

Shorts takes off after decades in the hangar

Under state ownership, the aerospace firm seemed doomed to be permanently grounded. Takeover by Bombardier of Canada has saved it, says **Harvey Elliott**

ON November 23, 1990, Brian Little, vice-president of Shorts' newly created manufacturing division, met all 107 of the business's sub-contractors and told them things were about to change. They responded with smirks and even stifled guffaws.

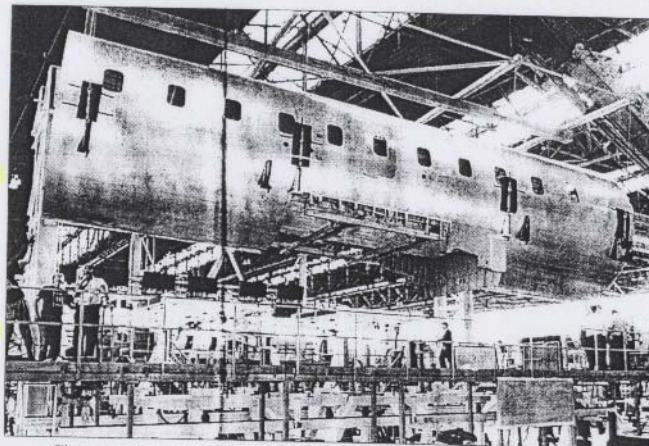
They had heard it before. The struggling Northern Ireland aerospace company had been saying it through 40 years of state ownership. Since October, 1989, Shorts had had a new owner, Bombardier of Canada. But headquarters was far away and few of the specialist engineering firms that worked for Shorts believed that much would change.

Today, many of those companies are out of business sent whirling into bankruptcy by one of the fastest changes ever seen in British aerospace manufacturing. Instead of sub-contracting precision work, Shorts now does it itself. The 107 sub-contractors of little more than 18 months ago have shrunk to 14. Costs have been cut by 30 to 50 per cent.

"The sub-contractors could not believe we would change so rapidly," Mr Little says. "They have discovered the hard way that we meant it. Those that remain, and thank goodness nine of them are in Northern Ireland, took us seriously and changed their ways. Those that didn't have gone to the wall."

The government refused for years to sanction adequate investment, he says. In 1990, many lathes in the machine shop had not been replaced since the 1930s. The shop was decrepit and inefficient and lacked the capacity to produce most of the sophisticated parts demanded by the aerospace manufacturers that were Shorts' customers.

Anyone who saw the crumbling, dispirited Shorts of three years ago would not recognise today's new, bright, modern plant — and the new attitude among the 8,660 staff. Change has swept through every corner of the rambling complex on the outskirts of Belfast as a £200 million and four-year



Flying machine: Shorts is back in profit and its workforce is expanding

investment programme erases the last legacies of state-ownership.

Two years after being bought by Bombardier, Shorts had doubled sales, turned a £47 million loss into a £26 million profit and employed almost 1,000 more people — most of them aged under 25. Trade unions, which at first opposed privatisation and the Canadian takeover, are now solidly in favour and have signed a three-year wages deal. Under

government ownership, Shorts had a name for bad time-keeping and seemed incapable of delivering on time. Aerospace customers heard endless excuses about shortage of capacity and parts, equipment problems and inadequate quality control.

The management had drawn up a blue-print for recovery before it was known that Shorts was to be privatised. When the announcement came, potential

buyers were given a ready-made survival plan. It coincided with Bombardier's own views.

The government was made to pay for the years of neglect. It agreed to write off £400 million of accumulated debt and to provide a further £450 million for investment. The money now being spent on Shorts is, therefore, from the taxpayer.

Shorts' skies are not without clouds. The RAF has taken delivery of 113 of the

130 Tucano trainers it ordered and no further sales are in sight. British Aerospace is in difficulties with its four-engined 146 regional jet, for which Shorts makes the engine nacelles. Few buyers have been found for Canadair's Regional Jet, for which Shorts make the fuselage centre section.

Shorts builds the wings of Fokker's successful family of jets, but the Dutch company is being taken over by Deutsche Aerospace, with consequences no one can foresee. Defence cuts are shrinking sales of missiles around the world.

Roy McNulty, Shorts managing director, remains optimistic. "Privatisation came in the nick of time," he says. "Bombardier regard us as long-term players in the industry and they are going to generate new projects regularly." Shorts remains "positive" about its relationship with Fokker, he says, and has a market niche in mobile air-defence missiles.

Talks are taking place with several European companies about marketing agreements and joint projects, and the company is keeping an eye open for any bits of British Aerospace that might come on to the market and fit its strategic plan. That would not have happened under government control.

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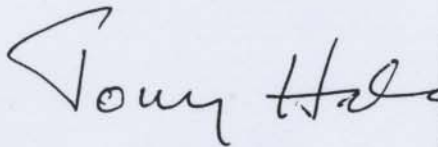
FOREWORD

The Tomorrow's Best Practice Report is an analysis of the practices identified by leading academics and industrialists as the determinants of manufacturing success into the next century.

Today's best practice techniques are well-known and are becoming increasingly widespread as more manufacturing companies in the UK face up to the challenge of becoming world-class. But what of the strategies for tomorrow? The Symposium, jointly hosted by the Foundation for Manufacturing and Industry, the Department for Trade and Industry, and IBM Consulting Group was designed to answer this question and provide a forum to consider the determinants of Tomorrow's Best Practice. The overwhelming theme of the Symposium, held in Birmingham on 7 September 1994, was that today's world leaders cannot afford to stand still; they need to look forward and predict the factors necessary to ensure their continued success into the future.

Four leading academics provided their most recent research identifying approaches that companies could pursue to regain some of the ground that was being lost. These include the techniques being adopted by the Japanese themselves as they too come under threat from the 'Asian Tiger' economies, a combined focus on short and long term strategies, 'mass customisation' as a successor to mass production, and a heightened focus on customer satisfaction as a competitive weapon.

As Chairman of the Symposium I commend this report to you and extend my thanks to the academics and many individuals from manufacturing firms across the UK, for providing their own particular experiences and insights which serve to point the way ahead for us all.



MR A J HALES
Chief Executive, Allied Domecq PLC
Chairman, National Manufacturing C
Member of the Advisory Council, Fo

Shorts gives new world view

By ROBIN MORTON

14/2/
Belfast Tel.

A SHORTS manager is among 80 top UK executives who contributed to a new report on the future of global manufacturing.

Brian Little, vice president and managing director of Shorts manufacturing division, gave his views to a symposium last September in Birmingham on which the report is based.

Entitled Tomorrow's Best Practice, the report is jointly published by the

foundation for Manufacturing and Industry, the Department of Trade and Industry and IBM Consulting Group.

It finds that the Asian economies of Singapore and Hong Kiong and the rapidly industrialising economies of India and China are an increasingly tough proposition - even for the Japanese.

The report, concludes that British companies are far worse than their international competitors at taking a long term view of

their manufacturing strategy.

Among the key factors deemed to determine manufacturing post-2000 are innovation and planning.

Mr Little is quoted as saying: "To create a future you must think about what will shape it. Tomorrow's Best Practice is about incorporating vision into today's operations. It is about creating the future competitive environment rather than being constrained by it."

1691/RJT

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Dear Brian,

I am sure memories of anxious meals prior to the MML courses in Broadway are a long way away from you now. However, they have surfaced for me as I reflect on the National Training Award which would not have been possible without your commitment.

I understand how tough the immediate future will be for Shorts and hope that the continual good comment about the company will help in some way to increase orders.

Personally I have developed an affection for many individuals in the company, and look forward to each visit (not just based on the fees!).

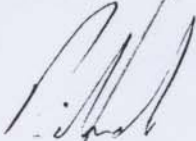
That we should be awarded the Institute of Personnel and Developments special award for 'Excellence in Training Provision', which is the closest to an 'Oscar' that our industry has, is a bonus. I am grateful that you have allowed Karen and Jo-Anne to attend the ceremony with us.

This letter is to try and express my thanks to you for starting the relationship between our companies and to commend you on the way, so many of the messages we discussed four years ago are now enshrined in the company culture.

All of us at MML wish you success and look forward to working with you facing new challenges for many years to come.

With kind regards

Yours sincerely



Richard Todd
Managing Director



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