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MR. INGHAM

Prime Minister's Visit to Bulmers, 12 December:
The Productivity and Marketing Campaign

I visited Bulmers in Hereford on Friday 10 October. I saw over the factory, met all the members of the 40 strong employee council over a buffet lunch, and I explained privately to Mr. Prior (Chairman) and Mr. Nelson (Managing Director) that the Prime Minister hoped to visit Bulmers on 12 December; that we could not be sure whether it would be morning or afternoon, but hopefully morning; and that my purpose in visiting was not to make detailed arrangements but to establish what lessons could be learnt from the Bulmers' operation that might be drawn out by the Prime Minister in her public statement afterwards, as the beginning of our Productivity and Marketing Campaign (outlined in my minute of 2 October to Mr. Pattison). I am satisfied from what I saw that Bulmers are an appropriate catalyst for this campaign; it may be helpful if I record now the principle points of significance about the Bulmers' operation.

Company Performance

As far as I can tell from the figures provided, and from the 1980 Report and Accounts, the Company is in sound financial shape and there do not appear to be any skeletons in the cupboard. Particular points of interest to us are that productivity (measured as output ^{per} ~~company~~ employee) has increased on an indexed scale from 100 in 1971/72 to 134 in 1979/80 - on the same scale, UK manufacturing industry reached only 121, and the food, drink and tobacco industry reached 126. Value Added per employee has gone on an indexed scale from 100 in 1971/72 to 387 in 1979/80, and pre-taxed profits to 315 (the RPI, for comparison, went to 309). The increases in output have been achieved by maintaining the workforce more or less constant: over the last year it has declined by about 2½%, solely by natural wastage.

/ Limitations

Limitations

There are of course some limitations on using Bulmers as an example to the rest of British industry. In the first place it is a small Company - only 2,000 employees. Second, it is run on rather paternalist lines, in a way that larger manufacturing industries could not achieve. Third, it has a very secure rural base, and it is notable that the average length of service of the employees is very high. I should also record that Bulmers do use rather a lot of foreign (Dutch and German) equipment, especially for the higher technology items - eg the control systems. But there is also a good deal of British equipment, including the fork-lift trucks, and the conveyor system in the bottling plant. Indeed a useful but different lesson can be drawn from this: they said that no British equivalent existed for the foreign equipment they had brought in.

Lessons for British Industry

The overwhelming feature of the Bulmers' operation is the management-employee relationship. This is centred upon the employee council, which has been in operation for many years, in which all aspects of the Company's activities are discussed and which prepares an agreed statement of ^{Company} ~~any~~ objectives which appears in the Annual Report. All the employees (and I spoke to many) agree that management is extremely good at keeping them informed, and that it is largely as a result of this that the Company has such good industrial relations and no strikes. So Bulmers does seem to exemplify the first point we want to make elsewhere in British industry, that management and workforce must have a shared feeling of responsibility for the enterprise. The two other lessons which can be learnt are that productivity can be increased, without laying off labour, despite the external problems; although this does of course depend upon the creation of an expanding market. Secondly, it is possible to introduce labour-saving new technology without industrial difficulties: Bulmers have largely mechanised their bottling plant, but absorbed the surplus labour elsewhere in the operation, and have diversified some of their activities.

Possible Programme

While making it clear that the construction of the programme was not my responsibility, I did ask what they thought it would be interesting for the Prime Minister to see and do, if she visited for about 1 hour. We agreed that the most sensible shape of the programme would be to start by seeing the apples coming in and being pressed (which will still be going on in December); then to visit the vat cellars, which are huge and very impressive; to see the old train and steam engine which is their ^{important} ~~main~~ marketing tool - they take visiting customers on trips in it, and it is equipped with bars and a cinema - and then to see the bottling plant, which is in a huge hall. There is the important issue to decide of at what stage and in what context the Prime Minister makes her remarks about the changes in attitude that are indeed elsewhere in British manufacturing industry; one possibility is for her to address those employees (and the media) assembled in the bottling plant, and it could even be arranged for her to be introduced by the union convenor.

Follow Up

I have discussed further with Mr. Prior how the message would then be driven home to the rest of British industry, and the importance of ensuring that it was not lost by virtue of the other events planned for the same day. Mr. Prior was receptive to the idea that he might invite selected media down beforehand for a briefing; and he intends to have those who are there on 12 December to lunch. I said we would do what we could to see the media follow it up nationally. We agreed that he would make proposals for the ISBA to carry the message to their members; and that I would open discussions with the BIM.

Action Required

i) We need first of all to ensure a suitable slot for Bulmers in the programme. I will discuss this with Mr. Ryder and Mr. Pattison.

ii) I told Bulmers' PRO, Mr. John Hackett, that whichever press officer was going to be on this visit would get in touch with him fairly soon (he shows some signs of panicking).

iii) You have already agreed to approach "Nationwide" with a view to their following up the story; perhaps by including an interview with the Prime Minister.

iv) I will produce a skeleton of the message the Prime Minister might put across after seeing the plant.

v) Mr. Prior and I will work on the follow-up via ISBA and the BIM respectively.