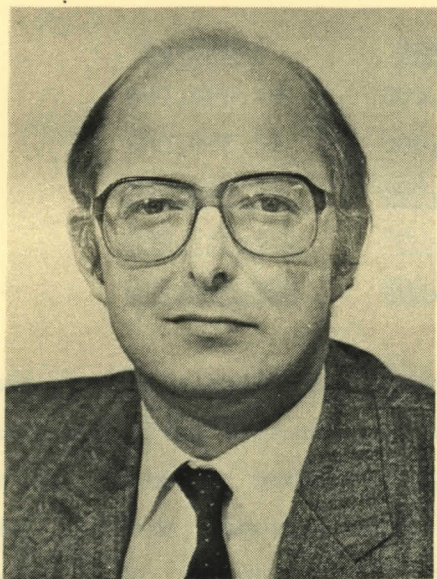


DOWTY ROTOL NEWSLETTER

Issue 2 November 1985



Jim Lightfoot
Managing Director
Dowty Rotol Limited

"I am sure that many of you will be aware of the difficulties we are having in coping with the increased workload this year and also the large range of new projects which are now entering production.

We should not, however, lose sight of the fact that these are largely problems generated by our success in winning new business and the effort we are all devoting to resolving the problems should prove a good investment for the future.

It is, of course, not merely sufficient to have a large workload, we must also make a reasonable profit on the work we do and it is certainly the case that much of the new business has been won against intense competition at a price which is lower than we would have expected in the past. If we are to achieve the profits we need in the future to finance new investment and improve our living standards we must look for ways of producing our equipment at lower cost whilst maintaining quality standards. This is a challenge for all of us and I am sure we have both the people and the determination to meet it successfully."

CURRENT PERFORMANCE

Sales Turnover

Sales for the three months to the end of September were lower than forecast by £300,000 and reflect the difficulty we are experiencing in responding to the increased sales turnover this year.

Sales Turnover (continued)

	<u>Forecast</u>	<u>Achieved</u>
JULY	£8,070,000	£7,694,000
AUGUST	£7,349,000	£7,359,000
SEPTEMBER	<u>£8,628,000</u>	<u>£8,684,000</u>
3 Months Total:	<u>£24,047,000</u>	<u>£23,737,000</u>
6 Months Total:	<u>£46,452,000</u>	<u>£46,403,000</u>

We are only slightly below the 6 month forecast due largely to the good first quarter results shown in the last Newsletter. As you will have seen from recent advertisements, we are recruiting people in a number of areas to meet the increased level of activity but even with this increase and the additional sub-contract activity it will require a great effort from all of us to meet the end of year target of £95 million.

Order Book

	<u>Orders Received</u>	<u>Total Outstanding</u>
JULY	£6,265,000	£132,329,000
AUGUST	£9,449,000	£134,419,000
SEPTEMBER	£14,034,000	£139,769,000

The order book continues to expand and from an opening level of £133.7 million at the start of this quarter it is encouraging to see that a further £6 million has been added.

Some of the orders which have been released during the last 3 months are shown below:

- 20 sets of BAEl46 Landing Gear and Flap Equipment
- 64 sets of AV8B (Harrier) Hydraulics
- 20 sets of F50 Landing Gear, Propellers and Hydraulics
- 10 sets of Fl00 Main and Nose Landing Gear
- £1½m of Hydraulic equipment for Submarines

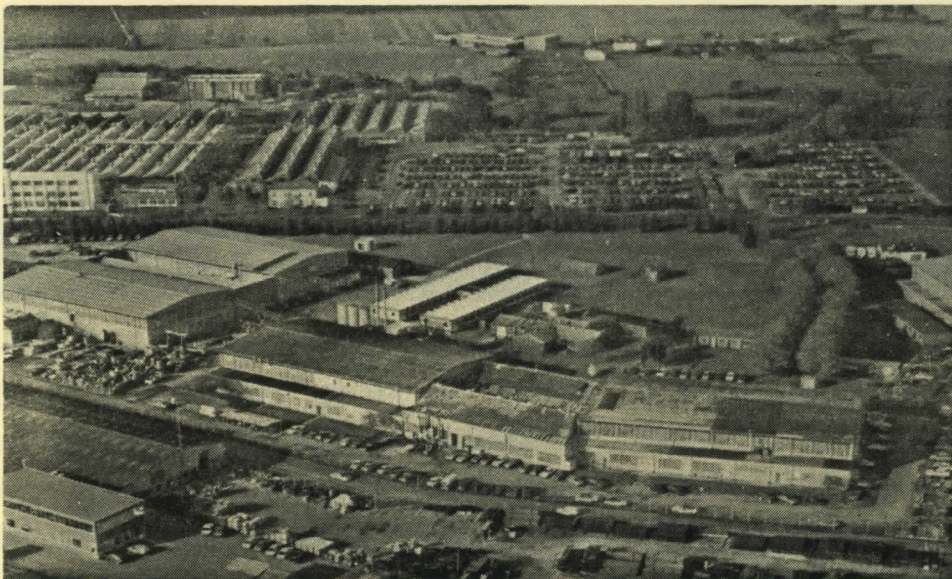
Once again it can be seen that we are now starting to benefit from the effort and work put in over the last few years to obtain new business. We now have to produce it!

PRODUCT SUPPORT DIVISION

New Offices

Work has now been completed on the Portakabin office accommodation for the Product Support Division located on the site of the old South Works Canteen and following a weekend of frenzied activity moving furniture and anything else which wasn't bolted down the staff responsible for Sales, Pricing, Estimating, Commercial, and Spares Control have now moved in. As mentioned in the previous Newsletter on the Product Support Division, it is also intended that Engineering and Quality staff will also transfer into the Division and details on people involved and timing will be given through the normal channels.

Rumours circulating that it has been christened "The H Block" because of its shape are completely founded!



C130

As reported in the Newsletter published earlier this year on the Product Support Division we have been successful in obtaining the contract for overhauling the propellers on the R.A.F. C130 aircraft, more commonly known as the Hercules. This was won against stiff competition and is of great importance to the company as it is the first non-Dowty design contract won under the new M.O.D. Competitive Tendering policy.

C130 (continued)

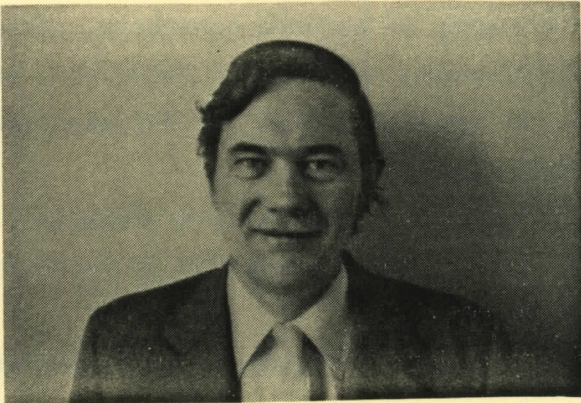
The Hercules is a large transport workhorse built by Lockheed and driven by four Hamilton standard propellers. Because the propellers are a different design to Dowty Rotol propellers and because of the short lead times required, we are setting up a separate area adjacent to the Repair Department which will contain all the facilities for the propeller's overhaul and repair.



The contract for 180 propellers and 150 control units spread over three years is worth £1.2m but requires us to finance out of our own pocket £490,000 for the purchase of rigs and fixtures. We have managed by the use of an enthusiastic team of apprentices to manufacture fixtures and tooling rather than buy them from Hamilton Standard, which will hopefully save us about £100,000 but even with this saving you can see that the investment is very large compared with the contract value. So why have we taken the contract? The answer is simple - there are 1200 Hercules aircraft flying worldwide and with the investment we have made we can now sell our services to other operators. Before we can do this, however, we have to prove that we can successfully overhaul the propellers and, of equal importance, that we can do it in the short lead times required. The test rig for the propeller control unit which is costing £244,000 will be delivered shortly and between now and next April when the contract commences all those involved will have an important role to play in making sure that a good start is made on what we believe will be an expanding and profitable business for the future.

APPOINTMENTS

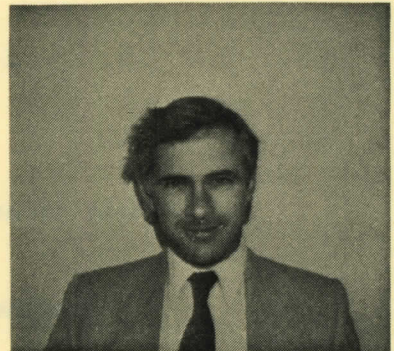
We would like to welcome John Ramsdale who joined the company on 1st October. John will take up his appointment as Chief Metallurgist and Chemist on 1st January in anticipation of David Brown's retirement at the end of January. John is a Chartered Metallurgist and joins us from Rolls Royce where he has been employed for 16 years, his last appointment being Materials Engineering Manager.



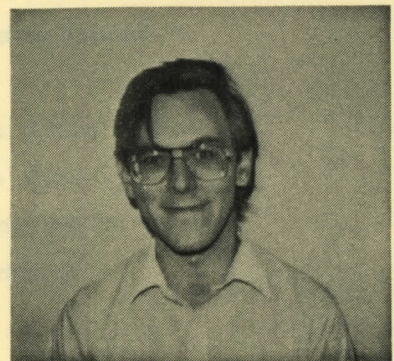
John Ramsdale

We would also like to welcome three engineers who have recently joined us from Canada.

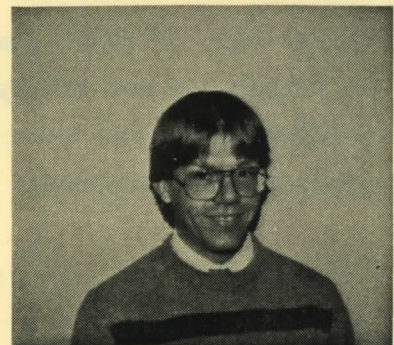
Paul Myers joins the Technical Division as a Project Engineer - Gearboxes having previously been employed by Rolls Royce and Pratt and Whitney - Canada.



Russell Blake has joined the Technical Office as a Technologist Stress Engineer after previous employment with British Aerospace and De Havilland - Canada.



Jeff Petske has been employed as a Performance Engineer Technician having completed an M.Sc. in Aerospace Engineering at Toronto University.



QUALITY 9 OUT OF 10 BUT COULD DO BETTER!

Many of you will know that during August the Ministry of Defence conducted their Quality and Productivity Audit on the company to assess whether we continue to meet their quality standards as described in the defence Standard 05-21. It is of vital importance to the company that we meet these standards for without this approval we could not be considered for any Ministry of Defence contracts. After three days of intensive investigation by four Ministry of Defence Assessors, we were granted a further three years approval on condition that 14 deficiencies which they had discovered were corrected within 8 weeks.

The deficiencies are graded in descending order of importance from Category 1 down to Category 3 which is the most minor problem. The company had no Category 1 problems, 1 Category 2 and 13 Category 3 problems.

To give you an idea of the types of problem which were discovered some examples are listed below:

Category 2

- * Badly run Print Store in Repair *

Category 3

- * Heat treatment furnaces were not used in accordance *
with the Technical Sheet
- * Unauthorised amendments had been made to heat *
treatment specification
- * Unauthorised paint specifications were being used in *
the Metal Blade Shop
- * The batch quantity did not tie up with the Production *
work card for a batch of work in No. 3 Shop
- * SD360 wheel levers had become separated from the *
batch without identification in No. 1 Shop

Whilst some of these examples may seem minor they are typical of how easy it is to forget, or not comply with, our standard operating procedures. What may seem unimportant at the time is very often of great importance in meeting Quality and Productivity standards.

* CAN YOU MAKE IT 10 OUT OF 10? *

WE SUPPLY ALL THIS EQUIPMENT ON ONE AIRCRAFT

WHICH ONE?

PROPELLERS ***** SPINNERS ***** PITCH CONTROL UNITS ***** BETA TUBES
FEATHERING PUMP ***** MAIN LANDING GEAR ***** SPRING BOX ***** DRAG STAY
MAIN RETRACTION ACTUATOR ***** NOSE LANDING GEAR ***** STEERING CONTROL VALVE
RETRACTION ACTUATOR ***** NOSE LANDING GEARDOOR ACTUATOR ***** NOSE LANDING
GEAR DOOR UPLOCK ***** NOSE LANDING GEAR STEERING ACTUATOR ***** LANDING GEAR
SELECTOR VALVE ***** FLAP DRIVE UNIT ***** PASSENGER DOOR ACTUATOR
PROPELLER OVERSPEED GOVERNOR

The Fokker 50, a new short to medium haul fifty seat passenger plane, the first production model of which is due to be available in mid 1986.



The aim of these features is to explain the role of each department of the company within the order from the Checker in Goods Inwards to the Invoice Clerk in Financial Accounts, making sure that we get the necessary bills out to pay all our wages. In other words it will hope to show your part in the company. We will also keep you informed as to the progress of the orders, sales of the aircraft and of the problems that are inevitably encountered, both technical and commercial, in a complex product.

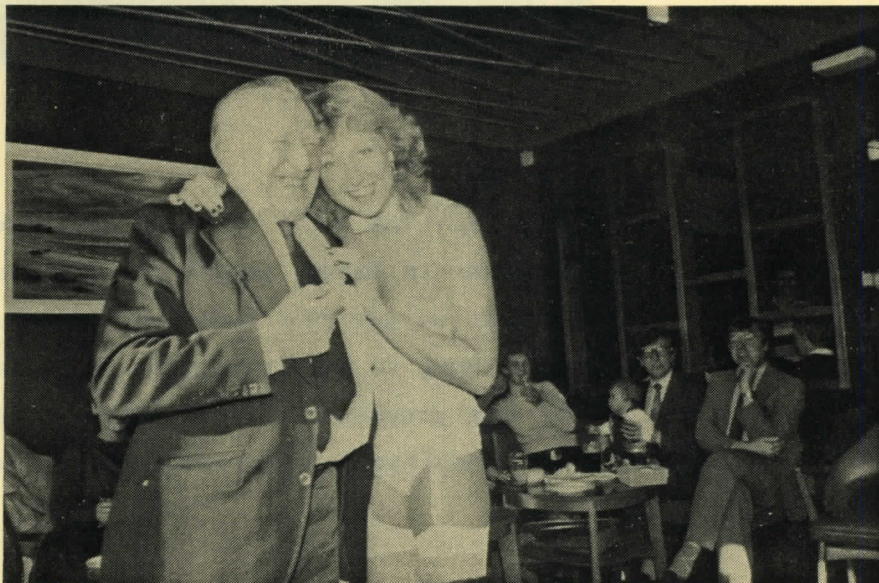
Let's turn then to the outset of this project.

Although Dowty Rotol and Fokker have had a good working relationship over the years with our involvement in the Fokker 27 and Fokker 28 it didn't mean that there was no competition when the new aircraft began to take shape.

The Sales and Technical Departments worked very closely together to produce proposals for every component that we thought we could make better, lighter and wherever possible cheaper than our competitors. We had our reputation to back us up but there were countless visits to Holland to find out exactly what Fokker wanted. Then we had to see if we could design and manufacture the equipment or if modifications were needed to either the specification or the designs. But that's not all. During the bid stage, we had to make sure that we could meet the customer's requirements concerning Product Support, Technical Manuals, Training Courses for Fokker's Engineers, spares availability and costs and so on. From the outset, this meant building a good working relationship with Fokker as we showed that we were at the forefront of each of the required areas. As the project developed so did the parts played by each department in the company. In the next issue we shall take the story on into the Technical and Commercial Departments.

HAPPY RETIREMENT

George Jolly certainly got more than he bargained for at his retirement party in the Clubhouse when his colleagues arrange for a surprise farewell present!



George, better known to many of us as 'Jock' Jolly, is a past Chairman of A.P.E.X. and worked for the last 7 years in Financial Accounts. Our best wishes for a long and healthy retirement go to George and all the other recently retired employees.