

The New Shape of the Industry

as seen by

SIR GEORGE EDWARDS,
CBE, BSc, Hon FRAeS, Hon FIAS,
Executive Director (Aircraft) British
Aircraft Corporation; Managing Director,
Vickers-Armstrongs (Aircraft) Ltd.



in an interview with FRANK BESWICK

WHAT I always found fascinating about George Edwards was his unqualified zest for the job in hand. Often enough in industry one comes across men with an impressive factual grasp of the business which they direct (many such are lawyers and accountants by training) but G.R.E., an engineer, has more than that; he has a feeling for, an affinity with, the affairs which he directs.

There were times, one thought, when this whole-hearted attitude to the job led him to over-work. Occasionally, indeed, he would confess, "Yes, probably I have had the wick turned up a bit too high." Nowadays his energies are spread over an even wider field, and my first question was on this point of larger-scale organizations.

Many of us have laid down theories about the virtues of bigger units in the British aircraft industry; how is it working out in practice?

"Surprisingly well—and there is no easy optimism about that statement, either. Of course, when you have four firms each with chaps who have been stalking each other for years and suddenly they are asked to get together, it is no good pretending that problems don't exist. What helped us was the TSR.2 running-in period; we had two teams of designers, from Vickers and English Electric, working together for a year before the merger."

What did this working together mean, in terms of people and desks, at Weybridge and Warton?

"We had about equal numbers from both companies, making up a complete team of about 50. They had before them the Vickers submission which placed emphasis on short take-off, and there was the English Electric submission with emphasis on gust response. Between them they hammered out an aircraft. Getting the two groups together, each impressing the other with the strength of its ideas, did both sides a lot of good. Opposing solutions were entailed, but we now have a composite aircraft with the best of both worlds."

But who is the boss in this kind of joint enterprise? Someone must be, presumably?

"Certainly there must be a boss. Before the decision was taken we were firm that either Vickers or English Electric were awarded the contract. In this particular case Vickers got the contract and they appointed the boss, but it has since become a joint BAC effort with the work shared between Weybridge and Warton. There is a lot of to-ing and fro-ing, but an aerial bus makes constant contact possible. I am quite sure that the two teams have hammered out an extraordinarily good aeroplane."

If this kind of joint success is possible with two separate companies, is it not an argument against the merging that has taken place?

"No, it is not. After twelve months' experience I would say we have done the right thing. I have always thought we had to get down to fewer units, one way or the other, and we can now see the advantages. We have put out a lot of the work on the VC10 and later marks of the Lightning to Filton, and Hunting's also have work that originated here. That kind of flexibility is valuable. All the new jobs are planned to be designed and built in more than one plant.

"Mind you, we don't want to over-centralize. There was a great wave of centralization to begin with, but then, further down the road, one realizes the necessity to preserve identities. I am against the idea of one central cathedral with all the great thinkers seated in splendid isolation, and merely making use of the chaps on the fringe. The latter want their own projects as well."

But is there use for all these projects? Aren't we still trying to do too much?

"The fact is that the manned aircraft has not taken the back

seat that was forecast; it is a weapons system which has great flexibility, and the military commanders are beginning to realize that they need it. I think we shall see many more new projects conceived around it."

A little earlier you spoke about flexibility. With an overall shortage of design and technical staff can you really get flexibility?

"One of my jobs now is to get our programme finally set out so that I do get more flexibility. You are quite right—we have not enough staff to do all that we should like. But we have to take projects up to the starting tape. We don't necessarily want to run them all—or, at any rate, we don't want to start them all in a race. What we must do is to keep them going until we are pretty well convinced that a market is there to merit the risk involved. Unfortunately, the real risk never seems to be the one you originally visualized. Take the Vanguard. As the project stands now it cost more than we thought; research and development always cost more than you calculate. This is partly because of an unrecoverable inflation that escalator clauses do not allow for. The delays with the Tyne are examples of unexpected extra cost. These are the things that make you pause jolly hard before you go into another big civil private venture. I doubt very much whether any of us will be able to afford another big private-venture civil aircraft unless we get adequate Government backing."

This is rather a different story from what one heard not so very long ago, when you were all prepared to rush into p.v. civil projects.

"One of the attractions was the stability in employment which these contracts provide—unlike Government work, which can disappear by changes in policy, for defence or other reasons. But the risks now are so great that I doubt if any British company can afford to accept them."

What kind of risks have you in mind?

"Well, supposing you have a £100m contract and there is a 5 per cent addition to costs. It may be something quite outside one's own control that pushes up our costs, but selling prices are fixed. A 5 per cent error in calculations on a civil contract is nothing compared with the disclosures by the Select Committees on some of these military projects. But 5 per cent on £100m means a matter of £5m, which is not easy for any company to absorb. As I say, our prices have been fixed; and when we are competing against other machines which are being sold at less than cost, then our fixed prices cannot have a built-in margin for error. If your readers want to know what I mean about our competitors selling machines below cost then I suggest they read an article in *Forbes Business and Finance*, which gave the whole story about America's experience."

If it is accepted that modern projects are so big, and involve intolerable risks, isn't that an argument for an even bigger organization? Does it not mean that we have to cut out all overlapping?

"There may be something in that. Perhaps there is a certain amount of overlapping, and we cannot afford to tread on each other's toes. I agree in principle with Sir Roy Dobson that we should cut out unnecessary competition with one another in the world's markets."

As far as Government assistance is concerned, have you any formula to offer?

"We are in the process of shaping ideas. If you put the question to me in about a month's time I may be able to give you an answer."

Do you think it is possible to evolve a formula which will afford protection against unwarrantable risks without also offering a

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