

DOWN THE TUBES

EDC

ECONOMIC DEVELOPMENT COMMITTEE

**CAMPAIGN
FOR JOBS**

West Midlands County Council

GOING DOWN THE TUBES

FOREWORD

The strategies pursued by a small number of Multinational companies has had a profound effect on the lives and employment opportunities for people in the West Midlands. It is for this reason that the West Midlands County Council Economic Development Committee has closely monitored the activities of these companies.

In 1983 the Economic Development Committee gave financial assistance to a book titled 'Jobs Crisis and the Multinationals - the Case of the West Midlands', written by F Gaffikin and A Nickson*. The key argument in the book was that transnational corporations traditionally located in the West Midlands bear a major responsibility for the current economic crisis in the region. This argument was illustrated by profiles of ten major Transnational companies in the West Midlands.

This pamphlet takes an in depth look at one of these companies. It developed out of an original request from Shop Stewards to investigate the reasons for reorganisation of production in one particular TI plant - Accles and Pollock. But it soon became clear that reorganisation in this plant was inseparable from the strategy being pursued by TI as a whole. The Birmingham Trade Union Resource Centre was asked to undertake this research.

While managements are able to command and devote considerable resources to collecting and using information to develop a strategy for the company, its employees are left to accept or reject what is offered. This pamphlet shows that this need not be the case when the collective knowledge of stewards is combined with publicly available information. The pamphlet offers hope to all those who work in large companies and feel that they are unable to either understand or influence their futures. As such I recommend the pamphlet as an introduction to the TI Group plc and as a contribution to the debate on the future for manufacturing industry in the West Midlands.

G Edge

Chairman of Economic Development Committee
West Midlands County Council

* 'Jobs Crisis and the Multinationals - The Case of the West Midlands' F Gaffikin and A Nickson.

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GOING DOWN THE TUBES

TI REPORT

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1. INTRODUCTION

Tube Investments (now TI) was a key British engineering employer in the 1970's. In 1978 it employed 60,000 workers. By 1982, just four years later, its numbers had shrunk to 26,250.

This cutback, especially felt in the West Midlands, was a particularly sharp example of the industrial slump affecting British engineering.

Whilst much of the responsibility for this sorry state of affairs can be placed at the door of Government policies, the underlying movement of investment abroad and management incompetence are also to blame.

As usual, it has been the workforce who have felt the brunt of the companies troubles. Declining real wages, worse conditions, harsher industrial relations and above all job losses, have contributed to an extraordinarily sharp rise in unemployment in the West Midlands region.

This pamphlet is the story of that decline. It is one which could be repeated for many of the major industrial companies of the heartland of Britain.

This pamphlet was compiled only after extensive work with many TI stewards. It therefore demonstrates how by working together stewards can begin to counter some of the arguments which management use. The author would like to thank all those stewards he was lucky enough to work with.

2. WHAT IS TI?

The Beginning

The TI Group PLC began as Tube Investments Limited on July 2nd 1919. Although a small steel tube manufacturer it was able to expand very quickly and by 1939 it had a virtual monopoly in precision tube manufacturing. It achieved this position not by opening new plants but by purchasing 30 of its competitors.

The 1950's

Following the War and the subsequent nationalisation and then de-nationalisation of Steel TI sought to establish a stable supply of raw materials for its tube manufacturing. TI thus took over a number of its suppliers. In addition it purchased British Aluminium in 1958 for £16.8 million when it was thought that aluminium might become a danger to steel in the manufacture of tubes. TI was thus established in 2 strategic and complimentary industries.

The 1960's

The 1960's were a period of rapid expansion and diversification. Raleigh bought in 1960, at a cost of £12.5 million, achieved TI's objective of becoming 'Number 1' in the then steel tube bicycle market. Then in a demonstration that TI were beginning to look at diversification into Domestic Appliances Russell Hobbs was purchased in 1961.



IN THE EARLY 1960's TI BEGAN TO DIVERSIFY INTO NEW PRODUCTS AND MARKETS. THE PURCHASE IN 1961 OF THE WELL KNOWN RUSSELL HOBBS SIGNALLLED THE START OF TI's INVOLVEMENT IN DOMESTIC APPLIANCES

COMPENSATION IN 1967 LEADS TO RAPID EXPANSION AND DIVERSIFICATION

In 1967 the Labour Government paid TI £54 million as compensation for the re-nationalisation of some of its Steel interests. The constant doubt raised by different governments having different policies for Steel cannot have helped TI but they must have been pleased to receive such a large sum as the assets they were forced to sell had been making losses. The money gave TI the opportunity of acquiring a very large number of companies and the company diversified into many new markets and products.

1966 - Charles Churchill (£11m), Sutton Wholesale Electrical.
1967 - Standard Tube and Richard Wilcox of Canada (£3.6m), Cox of Watford, F.C. Blackwell, Markland Scowcroft (£2.5m), G.W. King (£2.2m) Maschinenfabrik (£1m), Radiation Group (£21m), Moulton Bicycles.
1968 - SOLD Canadian British Aluminium (£21m), Bought Loewy Robertson (£5m)
1969 - Coventry Gauge and Tool (£6.2m), Vero Machine Tool (£0.5m), Jackson Boilers (£0.3m), United Flexible Metallic Tubing (£3.6m)
1970 - Crypton Triangle (£2m), Barrow Hope (£2m), J. Bradbury, Hawkin Silencers (£4m), Serco (£0.8m), Alexander Dunn (£0.3m), John England (£0.7m), Service Steel (£0.7m)

THE COMPENSATION PAID TO TI IN 1967 FOR THE RE-NATIONALISATION OF SOME OF ITS STEEL ASSETS ALLOWED TUBE INVESTMENTS TO PURCHASE A VERY LARGE NUMBER OF COMPANIES. IN DOING SO TI DIVERSIFIED INTO NEW PRODUCTS AND MARKETS.

TI became both larger and more diversified. Its position in both the Domestic Appliances and the Specialised Engineering markets was strengthened and in certain sectors within these markets it became either the major leader or one of them. Such power gave TI the opportunity to reduce over-capacity in these markets. Many of the companies taken over were rationalised or in some cases closed (Cox of Watford for example).

The purchase of the Charles Churchill group helped TI to become the 2nd largest Machine Tool Group in the UK. Nineteen million pounds in assets were invested but these were quickly halved as demand fell between 1970 and 1972. TI moved production from the Halifax area to Blaydon despite Churchill-Redman in Halifax having orders worth more than £1 million. In doing so TI hoped to increase its rate of return on capital employed. Little regard for employee's feelings or the possibility of expansion were taken.

WITH THE PURCHASE OF MANY NEW COMPANIES TI BECAME A MAJOR LEADER IN PARTICULAR MARKETS. THIS GAVE THEM THE OPPORTUNITY OF RATIONALISING SOME OF THE NEW COMPANIES. FACTORY CLOSURES AND REDUNDANCIES OCCURRED.

Management Chaos

The huge number of purchases resulted in TI adopting an 'ad hoc' management structure. Sadly this still persists today. Directors became responsible for the operations of many different companies even on some occasions those competing against one and another.

The 1970's

Not surprisingly TI's expansion slowed in the first part of the 1970's.

5,000 crowd protest at plant closure

Mercury Staff Reporter

WALSALL was brought to a standstill for an hour yesterday as almost 5,000 men, women and children marched on the town centre in a protest at the planned closure of a local factory and the loss of nearly 1,500 jobs.

The march organisers and police were anticipating a maximum marching strength of about 2,000. But when the hour-long march began from the threatened Tube Investments stainless tubes plant in Green Lane, it was 3,000 strong, and more than 1,500 people joined in on the way.

Weekend shopping stopped as housewives deserted shops and pushed forward on packed pavements to get a better view of the shouting, banner-waving marchers.

Stewards using loud-hailers encouraged bystanders to join in, and hundreds accepted the invitation as the chanting crocodile neared the Town Hall for a 15-minute meeting.

The marchers included members from a dozen trade unions, workers from Chessterfield, and 20 Labour members of the Socialist-controlled Walsall Town Council.

T.I. TURN AWAY.
£750,000 ORDER
ON EVE OF
SACKING 1400

One of the signs carried by the workers.

mount a rescue operation to avert the closure.

A Minister in the last Labour Government, Mr. Stonehouse urged the nation similar to the

discuss the planned closure at its next meeting on July 17, and the Mayor of Walsall, Ald. George Wilkins, told the meeting the council would do everything within its power to keep the plant open.

Mr. John Dutton, a 35-year-old electrician at the Tube Investments plant, said as he marched: "It is not just the 1,500 workers and their families who are going to suffer."

Trade fears

"If this goes through, all the tradespeople of Walsall are going to feel it. With no trade cash around—and don't think many people



In 1971 TI announced it was closing the Stainless Tubes site at Walsall with the loss of 1400 jobs. Before announcing the closure TI sold the land and turned away an order of £750,000. A committee covering all Unions was formed and a campaign involving the local community was initiated. Large demonstrations took place and eventually the TI Chair Lord Plowden was forced to meet a delegation from the committee. His advice was to accept the redundancies, keep quiet and in this way TI would recover and be able to expand. Eventually he was forced to climb down. The plant was kept open and over 500 jobs were saved. The company still exists and made profits of nearly £2 million in 1985.

The 1974 Annual Report listed 279 companies and 10 divisions. Although a few companies were sold over the next few years profits and employment continued to rise and actually peaked in 1978 at £80 million and 70,000 (UK 60,000) respectively. However it was becoming increasingly clear that T.I. were seeking to invest overseas and in 1976 20% of all new investment was overseas.

RATIONALISATION

The Late 70's

The period since 1978 has largely been a period of rationalisation. TI's profits began falling from 1978 onwards. TI reacted in the usual manner. Factories were closed and many people were made redundant. Employment levels fell in the UK from 60,000 in 1978 to 26,250 in 1982. Particularly badly affected was the West Midlands area.



THE LATE 70's/EARLY 80's WERE CHARACTERISED BY FACTORY CLOSURE. THE SOUTH PADDOCK SITE OF ACCLES AND POLLOCK IN OLDBURY WAS CLOSED IN 1980.

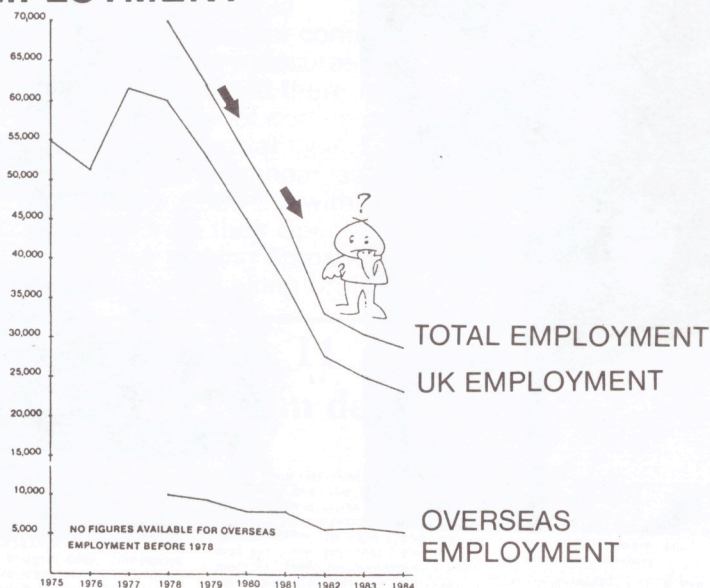
As a result of factory closures and cutbacks many well known names disappeared.

Rationalisation

HELLIWELLS,
ROLLO-HARDY,
REYNOLDS,
TI TUBES,
TI WELDLESS,
COVENTRY GAUGE,
BROOKES,
THE ENTIRE ALUMINIUM DIVISION'
SIMPLEX,
BECKER LIFTS,
RADIATION-ASCOT, TI (EXPORT)

Some of the T.I. firms which have disappeared in the last five to six years.

EMPLOYMENT

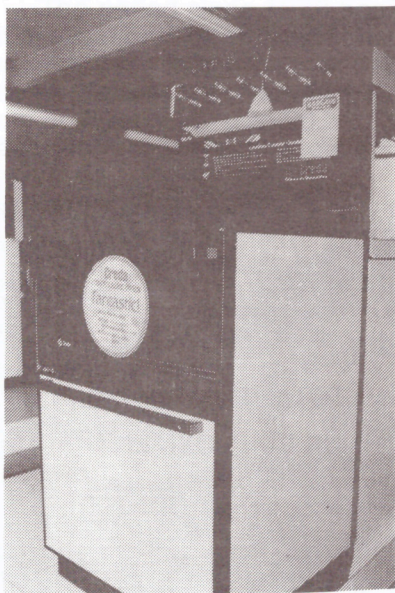


WITH FACTORY CLOSURES CAME THE INEVITABLE JOB LOSS. EMPLOYMENT IN THE UK FELL BY 34,000 IN JUST 4 YEARS BETWEEN 1978 AND 1982. THIS WAS EQUIVALENT TO A 58% FALL.

ALL AREAS OF TI'S BUSINESS HAVE BEEN AFFECTED BY RATIONALISATION, BUT IT WAS RATIONALISATION OF TI'S STEEL AND ALUMINIUM INTERESTS WHICH WAS PARTICULARLY SIGNIFICANT. TI SOLD THEIR INTERESTS IN THE ROUND OAK STEEL WORKS AND IN BRITISH ALUMINIUM IN 1981-2. IN DOING SO THEY ENDED THEIR LONG-TERM POLICY OF INTEGRATION WHEREBY TI NOT ONLY MADE A PRODUCT BUT ALSO CONTROLLED AND SUPPLIED THE RAW MATERIALS USED.

Since 1982

Rationalisation has continued since 1982 but it has slowed down considerably. The Steel Tube division has continued to be particularly badly hit (see Accles and Pollock and Cold Drawn Tubes). Between 1982 and 1984 assets employed in the division fell by 47%. In comparison assets in the Specialised Engineering division rose by 104%. TI is much more committed to its Domestic Appliances and Specialised Engineering division than it is to the Steel Tube or Cycles division.



THE TI DOMESTIC APPLIANCES DIVISION WHICH INCORPORATES SOME VERY WELL KNOWN NAMES SUCH AS CREDA, PARKRAY, GLOWORM, TOWER HOUSEWARES, RUSSELL HOBBS ETC IS NOW CONSIDERED TO BE TI'S NUMBER ONE DIVISION.

IMPROVED PROFITS IN 1984 BUT RATIONALISATION CONTINUES IN 1985

In 1984 TI increased its profits before tax to 19 million the bulk of this being derived within the Domestic Appliances and Specialised Engineering divisions. Despite the increased profits Utiger, the TI Chairman, concentrated at the Annual shareholders on the areas and companies which had made a loss.

Action on the loss makers.

The four loss makers are Raleigh, Cold Drawn Tubes, machine tools and the gas cylinders plant in the USA. They took up rather more than a fifth of the Group's capital employed, with Raleigh being over half of this. We have made a radical reassessment of each business and the Board has decided that, unless convincing evidence is produced that profitability will be achieved within a limited period set by the Board, other action must be taken rapidly to eliminate the losses.

UTIGER'S WARNING TO THOSE COMPANIES WHICH HAD MADE A LOSS IN 1984.

1985

In 1985 rationalisation continued. Unlike in recent years this has not involved factory closures with the consequent loss of an established name. Instead there have been cutbacks in manpower (see Raleigh), closures of certain parts of firms (see Accles and Pollock) and most importantly actual sales of companies to other firms. Significantly the companies who Utiger warned about their future prospects still remain within the TI Group. Instead TI have sold companies from their Specialised Engineering division particularly those making Transport Service Equipment. Many of those sold had been making profits.

FKI Electric buys TI companies in £6.8m deal

BY FRANK KANE

FKI Electric, a rapidly expanding electrical and electronic engineer, yesterday announced its largest purchase since its full Stock Exchange listing in 1983. It has bought four companies that were part of the transport equipment activities of TI Group, one of the UK's leading engineering companies.

In addition to a cash payment of £3.05m, FKI has also repaid the company's overdrafts, amounting to around £3.71m—in effect a purchase price of £6.76m for the company's net assets of £3.7m at the completion date.

Mr Tony Gartland, FKI's chairman, said that the object was to get the companies into better shape. "The current turnover is around £17m, he said "and we will probably trim that." For the rest of 1985 he expected the companies to just about break even, but he looked for a profit of £2m next year on turnover of approximately £15m.

The acquisitions, which he said would complement FKI's activities, are: TI Crypton, engine tuners; TI Bradbury, which makes lifts and ramps; TI Transport service; and TI Transport equip-

ment, a garage equipment company. They operate from freehold premises in Bridgwater, Somerset, and from Braintree, Essex, with a depot and offices in Northamptonshire.

The enlarged FKI group will have a net turnover of about £40m. Mr Gartland said he expected its growth record to continue, although the proceeds of the £7m rights issue last March was used up.

IN LATE 1985 TI SOLD A NUMBER OF ITS COMPANIES. (See also 'The importance of shares to workers and the sale of V.L. Churchill etc.) IN PARTICULAR TI SOLD A NUMBER OF COMPANIES WHICH MAKE TRANSPORT SERVICE EQUIPMENT. MANY OF THEM HAD A HISTORY OF PROFIT MAKING. THE SALES CONSIDERABLY REDUCED THE SIZE OF THE TI GROUP AND PARTICULARLY ITS SPECIALISED ENGINEERING DIVISION.

3. A LOOK AT THREE COMPANIES

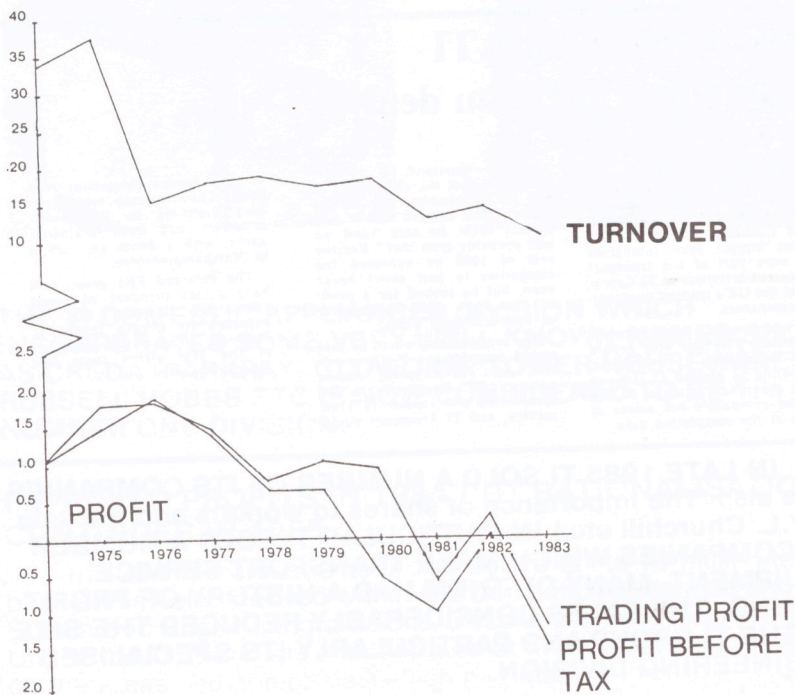
In the following section three specific TI companies are examined; Cold Drawn Tubes, Raleigh and Accles and Pollock. Individually they provide examples of different phases of TI's growth and decline whilst taken together they illustrate very clearly how TI has operated during its 66 year existence.

COLD DRAWN TUBES

This company began on the 13th of December 1906 as Tubes Limited and is therefore older than TI itself. However in February 1931 TI purchased the whole of the share capital. This move was indicative of the general strategy which helped Tube Investments to establish a dominant position in Precision Tube Manufacturing.

In producing stretched seamless tube the company was highly successful. It supplied many markets including the silencer, boiler and cycle tube markets where TI became one of the leaders. PROFITS WERE RECORDED UP TO THE LATE 70's.

TURNOVER AND PROFITS 1974 - 1983



INVESTMENTS SACRIFICED AT THE EXPENSE OF PAYING DIVIDENDS TO THE TI GROUP PLC

Despite the profits little was spent on new investment and as the table below shows the company paid much more in Dividends to the TI Group. A similar situation took place in most other TI Steel Tube companies especially TI Weldless in Wednesfield.

TI TUBES (COLD DRAWN TUBES)

Investment compared to Dividends paid to the TI Group PLC. 1974 - 1983

£000's NEW INVESTMENT YEAR	DIVIDENDS PAID TO THE TI GROUP PLC
1974 108	347
1975 171	384
1976 216	437
1977 69	471
1978 173	204
1979 243	337
1980 309	0
1981 104	314
1982 269	330
1983 167	0

TI WELDLESS (now SEAMLESS TUBES)

YEAR	NEW INVESTMENT (£000's)	DIVIDENDS PAID TO THE TI GROUP PLC
1974	65	530
1975	120	780
1976	460	1,149
1977	505	985
1978	1,213	1,018
1979	817	0
1980	168	1,000
1981	101	720
1982	379	928
1983	Not published	300

The low level of investment made it almost inevitable that any decline would hit T.I. Tubes and its employees hard. More modern techniques would inevitably be in a better position to compete. The world economic recession and the Conservative Government's monetarist policies helped to push up interest rates. In addition, the role of the £ cannot be overlooked, but claims by T.I. that the losses were simply the result of a "substantial decline.....in the UK demand" ignores the low level of investment which helped to make the problem greater than it might have been.

A MESSY MERGER

The losses ultimately led to a merger with BSC in January 1984 and Cold Drawn Tubes was formed. This followed an earlier agreement to merge TI Weldless with the specialised finishing facilities at BSC's Corby site. Seamless Tubes was created.

It is apparent that the mergers did not satisfy either partner. TI had "wanted to move out of steel tube altogether". (1) The Guardian 28:10:83. The government, and particularly the then Trade and Industry Secretary Norman Tebbit, were reluctant to see BSC establishing trading agreements with private firms. They were much more interested in BSC actually selling their interests as the aim was, and still is, to privatise all but the BSC's basic steelmaking. The result of the merger was that TI became holder of 75% of the shares and BSC 25% in the new company. BSC maintained their operation at Corby but TI closed their Rocky Lane site in Aston and moved to the Broadwell site in Oldbury. Two hundred and forty jobs were made redundant as a result of the merger.



THE BROADWELL SITE IN OLDBURY NOW HOUSES ONE PART OF THE 'NEW' COLD DRAWN TUBE SITES. IT BECAME USED BY TI FOLLOWING THE CLOSURE OF THE ROCKY LANE SITE IN ASTON IN JANUARY 1984. THE MERGER BETWEEN TI AND BSC SAW 240 JOBS BEING LOST.

Despite the merger large losses were recorded in 1984 (over £2 million) and the TI Chairperson warned that the company would only be given a limited time before "other action must be taken rapidly to eliminate the losses." (T.I. Annual Report 1984)

LOSSES DOWN IN 1985 BUT PROBLEMS AHEAD

1985, however, has seen something of a recovery and losses were down to £300,000 for the first half year, whilst the company actually broke even in the second half. One should not, however, be too optimistic, as there are a number of worrying factors.

1) Events which caused a strike by ISTC employees in September 1985 seem likely to escalate. Management seems intent on breaking the seniority agreement. If successful it would destroy the long accepted practice of 'last in, first out' and would seriously damage the Union's bargaining positions.

2) Very little new investment has taken place. Any additional machinery has come from the old TI Tubes site in Aston and according to one steward: "most of it is rubbish." And yet there is no reason why money cannot be put into new machinery as in April 1985 TI obtained £1 million from its sale of its old TI Tubes site in Aston.

3) In April 1986 a new pension scheme is to be established. For no obvious reason it is to completely separate from either BSC's or TI's. The new policy, which Seamless Tubes also adopted, will make it easier for any prospective buyer to purchase the company.

4) Lastly it cannot be stressed enough that both were reluctant partners. The government is still committed to a policy of privatisation AND NOTICEABLY AT SEAMLESS TUBES, where it holds the majority of the shares. IT HAS COMMITTED CONSIDERABLE SUMS FOR NEW INVESTMENT. This suggests that it is looking to make the company more attractive to buyers. TI on the other hand has invested almost nothing at Cold Drawn Tubes.

Cold Drawn Tubes, or rather T.I. Tubes, is a good example of much of what is wrong not only with T.I. but British manufacturing firms generally. Acquired in 1930 as part of T.I.'s policy of becoming dominant in particular markets, the company recorded continuous profits for many years. Despite this, very little new investment took place, and when demand fell, then inevitably T.I. Tubes was badly hit. As usual, the response was to rationalise and make people redundant. The opportunity to merge with B.S.C. was possibly the last thing either T.I. or B.S.C. wanted. T.I. appear to have been persuaded by the Government that it would benefit them and help the Government in its privatisation programme.

There is little to indicate that there is a long term committment by either partner in the future of the company. Unfortunately the same is true of Seamless Tubes but thankfully at Seamless there is some new investment taking place.

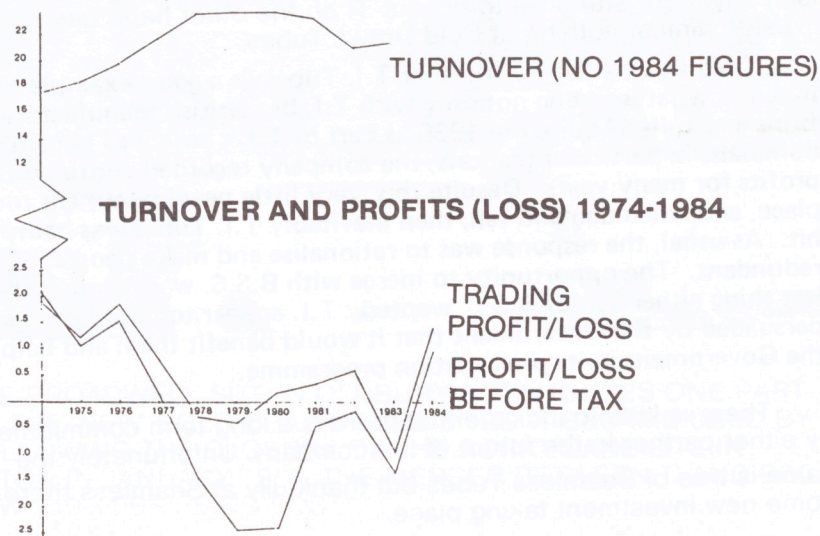
TI ACCLES AND POLLOCK

The company began as Accles and Pollock on the 13th of January 1910. TI acquired it in December 1924 as it began to establish itself in precision tube manufacturing. It is based in Oldbury in the West Midlands.



THE ACCLES AND POLLOCK NAME HAS DOMINATED THE SKYLINE OF OLDBURY FOR OVER 70 YEARS. BUT FOR HOW MUCH LONGER WILL IT REMAIN THAT WAY??

The company produces a range of products including golf-shafts, magnox 'nuclear' cans, transport seating, stainless fittings and a range of spanners. Its turnover exceeds £20 million and up until the late 1970's it tended to generate profits of between one and two million pounds per annum.



FIGURES FOR TI ACCLES AND POLLOCK SHOW THAT UP UNTIL THE LATE 1970's LARGE PROFITS WERE ANNUALLY RECORDED.

POORLY PLANNED INVESTMENT

Unlike at other TI Steel Tube plants (see Cold Drawn Tubes), investment on new plant and machinery exceeded dividends paid to the TI Group PLC. Sadly some of this investment never realised the benefits management claimed it would. For example, the 1974 £3 million investment programme was intended to produce 250,000 golf shafts a year but this ignored the fact that the market was simply not that big. As a result the "finest warehouse in Europe" (1) closed almost before it was opened and "one of the most up to date finishing operations in Europe" (2) was only open a couple of months.



With the go-ahead for the biggest ever expansion and modernisation programme in its history, the company

CONFIDENTLY ON THE MOVE

THE company is to go ahead with the biggest programme in its history for expanding and modernising its business. There are three main projects, in the Plain Tube Sporting Goods and Tube Form Divisions.

Sporting Goods Division are looking forward to a particularly bright future. The company is planning to expand its production of golf shafts and tennis racquets. The new plant at Plain Tube is being built to meet the demand for these products.

Tube Form Division are also looking forward to a bright future. The company is planning to expand its production of steel tubes and pipes. The new plant at Plain Tube is being built to meet the demand for these products.

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PTD to create new finishing dept

THE Plain Tube Division is planning to create a new finishing department. This will be done by taking over the finishing department of the PTD.

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THE MAY 1974 COMPANY MAGAZINE EXTOLLS THE VIRTUE OF THE NEW INVESTMENT PROGRAMME AND PARTICULARLY THE NEW FINISHING DEPARTMENT. SADLY THE INVESTMENT WAS POORLY PLANNED.

RATIONALISATION

FROM 1978 ONWARDS LOSSES WERE MADE UNTIL LAST YEAR. THE RESPONSE HAS, LIKE EVERYWHERE ELSE WITHIN TI, BEEN TO RATIONALISE THE COMPANY. THIS PARTICULARLY BEGAN IN EARNEST IN 1979 WITHIN THE SPORTING GOODS DIVISION. IN PARTICULAR LOSSES WERE BEING RECORDED ON GOLF SHAFTS AND TENNIS RACQUETS.



NEWSPAPER FOR TI ACCLES & POLLOCK LTD.
OCTOBER 1979

Losses of £11m in the first nine months
leave A & P with no alternative...

JOB CUTS IN SPORTING GOODS DIVISION

ACCLES AND POLLOCK'S NEWSPAPER ANNOUNCES REDUNDANCIES IN OCTOBER 1979. IT WAS TO BE THE START OF A VIGOROUS RATIONALISATION PROGRAMME WHICH ALMOST HALVED THE WORKFORCE IN 4 YEARS.

BETWEEN THE END OF 1978 AND 1983 EMPLOYMENT WAS REDUCED FROM OVER 2,000 TO 1,154.

MASSIVE PROFITS IN 1985 BUT RATIONALISATION CONTINUES

In 1984 the company made a profit for the first time since 1977 (£1.4 million was the final figure) and in the first half of 1985 profits continued to rise. It was expected that the full year would see a profit of £2.6 million before tax. This would be equivalent to a rate of return on capital (under £7½ million) of nearly 40% and would probably be the highest for any single TI company. Despite this the rationalisation process is continuing unabated and sadly it is being carried out in a makeshift or improvised fashion. This can be seen from a look at the half yearly figures for 1985.

TI ACCLES AND POLLOCK - 1985 HALF YEARLY FIGURES BY DIVISION

DIVISION	PROFIT
General Manipulation	£66,000
Transport Seating	£25,000
Appollo Products	£57,200
Stainless Fittings	£16,000
Golf shaft mill	£372,000
Golf shaft shop	£463,000 (7 monthly figure) (Sales were £3,236,000 of which £2,313,000 were exports)

Stainless Tube

£505,000

(Sales of £2,696,000 mainly in the UK)

Magnox

£617,000

(Sales were £1,510,000. There was a return on capital of 41%.

Despite all divisions making a profit the rationalisation process has continued. The General Manipulation and Transport Seating divisions have been transferred to Tube Products whilst the Stainless Fittings Division at Dudley has been sold. Management claimed the moves were necessary because the divisions were "underperforming and detracting from the performance of the whole unit." (3).

TI sells Dudley business

Birmingham Post. 8.1.86.

TI Group has sold yet another peripheral business which doesn't fit in with its main operations: Accles & Pollock's stainless steel fittings division in Dudley.

Accles & Pollock is now concentrating on nuclear fuel cans, fine tubes for aircraft, and golf club shafts. Tube fittings, valves and pumps for the food, drink and drug trades were no longer of interest to it, but they were to Victaulic, the Hertfordshire maker of pipe couplings and fittings for the water, gas and other industries, which hopes to expand both the business and the 50-strong workforce.

DESPITE ALL DIVISIONS CONTINUING TO MAKE PROFITS IN 1985 RATIONALISATION IS CONTINUING. IN EARLY 1986 TI SOLD THE STAINLESS STEEL FITTINGS DIVISION. ACCLES AND POLLOCK IS SLOWLY BEING REDUCED TO A SHADOW OF ITS FORMER SIZE.

'DIVIDE AND RULE'

The 'rest' of the company is being split into 2 autonomous units one of which will concentrate on producing golf-shafts and wheelchairs and the other will rely solely on the production of Magnox cans for British Nuclear Fuels. As the former was only a few years ago the biggest source of losses it does seem amazing that management is putting so much faith in it. The situation could very quickly change and the company will be very vulnerable as it no longer has a range of products to fall back on.

It is inevitable that comparisons are going to be made between the divisions. However it is likely that the comparisons will not last for long as TI's policy of continually trying to maximise its return on capital will probably mean golf shaft production will move to the USA. It will be nearer to its major market and will not suffer from variations in the £:\$ relationship.

WORKFORCE IGNORED

The situation has left the workforce feeling fairly cynical, particularly as they believe that the co-operation they gave during the period of losses has not been repaid. In November 1985, twenty one redundancies were announced. At the same time, management decided to employ a temporary worker. Faced with such a situation, the workers were forced to strike.

'Hostility' row

Management at a West Midland firm has refuted allegations of "hostility" by 400 workers who downed tools over the appointment of a temporary employee.

Shop-floor workers at TI Accles & Pollock, at Oldbury, stopped production yesterday morning and refused to

carry on until the temporary worker is withdrawn.

But Mr John Gibson, a director and general manager, said last night that the man would not be removed.

He denied allegations that management had adopted a hostile attitude;

IN LATE 1985 WORKERS AT ACCLES AND POLLOCK WERE FORCED INTO TAKING STRIKE ACTION WHEN MANAGEMENT DECIDED TO EMPLOY A TEMPORARY 'WORKER' AFTER ANNOUNCING 21 REDUNDANCIES.

Accles and Pollock is a good example of TI's policies. Poor investment decisions taken during periods of large profits helped to make problems worse when losses occurred. As is typical of TI generally the response to losses was to rationalise the company and redundancies took place over a period of years. Although profits have returned the company is determined to continue to rationalise and profitable sectors have been sold leaving the company too reliant on two major products. The workforce with whom the company worked closely during 1977-1983 have been ignored. Union representatives have not been consulted on any of the plans and in fact the first they knew of any moves was as the result of a rumour at TI Tube Products Social Club.

PLUS A THRIVING FUTURE INTO THE 21st CENTURY

Profit £1.8m for Half Year

THE AUGUST 1985 COMPANY NEWSPAPER ANNOUNCES A THRIVING FUTURE INTO THE 21st CENTURY - THE PREVIOUS RECORD OF PREDICTIONS FROM THE PAPER MUST MAKE THE CHANCES EXTREMELY SLIM.

1. PLUS-Newspaper for Accles and Pollock May 1974. Page 1.
2. *ibid.* Page 2
3. John Gibson (general manager) - 28/3/85 in a letter to the Employees.

TI RALEIGH

Raleigh has the largest turnover of any TI company. Despite this it has experienced a significant decline over the last few years. It was acquired in 1960 as TI sought to diversify from its traditional Steel Tube base. Raleigh had been TI's only major bicycle competitor and the purchase gave TI control of the UK market, with 80% of the U.K. Market.

THE PURCHASE OF RALEIGH IN 1960 ESTABLISHED TI'S NAME IN THE WORLD MARKET

Profits made during the late 1960's tended to be derived from sales abroad. As a result TI sought to establish overseas sites particularly in Holland, where Gazelle was bought in 1971, and the USA where the Enid Assembly plant was bought in 1974. Investment abroad contrasted sharply with that at home. TI turned down the Trade Unions' request to invest in alloy made components in 1970.

TOTAL PRODUCT CONTROL ENDED IN 1977

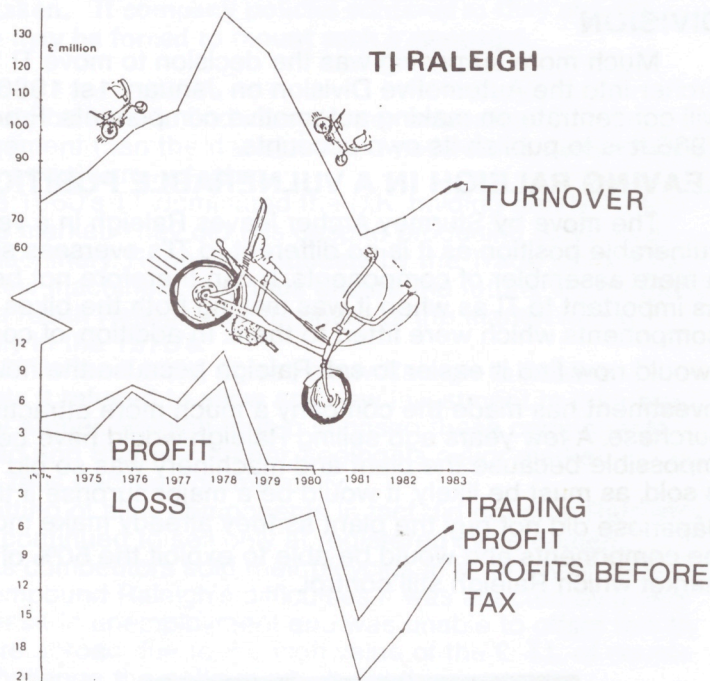
When the USA market collapsed after 1976 TI was unable to sell bicycles in other markets, particularly Europe. Some assets were re-deployed to the profitable Nigerian market and in 1977 the decision to fit alloy made components to a wider range of bikes was (AT LAST?) made. Rather than investing in new machinery to allow TI Sturmey Archer to continue making the components TI took the decision to import them. This ended TI's total product control of its bikes which had helped to maintain quality and promote the Raleigh name. Raleigh became reduced to simply being another bicycle manufacturer in that it was an assembler of components. In addition the decision severely damaged TI Sturmey Archer. In 1977 Sturmey sold 80% of its components to Raleigh. By 1980 this had fallen to just 20%.

In 1979 Raleigh made a loss being badly affected by the Revolution in Iran and Nigeria's decision to restrict imports. Within the UK Raleigh lost sales to cheaper small-wheel 'welded frame' cycles which unlike Raleigh bicycles were sold in a wide variety of locations such as supermarkets, garages, etc. etc.

By 1982 Raleigh's share of the UK market had fallen to less than 40%. In addition exports were restricted due to the high value of the £. Raleigh UK was not able to offset these losses against overseas profits as in 1980 TI had 'bought' Raleigh's Overseas companies.

INVESTMENT AT LAST

At long last an investment programme for Raleigh and Sturmey Archer was announced. This was for £10-£12 million and because of it, Raleigh was confident it would break even by the end of 1984. The company held a First International Retailers Conference in February 1984 when they wined and dined all the major European traders. New orders were achieved, but problems in the new painting plant and with the new computerised system of production and assembly meant that they could not be met. Nothing has been heard of any Second Conference.



IN 1982 A NEW INVESTMENT PROGRAMME WAS ANNOUNCED FOR RALEIGH (AND TI STURMEY ARCHER). IT WAS HOPED THAT THE INVESTMENT WOULD HELP RALEIGH TO REVERSE ITS RECENT HISTORY OF LOSSES.

BUT PROBLEMS CONTINUE

Large losses were recorded in 1983 and 1984 giving rise to doubts about the future. New plans were constructed which included suspending half the original capital programme. 1985 has however not been a successful year and £4 million was lost in the first half of the year. Only in June did sales exceed production and as prices were due to rise in July then it is probable that this only occurred because dealers were 'stocking up'. 300,000 bikes were standing in stock at the end of September 1985.

TYPICAL RESPONSE TO PROBLEMS

Two hundred and twenty seven workers were made redundant on September 27th 1985. In addition wage increases have been restricted to 3%, the possibility of short-time working in 2 departments has been raised and the company is demanding that more holidays become fixed ones. The redundancies reduced the 'on site' (Raleigh/Sturmey Archer) employment to below 3000. It was the sixth Autumn in a row that redundancies had been announced.

STURMEY ARCHER MOVES INTO THE AUTOMOTIVE DIVISION

Much more surprising was the decision to move TI SturmeY Archer into the Automotive Division on January 1st 1986 where it will concentrate on making automotive components. From January 1986 it is to publish its own accounts.

LEAVING RALEIGH IN A VULNERABLE POSITION

The move by SturmeY Archer leaves Raleigh in a very vulnerable position as it is no different to TI's overseas sites being a mere assembler of components. It can therefore not be regarded as important to TI as when it was making both the bikes and the components which were fitted to them. In addition, of course, TI would now find it easier to sell Raleigh because the new investment has made the company a much more attractive purchase. A few years ago selling Raleigh would have been nearly impossible because the plant and machinery was so old. If Raleigh is sold, as must be likely, it would be a major surprise if the Japanese did not buy the plant as they already make most of the the components and would be able to exploit the 50% of the UK market which Raleigh still control.

Mr Ronnie Utiger, TI chairman, confirmed yesterday that he would be prepared to talk about the disposal of parts of TI including Raleigh in return for the Evered share's, but added that there had been no approach to date.

IN NOVEMBER 1985 TI OFFERED TO SWAP RALEIGH FOR THE SHARES EVERED HAD IN TI. EVERED DID NOT RESPOND TO THE OFFER.

CATCH 22 FOR THE UNIONS

Unions and workers are in a very difficult position. They have been bewildered by management plans which have reduced the work-force by two thirds. In addition the support they may have expected from other trade unionists has not been forthcoming.

This absence of support, combined with the competitive nature of the cycle market and the misrepresentation of their views in the Nottingham Evening Post has meant that the unions at the company

have been reluctant to mount a campaign against the decisions that T.I. have taken. If company policies continue as they are, the workforce may be forced to mount such a campaign.

It would be hard to find many better examples of mismanagement than the decisions and policies T.I. have followed at Raleigh and Sturmey Archer.

In the 1960's T.I. dominated the U.K. holding nearly 70% of the bicycle market. They did this despite producing bicycles on very old machinery. Repeated requests by the Trade Unions to invest in new machinery, and thus ensure the future, were turned down. As a result Raleigh saw its share of the market falling dramatically in the 1970's.

In 1977 when T.I. did, at last, allow Raleigh to fit alloy components it refused to allow any new investment to take place at Sturmey Archer. Raleigh thus purchased these components from abroad and Sturmey Archer, seeing its major market disappear, thus declined dramatically.

The fitting of alloy components in fact did not stop Raleigh's decline. It continued to sell only at registered cycle dealers whereas its competitors sold their bicycles in a variety of locations.

To compound Raleigh's difficulties it was affected by a very large increase in unemployment and was unable to offset this by selling more abroad due to the high value of the £. T.I., of course, failed to challenge the policies which did this.

The overall result of these policies has been a two-thirds job loss with the distinct possibility of a takeover by a Foreign competitor.

TI's decline within Britain has been accompanied by increasing investment abroad. The next section examines why this has occurred and what the prospects are for the future.

4. OVERSEAS INVESTMENT

In response to their problems in the U.K. TI have sought to increase their level of overseas investment. Such moves are intended to increase profits and restore shareholders' confidence. TI has of course had overseas sites for a number of years and it is a major exporter. The period 1968 to 1973 saw a large number of overseas companies acquired.

- 1968 - Standard Tube & Richard Wilcox (Canada) - £3m.
 - Maschinenfabrik Froppier (WG) - £1m.
- 1969 - Flexible Tube Holdings (S. Africa)
- 1971 - Gazelle (see section on Raleigh)
 - D. Whiting (N. Zealand)
 - Ajax Manufacturing Company (S. Africa)
- 1972 - Toymakers Line Brothers (Canada) & Cyclop Triang.
- 1973 - Aco's Inafer (Brazil).

The 1976 Annual Report listed 37 overseas companies. Twenty three of them were in fellow Commonwealth countries but Holland and the U.S.A. also featured prominently.

INCREASED OVERSEAS INVESTMENT IN 1976

IN 1976 20% OF NEW INVESTMENT WAS OVERSEAS. FOLLOWING PRESSURE FROM TRADE UNIONS T.I. FOUND IT NECESSARY TO JUSTIFY WHY, "OTHER THINGS BEING EQUAL, WE WOULD PREFER TO MANUFACTURE IN THIS COUNTRY AND EXPORT TO OVERSEAS MARKETS ... SETTING UP AN OVERSEAS OPERATION GENERATES SALES AND PROFITS WE WOULD NOT OTHERWISE ENJOY AND OFTEN ALSO PROVIDES A VALUABLE MARKET FOR ... OUR U.K. COMPANIES." (1)

EXPORTS FALL

At first this appeared to be true because as overseas sales increased so did the level of exports which made up these sales. This peaked at 56.4% of those sales in 1980. The sale of British Aluminium however saw exports as a percentage of overseas sales fall to 39 and 34 percent respectively in 1981 and 1982.

It was clear however before 1981/2 that Investment overseas was, and still is, solely aimed at increasing profits. Two examples illustrate this:- 1. In 1976 TI established an agreement with Okuma of Japan to make cylindrical grinders in Japan. Prior to the agreement TI phased out the making of the same machine at TI Matrix. The 'new' machines were sold under the Matrix label. 2. In 1978 TI Rockwell established an agreement with Takisawa Industries. The Japanese produced a 2 axis 10 tool lathe which Rockwell then sold in the UK. As it was half the price of those produced by the UK TI companies it must undoubtedly have damaged their sales and profits. Kellett, the Chairman, justified the move by stating; "If greater profits can be made from importing and selling machines ... then that is where the corporate strategy will move."

In 1982 the Conservative government abolished the Law which made it compulsory for firms to declare their export figures (they were embarrassed because for the first time ever Britain was importing more manufactured goods than it was exporting). T.I. stopped publishing its own overseas sales and export figures in 1982. This makes it difficult to be completely accurate about the level of T.I.'s exports. Since 1982, however, T.I. has purchased ever more Overseas companies. Increases in overseas sales have thus been met by these and not by exports from Britain.

THE LOCATION OF TI's OVERSEAS COMPANIES IN 1984

Since 1976 there has been a switch in locations from the Commonwealth countries to the faster growing countries of N America and the E.E.C.

INCREASINGLY INVESTMENT WITHIN TI IS IN THE HIGHER GROWTH OVERSEAS MARKETS OF NORTH AMERICA AND THE E.E.C. AND THIS LOOKS LIKELY TO CONTINUE. (See report on the 1985 half yearly figures). THIS RESTRICTS INVESTMENT WITHIN UK COMPANIES PARTICULARLY AS THIS OVERSEAS INVESTMENT IS SUBSIDISED BY THE UK COMPANIES WHO PAY DIVIDENDS.

1) Sir Brian Kellet (Chairperson): Report to Employees Review 1976.

TI IN SOUTH AFRICA

Although TI has since 1976 reduced its stake in South Africa it still employs a large number of mainly black workers.

T.I. in 1984 employed 846 workers in South Africa, the large majority of these were black. (Source: Labour Research September 1985).

DISGRACEFULLY, IN THAT YEAR, T.I. ADMITTED TO PAYING 19 BLACK WORKERS BELOW THE E.E.C. RECOMMENDATION (S.L.L.) THE S.L.L. OR THE SUPPLEMENTED LIVING LEVEL CAN "BEST BE DESCRIBED AS AN ATTEMPT AT DETERMINING A MODEST LOW-LEVEL STANDARD OF LIVING". (DEPARTMENT OF TRADE - 1977) IN FACT THIS WILDLY EXAGGERATES THE S.L.L. IT COVERS ONLY THE BAREST ESSENTIALS AND CONTRASTS SHARPLY WITH THE LEVEL OF WAGES TI PAYS TO ITS OTHER OVERSEAS EMPLOYEES. (See 'WORKING FOR TI').

TI IN 1984 PAID 19 BLACK WORKERS BELOW THE E.E.C. RECOMMENDED WAGE LEVEL IN SOUTH AFRICA. (Source: Labour Research October 1984)

The history of TI is one of considerable mismanagement and incompetence. Despite this we are able to see in the next 2 sections how it has, inevitably, been the workers who have had to bear the burden for this mismanagement rather than those responsible.

5. TI's DIRECTORS

DESPITE TI's PROBLEMS THE DIRECTORS CONTINUE TO BE WELL REWARDED.

TI have 2 identifiable levels.

1). TI BOARD

The current 11 man board is headed by R.E. Utiger. It is responsible for group policy and performance and its current smaller size reflects an attempt to streamline the decision making process. The most significant appointment to the board over the last couple of years was that of Sir John Cuckney on January 7th 1985. Regarded as an expert at stopping take-over bids he was involved in the Westland Helicopter controversy in late 1985/early 1986 where he was the chairman.

Cuckney rules out vote on European rescue plan

BY LIONEL BARBER AND BRIDGET BLOOM

F.T. 7-1-86 p1 col3

THE EUROPEAN aerospace consortium's rescue plan for Westland will not be put to a shareholders' vote, Sir John Cuckney, Westland's chairman, announced yesterday.

Sir John said in London that the Westland board strongly recommended an improved £74m rescue plan from Sikorsky, the US helicopter maker and Fiat of Italy, which he put to shareholders at an extraordinary general meeting on January 7th.

sortium—Mr James Prior and Lord Weinstock, respectively chairman and managing director of GEC, and Sir Austin Pearce and Sir Raymond Lygo, chairman and managing director of British Aerospace—held an hour-long meeting with members of the Westland board, which was described afterwards by Sir John as "cordial."

Lygo said its participants agreed not to put the plan to shareholders on that day.

In answer to a question, Sir John said he did not accept he was "railroading" shareholders into approving the Sikorsky/Fiat offer.

It is understood that the board's decision to make sole recommendation to shareholders was taken on advice. Equally, the counsel on whether to accept a revised offer from Fiat to shareholders was also taken on that day.

PRESS CUTTING FROM THE FINANCIAL TIMES (7-1-1986) SIR JOHN CUCKNEY, THE CHAIRMAN OF WESTLAND HELICOPTERS, IS ALSO A TI BOARD MEMBER. HE WAS APPOINTED BECAUSE OF HIS ACCEPTABILITY TO THE 'CITY' AND HIS REPUTATION OF STOPPING TAKE-OVER BIDS BY RATIONALISING COMPANIES.

THE REWARDS OF BEING A TI BOARD MEMBER

In 1984 the 11 members received emoluments (ie salaries) totalling £668,346 (average - £60,758) with Utiger receiving the most at £84,457 (an increase of 30.76% as a result of becoming Chairperson). In addition under the rules of 'The Executive Scheme' he received 50,000 option shares. Option shares allow TI Directors the option of buying shares at some time in the future at a pre-arranged price. At the start of 1985 TI Board members had the option to 540,000 such shares including most of the 180,000 shares available at 146 pence in May. (Current price of TI shares - nearly 500 pence - April 1986).

2) DIRECTORS OF INDIVIDUAL TI COMPANIES

Each individual TI company has a group of directors who are held to be responsible for its performance. In fact their power is limited as policy is directed from 'above'. Evidence from 16 different TI Companies examined showed that the average TI company pays out £115,000 a year in emoluments to its directors. On average each company has 5 directors, pays the highest £25,000 and the rest approximately £19,500. Because of TI's management structure, whereby individuals are often directors of many individual TI companies, the average is in fact higher than £19,500. How much higher cannot be calculated.

L.G. WATSON (at the 11.2.85)

TI Transport
Equipment
TI Crypton
Celette-Churchill
TI Triangle Products
TI Bradbury
V.L. Churchill
T.I. Transervice

S. TAYLOR (at the 5.6.1984)

TI Silencers
TI Cheswick
Silencers
TI Bainbridge
TI Nicholsons
TI Cox
TI Manitube
Silencers
Fulton (TI)
In addition he held directorships in 19 companies outside TI.

F.T.G. BIRD (at the 11.2.85)

TI Transport
Equipment
TI Crypton
Celette-Churchill
TI Triangle Products
TI Bradbury
V.L. Churchill
TI Transervice
The Nuday Company
Optom S.A. (75%)
The Nuday company of Canada.

MANY DIRECTORS ARE DIRECTORS OF A LARGE NUMBER OF TI COMPANIES. THEY THEREFORE HAVE MORE THAN ONE SOURCE OF INCOME.

6. WORKING FOR TI

Working for TI can be a depressing experience particularly for those who care deeply enough to represent their fellow workers. Despite a complex and chaotic wage structure the overall level of wages is low, there are constant announcements about redundancies, working conditions are poor whilst management demonstrate an unwillingness to listen to the workers or their representatives.

WAGES PAID IN THE UK

As a result of work currently being carried out by some stewards within TI a start has been made on compiling a list of wages and conditions within the group.

BASIC SKILLED WAGE RATES

TI Crypton.....	£101.00
Seamless (Corby)	£99.42
TI Stainless (Walsall)...	£126.10
TI Stainless (Chesterfield).....	£131.30
TI Chesterfield.....	£129.65
VL Churchill.....	£116.25
TI Matrix (Coventry)...	£152.50
Cold Drawn (Corby)...	£100.46
TI Bradbury.....	£118.13
TI Bradbury (craft)	£136.26

BASIC STOREMAN/LABOURER WAGE RATES

TI Crypton (labourer).....	£111.35
TI Seamless	
TI Stainless (Walsall)...	£111.95
TI Stainless (labourer).....	£110.95
VL Churchill (labourer).....	£104.53
TI Chesterfield.....	£ graded
VL Churchill (storeman).....	£97.03
TI Matrix	£124.10
Cold Drawn Tubes.....	£94.26
TI Bradbury.....	£100.65

DATE OF INFORMATION 15/10/1985

Shift allowances tend to average £15 for day shifts and £25 for nights. At only Crypton, Bradbury and Cold Drawn Tubes is a true overtime rate paid whereby for example a worker on £2 an hour gets £3 for overtime.

OTHER INFORMATION IS AVAILABLE ON SUCH SUBJECTS AS: ATTENDANCE AWARDS, SEMI-SKILLED AND UN-SKILLED RATES. Birmingham Trade Union Resource Centre, 7 Frederick St., Birmingham B1 3HE. TELEPHONE: 021-236-8323

WHAT IS IT LIKE TO WORK FOR TI??

The level of wages paid is therefore very low and it was not surprising that when asked to describe what it is like to work for TI many stewards remarked on how badly paid they were. One steward in fact at Tube Products produced his wage slip to show; "I'm on less than £80 a week take home for a wife and 2 kids." In comparison to the wages paid in the UK TI's overseas employees are considerably better rewarded.

WAGES PAID TO TI's OVERSEAS EMPLOYEES

In the 1982 and 1983 Annual reports two different figures for wages were given.

1982 - 'average numbers employed in the UK - 27,700 - aggregate remuneration -£17.7 million.' AVERAGE UK WAGE THEREFORE - £6199 per annum.

1983 - Annual Report gave the total figures (ie home and abroad) for 1982 as: Total employment - 33,800 (27,700 UK 6,100 overseas) - remuneration - £267.9 million.

Thus overseas employees received an aggregate remuneration of £96.2 million or an average £15,770 per annum in 1982.

TI's UK EMPLOYEES EARN CONSIDERABLY LESS THAN THEIR OVERSEAS COMPATRIOTS. THIS RELIANCE ON LOW WAGE LABOUR HAS MEANT A LACK OF INVESTMENT IN CAPITAL EQUIPMENT. AS A RESULT FIRMS HAVE BEEN UNABLE TO IMPROVE THEIR PRODUCTIVITY AND PRODUCTS AND CANNOT COMPETE EFFECTIVELY WITH OVERSEAS COMPETITORS.

MANAGEMENT ATTITUDES

Asked to describe "What is it like to work for TI?" many stewards were bitterly critical of the managers responsible for running their companies. Nearly all felt that they were "out of touch", dictatorial and unwilling to listen. Typical of the replies were the following:-

"I have found very few managers who do not fit the TI mould. The majority have an 'I'm better than you attitude' - [REDACTED] is their type, he doesn't like Unions" (Steward at TI Stainless Tubes in Walsall).

"Managers like to think they walk on water" (Raleigh Steward).

"Decisions are made by them rather than in consultation between Management and Unions" (Tube Products Steward).

IT IS FELT BY MANY STEWARDS THAT ATTEMPTS TO DEVELOP COMPANIES CO-OPERATIVELY ARE ONLY WELCOMED; "WHEN THERE'S TROUBLE" (ACCLES AND POLLOCK STEWARD)

CONTINUED SUPPORT FOR THE CONSERVATIVE PARTY AND ANTI-TRADE UNION ORGANISATIONS

T.I. has a long history of support for the Conservative Party (such as its £25,000 donation in 1983.) In addition it has funded both the 'Centre for Policy Studies' and the 'Economic League'. Both organisations are fiercely anti-trade union and, amongst other things, compile lists on actively involved trade unionists.

NEW MOVES BY MANAGEMENT

It is apparent from discussions with TI stewards that the use of temporary labour is increasing considerably. In some companies this reflects increased demand but in most it appears to be a direct challenge to Trade Unions. In the latter part of 1985 workers at TI Accles and Pollock in Oldbury and Cold Drawn Tubes at Corby were forced to strike. At the former, management announced redundancies whilst appointing a new temporary 'worker' whilst at the latter management announced their intention to end the 'last in first out' agreement which safeguards the future of the longest serving employees. In addition some companies, such as Seamless Tubes in Wednesfield have had at certain times nearly 150 'temporary' workers. At the same time moves at TI Richards and Ross in Wednesfield in late 1985 suggested that TI were seeking to sell the company to management there. Stewards had already been approached about the possibility of maintaining a small nucleus of permanent staff whilst employing other workers on temporary contracts.

*Think positively -
It'll give you more time
to look after the kids!*

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WORKING FOR TI - MAIN POINTS

- 1). Wages below average for the UK
- 2). Despite paying some Black workers in South Africa under the agreed EEC minimum level (see Overseas Investment) the TI overseas employee earns on average more than twice as much as TI UK employees.
- 3). Many UK TI companies rely on paying low wages in order to compete because their level of investment is very low.
- 4). Management incompetence is compounded by what stewards and workers see as an "I'm better than you attitude".
- 5). The use of temporary labour is increasing. Its continued use undoubtedly decreases Trade Unionists' bargaining strength.
- 6). TI continues to help fund the Conservative Party and 2 anti-Trade Union organisations, 'The Economic League' and the 'Centre for Policy Studies'.

7. NEW DAWN OR SAME OLD STORY? EVERED HOLDINGS PLC

TI has for a couple of years been the subject of speculation that it might be taken over. (For the effects that this has had on policy see, 'The importance of shares to workers'). Evered Holdings are the latest company to be linked with a take-over bid. They have 20% of TI's shares and although they stress that these holdings are a 'strategic investment' the result has been to push TI's share price up by nearly 200 pence.

Abdullah : TI bid can wait

OSMAN ABDULLAH, one of the brothers who runs Evered Holdings, denies that a bid for TI Group is imminent. The company built up its 20 per cent stake in TI, chaired by Ronnie Utiger, back in August. Bid rumours, countered by stories of the sale of the stake, have circulated ever since.

'The company is still in our sights,' says Abdullah. 'Our acceptability seems to have risen in the last few months. Whereas initially our bidding was regarded as impossible, people now seem to find it feasible.'

IN LATE 1985 THE PRESS CONTINUED TO SPECULATE ABOUT THE POSSIBILITY OF EVERED MOUNTING A TAKE-OVER BID FOR TI.

EVERED HOWEVER, CONTINUED TO REMAIN FAIRLY QUIET ABOUT THE POSSIBILITY (2.2.1986)

EVERED IS A FAIRLY SMALL COMPANY. IT CONSISTS OF 22 COMPANIES. THESE ARE DIVIDED WITHIN THE COMPANY ACCOUNTS INTO 3 NAMELY: INDUSTRIAL PRODUCTS (eg Industrial medical and domestic castors), METAL FORMING (eg Sand gravity and pressure aluminium castings) AND NORTH AMERICA (eg Quality steel metal fabrications) TOTAL EMPLOYMENT IS ONLY 2829 OF WHICH 413 ARE OVERSEAS.

IN COMPARISON TO TI EVERED HOLDINGS IS A VERY SMALL COMPANY. IN 1984 TI'S TURNOVER WAS SIXTEEN TIMES GREATER THAN EVEREDS.

FASTER GROWTH

Despite the different sizes Evered has in recent years grown much more quickly. This has been mainly the result of the purchase of the Brockhouse Group PLC in May 1984. The purchase was followed by a programme of rationalisation.

DOUBTS EXPRESSED ABOUT EXACTLY HOW QUICK.

Evered's turnover increased from £13 million to £63 million in a year and profits rose from £690,000 in 1983 to £3,443,000 in 1984. Considerable controversy has however surrounded the later figure. The accounts of Brockhouse covered a 15 month period from October 1983. For the total period they show a £3.3 million loss. Evered have claimed however that for the eight months they owned the company a £2.25 million profit was achieved. This figure is included in their own accounts. This claim is not supported by their auditors, Ernest and Whinney. They were unable to confirm whether Evered's claims were correct.

INCREASED PROFITS IN THE FIRST HALF OF 1985

The half yearly figures saw sales and profits up to £44 million and £2.5 million respectively. If this improvement is maintained throughout the second half of the year then the increase will be over 30%. Evered also again raised further finance on the stock exchange realising £26 million from the issue of new shares in July 1985.

WHO OWNS EVERED? (See 'The Importance of Shares to Workers')

MANAGEMENT AT EVERED - THE ABDULLAH BROTHERS

Evered at the end of 1985 was run by a 4 man board 2 of whom were non-executive (non voting). Control therefore rests with the Abdullah brothers, Osman and Raschid.

ARAB SUPPORT

The brothers are British but they do have long standing family interests in Saudi Arabia. They began by supplying products to rich Saudi families and then were able to get their finance from them when they took over Evered in 1981 at a cost of £450,000. The support has continued and the 'Arab Connection' owns a quarter of the current 20% holding in TI.

“STRONG MANAGEMENT”

Since Evered acquired their shares in TI the Abdullah brothers have given a number of interviews. They believe that the performance of any company depends on having “Strong management” (1) and that British industry has done badly because managers are too “soft about making the hard decision” (2) (Have TI been too soft!!) Hope for them lies in young energetic management. The brothers are financiers who believe “in making money work” (3) As a result companies can only expect to survive if they make profits quickly because; “you get a feel for a business in 6 months and you know within 12” (4).

Some TI stewards believe that a take-over by Evered might not be too bad. This indicates how disillusioned they have become as a result of TI's policies and attitudes. However they are mistaken if they believe Evered to be significantly different to TI. Indeed the most striking impressions are of the similarities between the two companies.

SAME OLD STORY

Evered, like TI, has grown not by developing the assets they have but by acquisition (using share issues of selected companies. Like TI they are owned by relatively few shareholders whose natural interest is to seek to maximise their returns. Like TI the Abdullah's stress the short term nature of managing companies when they state: “You get a feel for a business in 6 months and you know within 12 months”. Any hope that they are more likely to be receptive to Union demands for greater involvement in decision making must be very small as they continually stress the need for “strong management”.

Evered will be little different to TI.

1. Sunday Mercury - 20/10/1985
2. Ibid
3. Ibid
4. Ibid

8. TI'S 1985 RESULTS

Despite only a 3% increase in turnover to £997 millions, profits before tax rose from £19.1 millions in 1984 to £30.6 millions in 1985. Commenting on the results, Utiger referred back to his August 1985 statement. At that time he said that “Good progress has been made during the half year in implementing the strategy set out in the last Annual Report ... As previously stated, these actions will have some beneficial effect on financial results in 1985, but the full benefit will be obtained progressively thereafter.”

FUTURE PROFITS FROM WHERE??

Almost all the increased future profits Utiger spoke of, he saw as being derived from T.I.'s increasing development within the higher growth economies of the EEC and North America. He singled out two particular developments. These were both in North America and they are both in markets in which T.I. have already developed a degree of specialisation. They were firstly, circular rings for jet aircraft engines, and secondly a pending contract with General Motors for T.I. to "supply tube as a structural component for GM's new cars in 1987". Both orders will be made in T.I.'s Canadian automotive subsidiary.

VIRTUALLY NO NEW UK DEVELOPMENTS EXPECTED

With the exception of the decision to invest £8 millions at Tyseley in Birmingham (to manufacture aircraft engine rings using the new Tru-form process), T.I. appears to see few new developments taking place in the UK. Admittedly, Creda, in agreement with Hitachi is to manufacture microwave ovens, but it is apparent that T.I. increasingly sees its future being tied into new developments within North America and the EEC. Indeed this appears to be confirmed by the decision in late 1985 to continue the rationalisation of the UK base with the sale of five Transport Service Equipment companies. (See "What is T.I." and "The importance of shares to workers").

WHAT PRODUCED THE 1985 RESULTS?

1. Steel Tube Division

Additional profits stemmed mainly from the **specialised areas** such as **Standard Tube** of Canada which supplies the 'booming' US motor industry, **Desford Tube** producing bearing tube and **Accles and Pollock**.

2. Cycles and Toys

Raleigh lost a lot of money. Sturmey Archer and some of the overseas companies made profits but Gazelle (Holland) and sites in Canada, Australia and South Africa did badly.

3. Specialised Engineering Division

Profits improved slightly due to increased production of Automotive silencers. Machine Tools whilst still losing money showed an improvement.

4. Domestic Appliances

Profits actually fell 24%. Reasons given for this were increased competition in the Electrical Appliances market which affected Creda and Russell Hobbs. New World gas cookers sold well.

9. THE IMPORTANCE OF SHARES TO WORKERS

Most workers tend to believe that shares and their prices are no concern to them. Yet moves in prices can have enormous repercussions for the worker on the factory floor and shop stewards in particular should be aware of how their companies shares are doing. Their performance may well affect management decisions.

Share holders are the owners of a company. The passing of ownership to people/companies with no direct interest is compensated by the fact that the company raises money without having to borrow from Banks or Finance Houses. Share prices depend on the price shares can be sold on the stock market. This can often be only indirectly related to the actual fortunes of the Company. For example rumours of a takeover or 'creative accounting' to make a company appear better than it is can push up prices. (See Evered section and the controversy surrounding the Brockhouse results.)

SHARE OWNERSHIP

THE LARGE MAJORITY OF SHARES ARE HELD BY BIG INVESTMENT TRUSTS. TI FOR EXAMPLE HAS 25,200 SHAREHOLDERS. OF THESE 23,500 ARE INDIVIDUALS. THESE OWN JUST 19% OF THE SHARES. THUS 6.7% OF SHAREHOLDERS OWN 81% OF THE SHARES. EVERED HOLDINGS HAS 2,466 SHAREHOLDERS AND 4 OF THEM, ZAHID INDUSTRIES, CYGNET SA, M&G RECOVERY FUND AND SAVE AND PROSPER UNIT TRUSTS, OWN NEARLY 30% OF THE SHARES.

WHY HOLD SHARES?

The holding of shares entitles the shareholder to a dividend on each share they own. In addition it is possible to make profits by buying and selling shares at appropriate times. In the last few years share prices have risen much more quickly than the rate of inflation despite company profits still being below what they were 5 to 6 years ago.

IS ALL THE MONEY TI COMPANIES PAY TO THE TI GROUP USED TO PAY DIVIDENDS TO SHAREHOLDERS?

NO.

Some is used to pay the emoluments (salaries) of the TI Board directors, building up reserves and acquiring additional companies which are of course primarily, today, overseas.

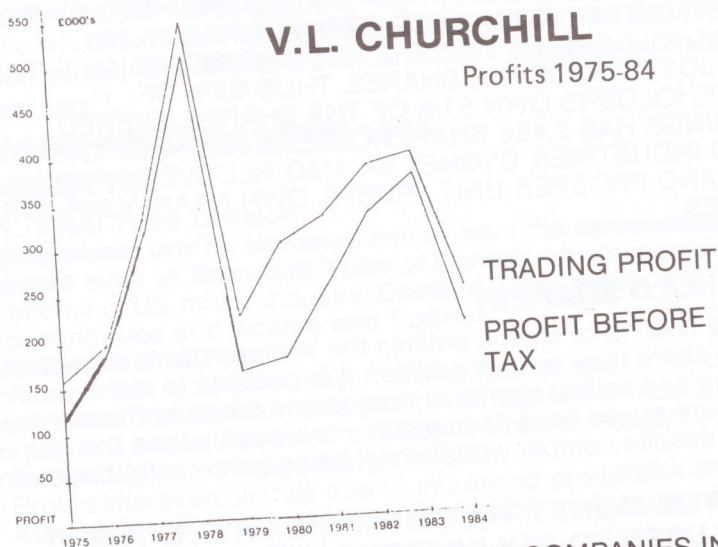
WHICH COMPANIES HAVE BEEN PAYING THE DIVIDENDS?

The company accounts examined show that the companies within the Steel Tube division (see Cold Drawn Tubes) have on average paid much more than other companies.

WHAT EFFECT ARE RUMOURS OF A TAKEOVER LIKELY TO HAVE??

Rumours of a takeover, real or imagined, are very bad news for employees. Management will seek to quickly boost profits. To do so they will attempt to restrict pay rises and badly needed investment.

IN ADDITION A COMPANY WILL SEEK TO RAISE AS MUCH MONEY AS IT CAN TO MOUNT A CAMPAIGN AGAINST THE TAKEOVER. THIS WILL OFTEN INVOLVE THE SELLING OF PART OF THE COMPANY AND THIS NEED NOT NECESSARILY BE ONLY THOSE AREAS WHICH ARE MAKING A LOSS. IN FACT THE PROFIT MAKERS MAY BE IN THE GREATEST DANGER AS THEY ARE BOTH EASIER TO SELL AND CAN REALISE GREATER SUMS OF MONEY. FOR EXAMPLE IN LATE 1985 TI SOLD THE HIGHLY PROFITABLE V.L. CHURCHILL OF DAVENTRY.



IN LATE 1985 TI SOLD A NUMBER OF COMPANIES INCLUDING THE HIGHLY PROFITABLE VL CHURCHILL. THE NEED TO REALISE MONEY TO MOUNT A CAMPAIGN AGAINST THE TAKEOVER BID BY EVERED MEANT TI WERE WILLING TO SELL EVEN THOSE COMPANIES WHO HAD A LONG HISTORY OF PROFIT MAKING.

UNAVOIDABLE DILEMMA

Rumours of a takeover create an unavoidable dilemma for workers. Opposition to company plans may cause share prices to fall. This may then lead to a takeover which has even worse consequences for workers. But by not opposing the plans then decisions will undoubtedly be taken which are not in the workers long term benefit or interest.

10. TRUE OR FALSE?

Some Myths about TI

MYTH 1. Employment overseas has declined just as quickly as in the UK

TRUTH EMPLOYMENT IN TI'S OVERSEAS COMPANIES HAS DECLINED BUT NOT AS QUICKLY AS IN THE UK. BETWEEN 1978 AND 1984 EMPLOYMENT OVERSEAS DECLINED BY 43% WHILST IN THE UK IT DECLINED BY 61 PERCENT.

MYTH 2. Large profits are the best way of securing the future of a company and therefore its employees

TRUTH TI ACCLES AND POLLOCK IN OLDBURY MADE PRE-TAX PROFITS FOR THE FIRST HALF OF 1985 OF NEARLY £2 MILLION. THIS WAS EQUIVALENT TO A 35% RETURN ON CAPITAL EMPLOYED WHICH IS PROBABLY THE HIGHEST RETURN FOR ANY SINGLE TI COMPANY. DESPITE THIS TI HAS SOLD ITS STAINLESS STEEL FITTINGS FACTORY AT DUDLEY AND TRANSFERRED THE COMPANY'S GENERAL MANIPULATION AND TRANSPORT SEATING BUSINESS TO TI TUBE PRODUCTS.

MYTH 3. Problems at many of the TI companies and particularly Raleigh have been caused by overmanning.

TRUTH RALEIGH'S PROBLEMS CAN LARGELY BE ATTRIBUTED TO AN UNWILLINGNESS TO INVEST IN NEW MACHINERY DURING THE EARLY AND MID 1970's WHEN RALEIGH HAD CONTROL OF THE MARKET.

MYTH 4. Increased investment overseas has led to increased exports which can only be good for UK companies and employees.

TRUTH TI HAS NOT PUBLISHED THE FIGURES FOR EXPORTS IN THE LAST 2 YEARS AND THE LAST FIGURES ARE FOR 1982. BETWEEN 1976 AND 1982 OVERSEAS SALES INCREASED FROM 310 TO 380 MILLION POUNDS YET EXPORTS INCREASED BY ONLY 1 MILLION TO 126 MILLION.

MYTH 5. Directors at TI companies are only concerned with the performance of that company

TRUTH MANY DIRECTORS HOLD DUAL OR MULTI DIRECTORSHIPS. FOR EXAMPLE AT THE END OF 1985 F. BIRD HELD DIRECTORSHIPS IN 10 DIFFERENT COMPANIES. THE HOLDING OF DUAL OR MULTI DIRECTORSHIPS GIVES TI MUCH GREATER CONTROL OVER INDIVIDUAL TI COMPANIES THAN IT MIGHT OTHERWISE HAVE.

MYTH 6. The wages paid to TI employees are too high and it is the major reason the company has been doing badly over the last few years.

TRUTH THE AVERAGE WAGE FOR TI'S UK EMPLOYEES IN 1984 WAS APPROXIMATELY £150 PER WEEK. AVERAGE EARNINGS IN THE UK WAS £165.30 AND IN MANUFACTURING IT WAS £170 PER WEEK. EVIDENCE FROM TI'S ACCOUNTS IN 1982 AND 1983 SHOW THAT WHILT TI EMPLOYEES IN THE UK EARNED ON AVERAGE £6199 IN 1982 ITS OVERSEAS EMPLOYEES AVERAGED MUCH MORE AT £15,770.

MYTH 7. TI is 'non-political'

TRUTH IN BOTH 1979 AND 1983 TI PAID £25,000 TO THE CONSERVATIVE PARTY. IN ADDITION THE COMPANY ANNUALLY CONTRIBUTES TO BOTH 'THE ECONOMIC LEAGUE' AND 'THE CENTRE FOR SOCIAL STUDIES'. BOTH ORGANISATIONS ARE WELL KNOWN ANTI-TRADE UNION ORGANISATIONS AND AMONGST OTHER THINGS ARE RESPONSIBLE FOR PUBLISHING LISTS OF ACTIVE TRADE UNIONISTS.

MYTH 8. TI is owned by thousands of small shareholders

TRUTH TI LIKE ALL BIG COMPANIES IS OWNED BY A FEW BIG INVESTMENT COMPANIES. EIGHTY ONE PER CENT OF ALL ITS SHARES ARE OWNED BY JUST 6.7 PER CENT OF THE TOTAL SHAREHOLDERS.

MYTH 9. Dividends paid by each company to the parent company are for distribution to the shareholders?

TRUTH DIVIDENDS PAID TO THE TI GROUP BY INDIVIDUAL COMPANIES ARE NOT ONLY USED TO PAY DIVIDENDS TO SHAREHOLDERS. THEY ALSO PAY TI DIRECTORS EMOLUMENTS (Wages), INCREASE RESERVES AND ALLOW TI TO PURCHASE OTHER COMPANIES PARTICULARLY IT WOULD APPEAR OVERSEAS.

TI shake-up is profitable

Evening Mail. 29.4.86.

By ANDREW MACLEOD

The Birmingham-based TI Group is engineering a dramatic business recovery with a major investment programme. It has helped drag three of its loss-making member companies into profit in the last 12 months.

Shareholders were told at the annual meeting that with the turn round of Cold Drawn Tubes at Oldbury, only the Raleigh works at Nottingham had still to show a profit.

They heard that "extensive consultations" had been held

Workers agree on changes

with all employees to outline intended changes in working practices.

Mr Ronny Utiger, the chairman, told the meeting, which was over in a record 14 minutes: "Employees recognise the need for radical change.

"Detailed discussions on methods of implementation are now in progress and changes in management structure are well advanced."

The loss-making areas which were turned to profit in 1985 were:

- The Cold Drawn Tubes operation in Oldbury, which converted a £3m deficit into a slight profit with little change in total sales.

- The machine tools business, which returned a profit in the second part of the year.

- Operations at the group's gas cylinder plant in the US has been cut back to a "finishing only" function.

Mr Utiger added: "We are increasing expenditure on product development in our core businesses, particularly for automotive components, jet engine rings, vacuum furnaces.

"In these businesses the time-scale from initial development to profitable sales may well be up to three years."

Financial Weekly. 1st May 1986.

TI'S SHARES put on 16p on speculation of a takeover bid from engineering company BBA.

The company hit the headlines recently in another bid situation. The Abdullah brothers' Evered launched a £161m bid for besieged McKechnie Brothers and raised the question of whether they would sell their 20% holding in TI. The stake brings them £1m annual profit share but would raise a sizeable sum if sold. The Abdullah's have given no indication of their intentions.

In late April 1986, the Company reported a 'profit turn around' and 'extensive consultations with employees' on changes in working practices. At the same time, came news of yet another possible takeover bid. As usual, the company has actually kept the workforce in the dark. In fact, the talk of increased profit, comes at a time when more cutbacks are taking place, new working practices are being forced through, and more investment is going abroad.

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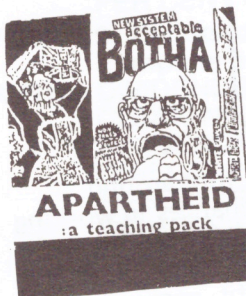
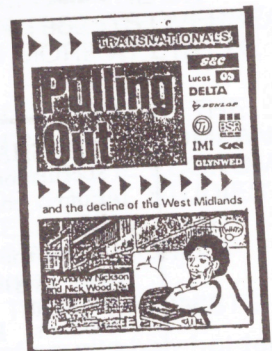
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February 1986

DOWN THE TUBES

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