

RESTRUCTURE: RESTORE: REORGANISE: REANIMATE REFRESH: RENOVATE: RENEW: REGENERATE: REFIT REACTIVATE: RECOVER: RESUSCITATE: REJUVENATE RE-ESTABLISH: RECTIFY: RECONSTITUTE: RECLAIM

The DAG Restructuring Newsletter

Issue 1

Welcome to this first issue of our restructuring newsletter for employees. We aim to publish this every few weeks to keep everyone up to date on the DAG restructuring project.

We kick off this week with an overview, answering some of the immediate questions. We will be following this with news on how the new businesses are shaping up and general progress on the project.

WHAT'S BEEN GOING ON?

Managers, who have been appointed to the business units, are currently taking on a role in the restructuring project. And that's on top of making sure that DAG performs as well as possible this year. It is this dual responsibility - for both DAG and the new operations - which made it necessary to appoint managers to the businesses early on in the process.

The work involved in restructuring is taking two tracks, running in parallel. On the inside track are the DAG departmental managers. They are having to prepare everything in their domain for the new business units to be able to take over smoothly on their separate sites.

Sometimes that's relatively easy - just dividing up the information in filing cabinets. Even that is a monumental task when you have about 20 filing cabinets where all the files are organised by aircraft programme instead of product line.

Sometimes it's a lot more tricky. For example, how to split up some of the computer systems; how to arrange for bought-in supplies to be switched to the new factories on an agreed date (and make sure the right business unit gets the bill); or how to amicably divide up all the machine tools, and so on.

On the outside track, but coming up fast, we have the business units being designed from scratch. Here the managers already allocated to business units

(often the same people as those on the inside track) are planning the new businesses and that means everything - from designing the layout of shop floor and office for maximum efficiency and deciding what information systems to install, to creating better training schemes.

These new businesses are going to be exciting environments, each with their own individual style. Some of the ideas will be featured in future issues of this newsletter

The important thing is not to forget what the effort is all aimed at: providing a better service to customers to ensure the long term survival of Dowty Aerospace. The need for this has been re-emphasised recently by the loss of the Fokker F130 contract and, in general, by the increasingly competitive nature of the international aerospace industry.

WHERE AM I GOING TO BE WORKING?

This is a familiar question, and one that is more difficult to answer than it would first seem. Each new business has a lot of fundamental work to do.

Starting with a clean sheet, each business unit team is defining what is most important to its customers and working out how to deliver that performance. This will result in different structures and environments from DAG which has evolved its ways of working over its solid and successful history, but which is now not specific enough or responsive enough for the modern customer.

The issues having to be addressed include: site preparation, company procedures, organisational structures, systems, plant and machinery, budgeting, communications, sales forecasting, product support, and so on.

All this needs careful thought and planning

before the businesses can select everyone to join their teams. They need to match skills to new posts, taking account of any training that may be necessary; they need to attain a balance of experience and youth; they need to try to establish who will best be able to contribute to their different requirements and cultures.

WHEN WILL I KNOW?

The goal at the moment is to be able to tell those people selected for the Propellers team in mid-August. They will then be involved in the propellers move which starts at the beginning of October. Selections for Hydraulics are timed for mid-November, to suit it splitting off early in the new year.

WHAT ABOUT THE OTHER PRODUCTS?

The future of the smaller product groups, namely ram air turbines and gearboxes, has been the subject of research and debate. They are too small to operate as international aerospace businesses without the support of a parent company.

The best solution for gearboxes is currently felt to be to merge that activity with the Actuation Systems business unit at Dowty Aerospace Wolverhampton. A final decision on that is expected soon. Some investment would have been needed soon in the gearbox business and Dowty Aerospace Wolverhampton is looking at similar investments for the gear-making needed in actuation systems. It makes sense to pool resources to give gearboxes a better base for the future.

Ram air turbines have been offered a place within the Hydraulics business unit and will become part of the company that will operate from the Arle Court factory. That offers RATs the opportunity to benefit from the right manufacturing facilities and the same customer base as the rest of the hydraulics business.

WHAT IS HAPPENING ON THE NEW SITES?

The Propellers business unit has to move quickly to ensure everything is ready for their transfer to 25 Site, now called Anson Business Park, beginning in October. The current status of the factory area within the existing building is that it has had ceilings raised, ducting and services revised, and crane has been installed. The spar and skin lay-up area for composite blades has been partitioned off and the pit and foundations for the braiding machine installed.

Most of the office accommodation will be in an

adjoining new three-storey building. In readiness for that, old outbuildings have been demolished and foundations are being prepared.

At Arle Court, the Hydraulics business has a little more time but more to do. A new factory is being built on what was the old Dowty Industrial Hydraulics site.

The old buildings have been demolished and a considerable amount of concrete and earth has had to be moved to level the site. Foundations and service routes are beginning to go in. In the near future, what was Dowty Group Services' D Block is to be refurbished for offices and will be connected to the new building. DGS employees will eventually all be accommodated in the buildings that hold the restaurant and the exhibition hall.

Detailed plans are now being formed to enable the moves to take place, when the sites are ready, with minimal disruption to the customer.

THE PROPELLERS TEAM

The management team appointed to the Propellers business unit are given below. Other business units' teams will be published in future issues.

Managing director: **David Davis**

Quality manager: **Adrian Nyland**

Personnel manager: **Cliff Burd**

Operations director: **Les George**

Manufacturing manager: **Steve Hawkins**

Planning manager: **Nigel King**

Purchasing manager: **Steve Powers**

Projects manager: **Barry Baxter**

Systems manager: **Mike Weaving**

Head of manufacturing & design engineering:
Peter Williams

Engineering director: **Les Barker**

Engineering manager: **John Kemp**

Chief development engineer: **Allen Cresswell**

Sales & product support director: **Ron Nailer**

Business development manager:

Patrick Hassell

Sales manager: **Geoff Hanson**

Sales manager: **Andy Cooper**

Commercial manager: **Malcolm Glenn**

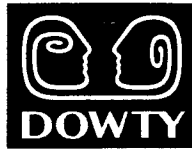
Contracts manager: **Peter Truscott**

Product support manager: **Dave Meek**

Finance director: **Nick Wallis**

Chief accountant (to be appointed)

Financial controller (to be appointed)



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Issue 2

PROPELLERS PEOPLE TO BE SELECTED SOON

The first group of people to join a new business unit will be notified soon. As planned, the process of selecting people for Dowty Aerospace Propellers, is nearing completion for mid August. **Everyone** selected for Propellers will be briefed during the week commencing 12 August.

The selection process has been carefully carried out on the basis of identifying the people with the skills and abilities best matched to the needs of Propellers. At the same time, the selection has had to take account of the need to keep Dowty Aerospace Gloucester operating. After all, that is what is generating the income at the moment.

The selection has also needed to take a broad brush view of the future needs of the other business units to ensure they are not denuded of vital personnel.

Interviews

People will be told they have been selected for Propellers in an interview with their head of department. They will then see the person who will head up their team in Propellers (in some cases this may be the same person). Their new manager will be able to discuss their new role and how it fits into the team and the company.

As can be expected when setting up a new business, no matter how carefully planned, there will be a learning process about the way the business will actually operate once it is up and running on the new site. This may mean some uncertainty about detailed content of jobs. The goal, in general terms, is to create an environment where everyone can contribute to - and then naturally benefit from - the company's success.

On 23rd August, all the new Propellers team will be invited to a briefing by David Davis and the

other directors to outline the plans for the business.

The timetable for actually transferring to Propeller's Anson Business Park site depends on the progress of construction and fitting out work. People working in the factory area are expected to begin to transfer in mid September. The offices, however, will not be completed until the end of October and people will be able to move in there in early November. Propellers people working in the metal blade shop will be remaining on the existing site for the time being. The spin test rig will also not be moved, but other rigs and all the test personnel will move in a phased programme continuing through November

UNTANGLING DAG

One of the less obvious, but necessary and time consuming, restructuring tasks has been to untangle all the equipment and records at DAG and allocate it fairly to the business units.

Progress on this has been difficult in some areas, mainly due to the pressure of maintaining the vital level of activity on DAG work while all the restructuring is going on.

A credit to the team spirit being initiated in Aerospace Division is the mutual agreement on dividing up the valuable assets such as major machine tools and computer systems. Dividing the mass of smaller items and records is a less contentious but more time consuming task that continues.

Your role in untying

An important role for everyone to play, once they have been selected for a business unit, is to ensure they will have everything they need to begin work in their new businesses. No doubt, the Propellers people will soon be thinking about their own needs while maintaining their DAG responsibilities.

Managers at DAG responsible for untangling

Equipment

Machine tools	John Herring
Tooling	John Herring
Inspection	Peter Bennett
Process	Alan McKay
Assembly	Martin Ackerman
Stores equipment	John Herring
	Mike Handley
	Harry Davis
Maintenance	Doug Biggs
Test equipment	Brian Birch
Transport	Mike Handley
	Gary Wakefield
Office equipment	Nigel Cowie
Despatch	Mike Handley

Information systems

Mike Weaving
Terry Hillyard
Con Shepherd

Records and databases

Production eng'g	Rob Cockshull
Engineering	Les Barker
Commercial	Graham Bailey
Contracts	Peter Truscott
Product Support	Martyn Hurst
Quality	Mike Blanch
Inspection	Peter Bennett
Purchasing	Peter Booth
Marketing	Max Kelly
MRP database	Mike Handley
Archiving	Nigel Cowie

Inventory

Roy Wood

This will be the final stage of the untangling when useful records, small items of office equipment and so on will be identified. This will also be the time when there will need to be a sharing of the knowledge that individuals have gained over the years and that may be relevant to the different businesses.

PROGRESS ON SITES

As their splitting off approaches, work speeds up on Propeller's site. More internal work has been done, such as partitioning off the stores area, the foundations have been put in for the office block and the car park area has been cleared.

There are very physical manifestations of progress on Hydraulics' site at Arle Court. Since the last newsletter, the steel framework of the new factory has begun to dominate the skyline and is being linked with the existing D Block office accommodation. One of the benefits of starting from scratch is the ability to design the work flow round the factory floor to

minimise the floor area (and hence the overhead costs as well as time moving materials and work-in-progress). The factory area that will be available will be about 60,000 sq ft - for a comparison, that is slightly larger than the size of No.5 Shop (the old Cronite building) at DAG. The Hydraulics operations people have also been making last minute changes to the layout to be able to incorporate ram air turbines into their business.

Meanwhile, the Landing Gear management team is making its plans for moving around on the Gloucester site once the other businesses have moved away. The intention is to refurbish the White and Red Blocks and vacate Stalag or the Tech Block all together. This will entail moving people around on site as the refurbishment progresses over an eight month period, starting in April 1992. During this phase, the Training School and Development & Test will stay on South Works.

The long term plan for Landing Gear is to concentrate on North Works with further developments to improve facilities and the working environment.

HYDRAULICS MANAGEMENT TEAM

Following our publication of the Propellers management team, this time we cover Hydraulics.

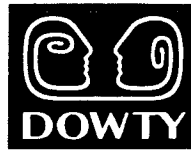
Director and general manager: Chris Pearce

Human resource manager: Jennie Terry
Product assurance manager: Mike Blanch
Information technology manager:
Con Shepherd

Director of Engineering: Rob Neal
Chief engineer (hydraulics): Martin Barrett
Chief engineer (RATs): Peter Watkins
Production engineering manager:
Jim Henderson
Director of manufacturing: Andy Hemming
Works manager: Gary Wakefield
Materials manager: John Roderick
Procurement manager: Neill Wood

Director of Sales & Marketing: Stuart Russell
Commercial manager: Rupert Cox
Product support manager: Ed Hardwick
Business development manager:
Martin Brookes
Account manager: Peter Woolfrey
Account manager: Ian Miller
Account manager: Steve Ridley

Director of Finance: David Lambert
Financial controller: John Treanor
Management accountant: Kate Weaver



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Issue 3

TRAINING - A NEW EMPHASIS

The businesses aim to find better ways of working - and the current state of the market and increasing competitiveness only emphasise how vital that is. Better ways of working will need training for everyone.

Much of this training will be done "on the job". Indeed, some of the most effective training is done in this informal way - at a machine, in discussions on the shopfloor or in conversations between office colleagues.

Part of this process is also learning about each other's jobs, which is vital in the smaller, more focused businesses that rely so much on teamwork.

There are plans, however, for more extensive training away from the work environment for the people in each of the new businesses.

For example, dates are pencilled in, in early December, for all the Propellers team to attend a conference (called "Change to Win"). This will be held on two days, in Cheltenham. The team will therefore be divided into two separate groups with a cross section of people and job functions in each group.

This conference will be divided into three sections. The first concentrates on the market and the customer's needs. The second focuses on the competitive pressures: who is the competition, how can we respond, what changes can we make to meet the customer's needs?

The final stage will involve everyone in establishing the company's working relations and principles. This will be an opportunity for Propellers people to give their feedback on the business unit after its first few weeks in operation.

Throughout, but in the third part particularly, a computer-aided voting system will be used to encourage everyone to have their say on the important issues.

Early next year, groups of about 20 people

from mixed disciplines will take time out from their work to attend "Customer Care" workshops. These will reinforce the company's commitment to meeting its customer's needs and will encourage every team member to ask themselves what they can personally do towards that ultimate goal.

Managers are not exempt from this process. They will be attending extra courses to fill any gaps in knowledge or skills.

That is just an outline of Propeller's plans - the other businesses will be publishing similar training processes, all designed to set them on the road to improved performance.

LEAN AND MEAN - AND TALKING TO EACH OTHER!

Both new facilities, for Propellers and for Hydraulics, will be leading the way in the principle of open plan. That involves not only open plan office accommodation, but also a deliberate policy of linking offices and factory space rather than having two separate buildings. The goal is better communications - between individuals, departments and the office and factory.

In principle, only those people with a need for confidentiality in their work will be provided with individual offices. Everyone else will be arranged in teams with appropriate screening to dampen noise. Meeting rooms will be provided for common use as required. In a similar way, one restaurant will be provided for all employees on each site.

The landing gear business is to some extent restricted by the existing buildings on the DAG site, but their management team is using the same principles to guide its plans. Its second phase of development (beginning in 1993) will enable it to concentrate more of its activities in adjoining buildings.

It goes without saying that the businesses are being established during difficult trading times. Existing furniture, computers and fittings from DAG will be used as far as is possible to minimise costs - but it is noticeable that all the new businesses see the need for more computers/PCs. Funding for equipment that will play a role in satisfying customers - be that machine tools or PCs - has to take priority over matching desks!

ENGINEERING - THE WAY FORWARD AT HYDRAULICS

Those of you who have passed the Hydraulics site at Arle Court will have seen that things are moving forward rapidly and the roof is now on. Things are on schedule to meet the start of the physical move during the Christmas break.

To begin to understand what working in the new environments might mean, we asked Rob Neal, who will be director of engineering in Hydraulics, to outline his engineering philosophy. Rob is currently an engineering manager at DAG.

"At Hydraulics, we will be making actuators, valves, packages, reservoirs, accumulators and ram air turbines. Our engineering team is working hard to define a new engineering approach that will help us in our market place, which is very competitive and price sensitive.

"At the centre of this will be what is known as 'concurrent engineering'. That is, everyone involved in the design and development of a new product works closely together so that, for example, design engineering and manufacturing engineering takes place at the same time. The results of effective concurrent engineering are reduced development time, better design for manufacture, and better total product quality.

"All functions have a key role to play in making sure that we have the best designed and engineered product to meet the actual customer needs. This means that many more people will have the opportunity to add their experience to the process of designing new products."

The input will not stop at our site boundaries. Hydraulics in Cheltenham have access to and plan to actively use experience, technology and products from their sister companies in Yakima and the Isle of Man. Similarly, Cheltenham will input its own experience back into the rest of the Hydraulics business unit to come up with the best possible solution for the customer.

"The limited experience we have to date shows the tremendous potential that exists when we share ideas and knowhow," explains Rob. "The design team who were based at Yakima during recent Boeing 777

bids found this out at first hand."

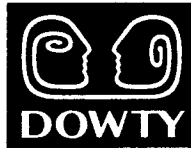
In the short term, Rob's team will have priorities in solving the technical problems that exist with some of the current products. But their long term goal is to develop innovative designs to win new business.

As Chris Pearce, general manager, puts it: "Our commitment is to use every ounce of intelligence that exists throughout the organisation to help us produce world-beating products. We are committed to a philosophy of total quality in the way we do things. Concurrent engineering will help in this process, but at the end of the day continuous improvement must be the basic principle for everything we do."

LANDING GEAR MANAGEMENT TEAM

This is the last in our series showing the management appointment of the new businesses. Here is the Landing Gear team:

Director & general manager: Andy Stevens
Quality assurance manager: Peter Bennett
Product support director: Martyn Hurst
Warranty manager: Martin Akerman
Spare manager: Harry Davis
Director, human resources: Doug Knott
Training manager: Roger Goldby
Employee relations manager: Barbara Turner
Human resources officer: to be appointed
Site services officer: to be appointed
Engineering director: John Lindley
Chief engineer: Richard Lang
Design manager: John Palmer
Manufacturing engineering manager: Mike Handley
Development manager: Brian Birch
Engineering services manager: Chris Morgan
Chief metallurgist: John Ramsdale
Research manager: Geoff Haines
Production director: Dave Waring
Production manager, large landing gear: Alan Davies
Production manager, medium landing gear: Grant Skinner
Process manager: Alan McKay
Production controller: Colin Thornton
Facilities manager: John Herring
Director, purchasing & supplies: Peter Booth
Purchasing manager: Philip Pleass
Supply manager: Kevin Kelleher
Finance director: Geoff Capps
Management accountant: Brian Churchill
Financial accountant: to be appointed
Estimating manager: Bob Adams
Sales & commercial director: Richard Willcox
Contracts manager: Laurie Thompson
Sales manager: Graham Bailey
Marketing manager: John Poole
Order administration manager: to be appointed
Director, Projects: David Wood
Senior programme manager: Neil Barnett
Project manager: Ken Jervis
Project manager: Simon Luxmore
Data processing manager: Terry Hillyard



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Issue 4

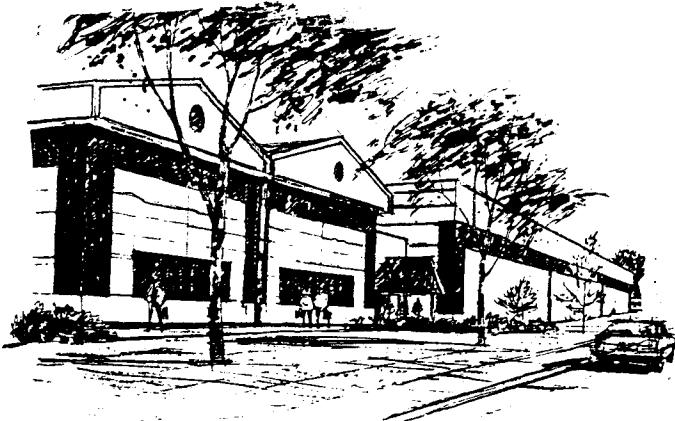
The sad news recently of more job losses at DAG makes it impossible to talk about the restructuring programme as if nothing has happened. The combined effects of the recession, an increasingly competitive industry and reduction in military spending on the aerospace business have been traumatic for many people. They have also been a reminder that a company, no matter how successful its past record, cannot ignore the trends in its market place.

The current situation therefore reinforces the trend towards increasing market pressures that was recognised when the restructuring programme was launched. The need for restructuring is now even more apparent. It gives a chance for the elements of the DAG business not only to survive but to prosper in a difficult world.

HYDRAULICS STILL ON SCHEDULE

Many of you will see the progress on Propeller's site as you go to and from work every day. At Arle Court, the incessant work on the Hydraulics building provides interest and constant irritation to people working there.

The noise levels are now reducing as knocking the ground floor of D block into its basic shape - while people were working above! - is completed. Interest is increasing as the steel frame begins to look more like a building now that metal cladding and



windows are being installed. When the roadside face of the adjoining D block is also clad, an appropriately futuristic building will emerge.

The production and assembly area in the new building is planned to provide a light and airy working environment. The ivory coloured floor will be a challenge to everyone who works there to keep the place in pristine condition.

The existing restaurant on site will be shared by everyone, along with DGS and Fuel Systems.

Work continues with electrical and mechanical services being installed and floor slabs being cast. Work will begin on cladding D block in October, and fitting out the office area in November and December. Completion is still on schedule for late December so that some moves can begin over the Christmas period.

In parallel to the construction work is the job of constructing a picture of the personnel needs of Hydraulics. This too is still on schedule and selection for the Hydraulics team is expected in the early part of November.

QUALITY - WHAT'S IT ALL ABOUT?

"An area that is vital to Dowty Aerospace's future success is QUALITY." That's often said, but what does it mean? And how are the new businesses going to tackle the issue?

Using just one business as an example, we asked Adrian Nyland to outline his philosophy on quality at Dowty Aerospace Propellers (DAP). Adrian, who will be the quality manager at DAP, reporting directly to MD David Davis, is currently in the QA department at DAG - but his ideas show how differently quality is to be viewed in future.

"Quality," says Adrian, "is understanding and satisfying agreed customer requirements at lowest cost to the company." Not a lot to do with traditional QA there!

And who is responsible for this quality? "Well, particularly in manufacturing industries, the common view is that responsibility for product quality lies with separate functions - like Inspection or Quality departments," Adrian explains. "At DAG, we have already moved to operator inspection. At Propellers, we will be taking it a step further: the people or group of people doing any particular job will be responsible for the quality of what they do."

The message is that any job, no matter how seemingly small, contributes its part to the whole process of satisfying customers. That starts with the initial contact with the customers, goes through sales and commercial, engineering, production, the various elements of paperwork, and after sales service.

"We have to understand clearly the customers' expectations - both contractual and implied. Then we can translate those needs into practical and measurable requirements. The requirements must then be clearly and unambiguously communicated to everyone who can contribute to their achievement.

"It is important that people know what is expected of them and can discuss the resources needed for them to meet that expectation, as well as being able to agree an objective measure of success. Then we can encourage and support people in improving the activities they are involved with, leading to better company performance.

"While focusing our efforts on meeting customer requirements, we cannot ignore our day-to-day experience that tells us this goal is not always achieved. Consequently when things do go wrong everyone needs to respond positively to minimise disruption for the customer - whether that is the person who receives our work within the company or a user of our products on the other side of the world.

"To achieve the success we all seek, everyone will become a 'quality specialist' - totally committed to satisfying customers no matter who or where they may be."

So when you are settled in your new job at DAP, do not be surprised when someone asks you what ideas you have about improving "quality".

LANDING GEAR AIMS TO BE WORLD LEADER

While Hydraulics and Propellers are busy with their new sites, the Landing Gear management team have been identifying the issues that are critical to their own company's future success.

They began with a structured approach by drawing up a list of what they had to achieve to meet their goal of becoming the world's leading supplier of landing gear. Sixty one business processes (the day to day activities people are involved in) were identified.

Since then, a "business improvement project" has been launched for 13 of these. Teams have been set up and have started to examine how the landing gear business can be most effective in the following areas:

- Provisioning spares
- Managing programmes
- Managing customer contact
- Training employees
- Promoting cost awareness
- Reviewing manufacturing costs
- Managing working capital
- Developing teamwork
- Reviewing MRP
- Promoting quality awareness
- Managing suppliers
- Communicating with employees
- Implementing concurrent engineering

Andy Stevens, who will be director and general manager of Landing Gear in Gloucester, explains: "The drive for business improvement is essential for us to become a world class company. The process needs to become second nature to all our managers and there will be every opportunity for all our team to contribute in the future."

FIRST PROPELLER FROM DAP

Much of the factory area at Dowty Aerospace Propellers (DAP) is established now and the assembly area has moved from DAG.

It may not be far to Anson Business Park, but some may wish to recognise the passing of the last completed propeller from DAG, after more than 50 years on site. No doubt, the DAP team will be celebrating the first propeller to be finished on their new site soon.

Meanwhile, with the shell of the office block complete, detailed work on fitting it out, installing phones and faxes and so on, is going on throughout October.

Everyone moving to DAP will initially work the same hours as at DAG. There are plans, however, to ballot the DAP team on the exact hours they would like. The aim is to have common times for everyone on site, still following the pattern of a four-and-a-half-day working week. The current plan is also to have a system of attendance recording for everyone on site.

There are other small changes that DAP people will notice when they start work. The restaurant, which will serve both hot meals and snacks, will have a new firm of caterers; and the car park will not have designated places for directors or managers. In both cases, it will be first-come, first served!