

BOOK REVIEW

LGC: The Making of a Company. From government agency to international business.

By Richard Worswick. Carrick Press

Review by Ian Taylor (Minister for Science & Technology 1994-97).

The Laboratory of the Government Chemist (LGC) was an early focus of my attention when becoming a DTI Minister in 1994. I had a glimpse of what was to be in store during a previous spell as PPS to William Waldegrave, who was responsible for the Cabinet Office and Minister for Science in 1992. The seminal White Paper 'Realising our Potential' had promised a systematic examination of all Government science and technology Agencies. I soon found that this was a challenge that had landed on my Ministerial desk.

Michael Heseltine as President of the Board of Trade had decreed that all the Next Steps Agencies should not only be subject to market testing of their contracts with government but should in principle be more commercially independent of government and even privatised. This was not straightforward, as I soon learned that every Agency had to be considered separately for all sorts of complicated reasons. There were frustrations – the ever unhelpful Home Office blocked our efforts to merge the Forensic Science Laboratory with LGC to the former's eventual disadvantage. That we succeeded overall – with often significant resistance within the Agencies and their friends in Parliament – was a notable achievement by a dedicated team of DTI officials. Once enthused about a clarified task (and with the right team assembled) the Civil Service is splendidly effective.

Richard Worswick provides an excellent reminder of just how transformational the complicated process could be and how 'insuperable' obstacles could

dissolve under pressure. The Laboratory of the Government Chemist, sold in 1996, was one of the last to be privatised, and as he says, possibly the least expected, partly because of the historic role of the Government Chemist. The latter post (which he held over a long period) involved the statutory role in disputes (such as about chemical content in food or originally the adulteration of gin and tobacco) as a referee technical analyst and dated back to the 19th Century. LGC also had little commercial experience, however impressive the scientific expertise.

Yet privatised it was, with Worswick himself leading a £5m buy-out in conjunction with the Royal Society of Chemistry (RSC) and 3i. The privatisation agreements included a 'framework contract' with DTI under which support for the 'National Measurement System' in relation to developing analytical standards was contracted to LGC. The book tells you all you need to know about the complicated history of negotiations from Worswick's point of view – warts and all.

What it does not really reflect is the context of the discussions within my team at the DTI and the lively input from Bob (now Lord) May, the Chief Scientific Advisor to the Government with whom I worked closely and constructively. One of our motivations as part of an overall stimulus for innovation was to enhance analytical science in the UK, as we saw it as a key part of exploitation of novel science. We realised that this required that Agencies such as the LGC become connected with industrial and international

activity. LGC itself needed to seek out new scientific applications or methodologies and fresh market opportunities, encompassing reference standards and analysis for the approaching age of genetics and forensic science. Science as a solution provider. In other words, there was a wider agenda than just saving money or following an ideological principle of privatisation.

In a visit 4 years ago to LGC at Teddington, I was impressed with all the technical progress, investment in laboratory equipment and width of sectors covered (including giving me a genetic scan from my saliva taken on my arrival). It has become a highly successful international company providing analytical and diagnostic services to clients in the private and public sectors throughout Europe and in India. I can claim only to have been a godfather to the success that Richard Worswick and his team achieved. The managerial strains and changes, the acquisitions, the investor negotiations, the managerial philosophy and culture were all challenges well-handled which is a tribute to their efforts. Staff numbers have risen from 250 to around 1500 in around 30 locations.

In 2004 a refinancing allowed 3i to exit (the RSC had done so earlier with a healthy cash benefit) and Legal & General Ventures became the majority shareholder. In February 2010 – after he had left – the company was sold to Bridgepoint for £257 million making the many employee shareholders considerable sums of money.

How this was done is explained clearly by Worswick and is worth careful attention by all those interested in how an Agency slowly disentangles itself from 'cushioning' within the public sector and faces the challenges of a competitive environment. He has written this very much in the first person – and as he ended up after all his considerable efforts substantially wealthier who can blame him. Any irritation for the reader is balanced by enjoyment of the deliberate indiscretions he makes about people or institutions he did not respect – you will have to find out who and which by reading the book!

This is a valuable insight into the process of extracting an Agency from the bosom of government and building a successful international commercial science based venture. There are many lessons to be learned. Richard Worswick deserves the tributes and is to be wished further success in his new ventures – one of which is chairing a spin out company from the Rutherford Appleton Laboratories, Cobalt Light Systems Limited.

The book is available post free via www.lgcthemakingofacompany.com

Ian Taylor is a former chairman of the Parliamentary & Scientific Committee. He decided to stand down from Parliament in 2010 to pursue a business career. He is now also on the Science & Technology Facilities Council and an ESA advisory committee.

The P&SC Committee visited LGC last June and the informative report is in SIP Autumn 2011.