.

“I’ve always been fascinated by history, graduating from childhood Ladybird books on the subject to loving media coverage of political speeches. Growing up in the early 1960s and 1970s, you wanted to understand it because, frankly, the country was in economic decline. I was also useless at maths and languages,” says the man now heading the UK’s independent regulator of corporate governance.

It meant the public sector was a natural draw and fitted well with his desire “to make a difference” – so after reading history and economics at Oxford University, the civil service exams seemed the obvious next step.

“My first job – in 1978 – was with the Department of Energy working for Bernard Ingham. As the new boy on the block I had to go around the country promoting energy conservation,” he recalls. “You have to gain a breadth of experience before they give you a ‘big job’. I also worked on nuclear power and nuclear fuels.”

He later became private secretary to Cecil Parkinson, who was then secretary of state for energy, and he began to get a feel for how things worked.

In 1990, Mr Haddrill left the UK civil service to work for the Hong Kong government as a member of the governor’s central policy unit. “David Wilson was governor of Hong Kong; it was a year after the Tiananmen Square protests in Beijing and there was a lot of nervousness about the Chinese – it was the fledgling start of democracy,” he says.

The experience in Hong Kong during this period profoundly affected his thinking and

career decisions. “I had huge respect for the Hong Kong civil service at the time but most of the people there had no experience of working with politicians,” he says.

“Being an expatriate there gave me a different view on the world. Although I was part of a ruling group, it gave me a good sense of what it is like to be on the outside of the society you are in.”

Returning to the UK in 1994, he held several roles within the Department of Trade and Industry, including director of employment relations, a role in consumer affairs, and notably, becoming a director of the DTI’s competitiveness unit, a central policy team reporting directly to the secretary of state.

“It was quite a change coming back and moving into a regulatory role. I was instinctively wary of regulation. I saw it as something of a poisoned chalice. But there wasn’t much choice – so I took it and I enjoyed it. I started to think about how best to go about changing behaviour,” he says.

Mr Haddrill was appointed director general of the DTI’s Fair Markets Group in 2002, where he was responsible for the development of the framework within which business operates. This included the competition and consumer framework, employment relations, company law, women and equality issues, as well as trade and European issues. He spent five years in the job.

“When I became a director general I felt I was getting out of policy work. It’s a big management job – 700 people. It wasn’t really me. In the civil service you get to a point where you are less involved with making policy, which is a shame,” he says.

He is ambivalent about working in the public sector: “It’s about wanting to make a difference and understanding how to do that – it’s a big driver to why people join. “But you can get sucked into a Whitehall machine that stresses some things over others – and it’s also about the extent to which you are comfortable being in the firing line,” he says.

Leaving the DTI, he moved to the Institute of Employment Studies, where he was vice-president and chairman. “When it comes to employment law, most employers are doing the right thing. You are regulating for the 10 or 15 per cent who are not – but what you do will affect all 100 per cent,” he says.

His next job was director-general of the Association of British Insurers, the UK’s trade association for pension providers, that promotes best practice, transparency and standards within the industry.

“The attraction of the ABI was in having a representative role – you realise your members are your customers and if you lose your customers you are in trouble. You begin to realise what it is like to be an SME,” he says.

Mr Haddrill adds: “I enjoyed it because it reinvigorated my sense of personal

responsibility. You just don't get that in Whitehall – I hadn't had it since Hong Kong.”

After three years at the ABI, he was ready to move from representation back to decision-making. In December 2008 he was appointed to the Financial Crisis Advisory Group, a body set up by the International Accounting Standards Board and the Financial Accounting Standards Board to consider financial reporting issues arising from the global financial crisis.

A year later he became chief executive of the FRC.

Since his arrival, the organisation has undergone considerable change as it oversees corporate governance in the UK and attracts investment. Its international scope is also growing, with more time spent in Europe and a new office in Brussels.

Talking more broadly about the role of regulation, he says: “If you regulate activity you are asking people to behave in a way they wouldn't otherwise. It's almost immoral to ask that, so regulating well is very important and can make a big beneficial difference.”

Looking forward, Mr Haddrill is clear: “Making sure the international rules we support remain principles-based, rather than rules-based, is paramount,” he says.

Secret CV

Who were your mentors?

I've had some fantastic bosses – and especially in Hong Kong.

Your first big break?

Working for Cecil Parkinson and finding out how a cabinet minister operates – it was all very illuminating.

Your best career advice to others?

It's worth remembering what drove you to your first career and stop and ask if you are staying true to what is important. Also, don't suffer in silence – it's important to reach out and talk to people if you get stuck.

Members of the [FT Non-Executive Directors' Club](#) can read more about Mr Haddrill's work at the FRC at www.non-execs.com