

## **Douglas Hague**

### **Knowledge angel**

Douglas Hague is interested in how things fit together. His career has exemplified this, spanning academia, politics and business, and building bridges between these three disparate spheres of activity. In 2009, Lord Drayson, then minister for science and innovation, praised Hague's 'enormous contribution to understanding the relationship between government, academia and business' and held him up as a 'model' of the kind of person needed to help politicians appreciate how business works in practice.

As an academic, Hague co-wrote a classic introduction to economic theory with Alfred Stonier, and was one of the founders of the second business school to be established in the UK, Manchester Business School. As a policy adviser, Margaret Thatcher credited him with 'single-handedly winning the election for her' when she was swept to power in 1979. As a passionate supporter of entrepreneurship and innovation, Hague recognised the importance of the information revolution early on and has championed the creation of knowledge businesses.

Hague has served as a public commentator on issues ranging from the future of universities to tax policy. He has an acute sense of humour and is widely credited with coining the term 'quango' (quasi-autonomous non-governmental organisation). Originally intended as a joke, the term refers – often pejoratively – to the hundreds of bodies to which the government devolves power, and carries overtones of bureaucratic waste and excess.

In 1978, Hague was made a CBE and he was knighted in 1982. Now retired and in his eighties, he describes himself as a 'knowledge angel', someone who brokers relationships between entrepreneurs and investors, and offers specialist expertise to entrepreneurs, as well as investing in a series of fledgling companies.

#### **From commerce to economics**

As a small boy in Birmingham in the 1930s, Hague was very impressed by his maternal uncle, Albert Allen Chalmers, who was the first member of the family to own a car, which he needed for his job as a marketer for an upmarket textile firm in the City of London. When the company he worked for was bombed by the Germans in 1940, Bertie, as he was known affectionately, who was too old to join up, decided to set up his own clothing business in Marlow, which proved highly successful. This was Hague's first introduction to entrepreneurship. He was fascinated and took every opportunity to visit Marlow to see how the company was developing.

In 1943, aged just 16, Hague studied for what he describes as an 'old-fashioned' Bachelor of Commerce degree at Birmingham University. 'It was during the war, and my father said, look, you may well be called up next year. The University was short of students, so they let me in early. I found that I liked the economics part most, because you were trying to understand the whole of an economic system, how things fit together. In other subjects such as law, you either get it right or you get it wrong; whereas in economics, you could always argue.'

After the war, Hague was exempt from military service because he suffered from asthma. Professor George Allen, an economic historian who had served as Assistant Secretary to the Board of Trade during the war, had been impressed by Hague's undergraduate economics papers, and invited him to join University College London as a lecturer in political economy. 'Because University College worked closely with the London School of Economics, I got access to everybody at LSE, and I could go to lectures there and talk to bright young economists. That really transformed my understanding', Hague recalls.

A key influence on Hague at this time was Alfred Stonier, with whom he co-lectured on economic theory at UCL and co-wrote his first book *A Textbook of Economic Theory* (Longman, 1953), which became a standard introduction to the subject, and was regularly updated until the 1980s. At a time when rayon and nylon factories were springing up in the north of England, Hague went on to research and publish a book on the economic history of the textiles industry, *The Economics of Man-Made Fibres* (Duckworth, 1957). These publications catalysed Hague's academic career and in 1957 he was appointed as a professor of applied economics at the University of Sheffield.

### **Establishing Manchester Business School**

Just before Hague took up his position in Sheffield, he and Stonier were invited to spend a year teaching and researching at Duke University in North Carolina. Hague came to an agreement with Sheffield that, in return for delaying his appointment for a year, he would visit the best US business schools – Harvard, MIT, Chicago and Berkeley – in order to identify ways to improve the middle management programme that Sheffield University was running at the time. Hague was particularly inspired by MIT and on his return he disseminated what he had learned widely, co-writing a report suggesting there should be at least one British business school. Subsequently, in 1963, University of Manchester appointed him as a professor of applied economics, with a view to him creating a management school there.

Around the same time, Sir Keith Joseph, who later became the Conservative minister for education in Margaret Thatcher's government, raised funds from a group of wealthy business men in order to establish two postgraduate business schools in Britain. The first was London Business School. Joseph, who had been a Rhodes Scholar at Balliol, wanted the second to be based at the University of Oxford, but academics there rejected the idea, and so it went instead to Manchester. The creation of these two

institutions in 1965 provoked a revolution in thinking about management education and an explosion in the creation of management departments in UK universities.

Under the directorship of Grigor McClelland, Hague worked with a small group of academic colleagues at the newly formed Manchester Business School to build its reputation. 'We were academic entrepreneurs', he says. As well as creating a flagship MBA programme, they developed a range of innovative executive education programmes, rooted in real life, and designed to educate not only aspiring business leaders, but also entrepreneurs, civil servants and local government officials. The banking programmes that Hague set up in the 1970s at Manchester, with clients such as Lloyds, Barclays and Midland Bank, as well as overseas banks in Nigeria and Ghana, continue to this day, and earned the school £18 million during the 1990s alone.

### **Shaping policy**

During the late 1960s, '70s and early '80s, Hague's academic interests were complemented by his involvement in policymaking. He was introduced to Margaret Thatcher in 1966 by Michael Spicer, a Conservative MP, and served as a part-time personal economic adviser to her in the run-up to the 1979 election. He then served as a consultant to the prime minister's policy unit until 1983. The unit was headed by Sir John Hoskyns and also included David Howell, Cecil Parkinson, Norman Lamont, Alan Walters, David Wolfson, Norman Strauss and Nigel Lawson. Their discussions provided the basis for Conservative Party strategy up until 1989.

From 1983 to 1987, Hague served as Chairman of the Economic and Social Research Council (ESRC). As such, he was a key figure in shaping the future of research in higher education, and noted of the 1989 research selectivity exercise that 'its aim was to supplement the pressure towards training more students at lower average costs with similar pressure to increase the quality of research and of its management in universities'.

### **Educating twenty-first century leaders**

In 1981, Hague left Manchester Business School to join Templeton College, Oxford. There, he set up the world-class Strategic Leadership Programme, which he directed from 1982 until 1997, and where in 1995 members of the then Labour Shadow Cabinet were sent 'to learn about leadership'. Templeton College, partly under Hague's influence, played an important role in bridging management, government and the public sector, until its executive education business was transferred to the University's newly formed Saïd Business School in 2005.

Hague once wrote in the *Independent* on the subject of revitalising political leadership in the Western world: 'It has become a commonplace that the current generation of national leaders does not seem able

to meet the challenge of an increasingly complex world. But despite many diagnoses of the problem, there have been few practical suggestions as to solutions. I believe we can fill this deficit only by redefining the role of leaders and creating ways of selecting and training a new leadership elite.'

The Strategic Leadership Programme sets out to educate today's leaders. It encourages leaders from the public and private sectors to create and use multidisciplinary teams and to recognise that no one person, however clever, can hope alone to comprehend and handle the complexity of the modern world. In retirement, Hague, though no longer directly involved, still attends the programme, which is now run by the Saïd Business School twice yearly. Hague also remains an honorary fellow of what is now Green Templeton College.

### **Challenging universities**

While at Templeton, Hague published 'Beyond Universities', a Hobart Paper which warned universities that they needed to wake up to the fact that their position as primary providers of post-secondary knowledge was under attack. 'Universities will be forced to share, or even give up part of, their role as repositories of information and power-houses for ideas', he wrote.

The paper encapsulates Hague's perspective on the link between academia and business and identifies four trends that would transform universities. The first was the shift of manufacturing and service industries to a knowledge base. The second was the growth of 'pure knowledge businesses' within service industries. The third trend was the development of information and communications technology, and the fourth was the demand for university places from the growing numbers of knowledge workers. This last trend, Hague said, would cause funding problems for the state.

Hague also argued that if universities do not provide the teaching and research training needed by business, then business would establish corporate universities. His warning has turned out to be prophetic in many respects, and six firms in the UK have formed or are forming corporate universities. 'A rich mixture of change is in prospect', Sir Douglas concluded. 'It offers both opportunities and threats to universities. Unless they grasp the opportunities, the threats will be more substantial.'

### **Supporting spin-offs**

Throughout his career, Hague has been involved with a range of companies. These include Metapraxis, a company designed to address the gap between performance measurement and performance management, of which he was chairman from 1984 to 1990; CRT Group, a training and recruitment business, of which he was a non-executive director from 1990 to 1996; and Wire Ltd, a knowledge broking company, of which he was chairman from 1999 to 2000. He has also invested privately in many others, including VASTox and AdviserPlus. He served on the Council of the Institute of Directors from

1993 to 1996.

One might think he had little more to learn about business. 'But my whole view of entrepreneurship changed in 1999', Hague says, 'when I read *Cities in Civilization* by Peter Hall. One of his cities, which of course was not a city, was Silicon Valley, and I was so fascinated by the phenomenon that my wife and I flew to California to study it firsthand. What amazed me the most was the enormous number of small companies being established by Stanford alumni.'

On his return, Hague, then over 70, commissioned Kate Oakley to write a report on spin-off companies in UK universities. *Spin-offs and Start-ups in UK Universities* (CVCP, 2000) demonstrated that spin-offs were being created at the same rate in UK universities as in comparable US institutions. The report suggests that universities could work together in consortia to achieve the necessary scale to develop their research commercialisation potential, and that universities need to give greater support to company start-ups by their staff, students and alumni. It also emphasises the value of a network of local business angels in supporting start-ups.

Hague sees university spin-offs as a vital engine of economic growth and employment for the future. He remains as fascinated by entrepreneurship now as he was in his youth, and this has led him personally to fund the publication of both the former and current volumes of *Oxford Entrepreneurs*.

Anthea Milnes