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PRIME MINISTER

29 March 1985

COAL INDUSTRY BILL

There is no excuse for an organisation with the resources of the NCB to emerge from a prolonged strike without clearly defined objectives, covering the next 3 years, and a quantified Business Plan. No private sector business would be allowed by its shareholders and bankers to get away with this cavalier seat-of-the-pants approach to business management.

Unfortunately, both Peter Walker and Ian MacGregor are seat-of-the-pants men. Ian MacGregor talks toughly of the need to confront the realities of business life. But to work well he needs a Chief Executive capable of translating this tone into a quantified Business Plan, with an approved investment programme with target dates for important milestones, the associated budgets, and a system for monitoring performance and progress, both physical and financial. As it is, this ingredient is missing, and the recent Board reorganisation is unlikely to meet the need, at least for some time.

The "highly-tentative" NCB financing figures proposed in Peter Walker's letter have no solid basis. We would round down to £2 billion rather than up to £2.5 billion, but would put no faith in this instilling a sense of commercial

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discipline in the NCB. They should be charged to give high priority to setting out their cash flow and profit objectives over the next 3 years. You might consider earmarking an E(NI) meeting for Peter Walker to review the NCB's Business Plan.



JOHN WYBREW

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