10 DOWNING STREET

file XB
LOS AC J
bc P. Warry

From the Private Secretary

21 May 1985

SWITCH MEETING ON 21 MAY

A further three letters from the Industrialists invited to this morning's meeting have now arrived: one from Robin Duthie, SDA; one from Sir John Clark, Plessey; and one from Lord Sandon, National Westminster.

I shall be circulating a note of the meeting tomorrow.

I am copying this letter and enclosures to Michael Reidy (Department of Energy), John Graham (Scottish Office), Colin Williams (Welsh Office), David Normington (Department of Employment), John Mogg (Department of Trade and Industry), Leigh Lewis (Office of the Minister Without Portfolio), David Halldearn (Mr. Butcher's Office, DTI), Robin Nicholson, John Wiggins (Cabinet Office) and Peter Warry (Policy Unit, No. 10).

MARK ADDISON

Miss Elizabeth Hodkinson,
Department of Education and Science.

MR. R G MESSERVY MR. ROBIN DUTHIE

SIR EDWIN NIXON — Let will we do it now.
MR D A BALDWIN

MR. JONN BUTCHER

THE RT HON GEORGE YOUNGER

THE RT HON NORMAN TEBITT

THE RT HON SIR KEITH JOSEPH

THE PRIME MINISTER

THE RT HON TOM KING

THE RT HON LORD YOUNG OF GRAFFHAM

SIR ROBIN NICHOLSON

MR M BETT

SIR AUSTIN BIDE

MR ROBERTS

MR. UTTIGER

MR J WHYTE — Network Chairmen Cond

MR J D ALUN-JONES

MR. P. LAISTER

SIR ROY SISSON — Smiths

SIR JOHN CLARK

MR. S TOY

MR. H ORR-EWING

SIR FRANCIS TOMBS

SIR ROBERT CLAYTON

SIR TERENCE BECKETT

SIR AUSTIN PEARCE

SIR KENNETH CORFIELD

THE VISCOUNT SANDON

MR. J H HARVEY-JONES

MR. P SWINSTEAD

MR. ROBERT THORNTON

MR. GEOFFREY LOMER

Randy

MR. P HUGHES Logie

All present
+ Miss
+ Mr. Peter Wavey
+ Mr. John Wyse
(+ Mr Powers)

MR. R G MESSERVY

MR. ROBIN DUTHIE

SIR EDWIN NIXON

MR D A BALDWIN

MR. JONN BUTCHER

THE RT HON GEORGE YOUNGER

THE RT HON NORMAN TEBITT

THE RT HON SIR KEITH JOSEPH

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SIR AUSTIN PEARCE

SIR KENNETH CORFIELD

THE VISCOUNT SANDON

MR. J H HARVEY-JONES

MR. P SWINSTEAD

MR. ROBERT THORNTON

MR. GEOFFREY LOMER

MR. P HUGHES

IR AUSTIN PEARCE
British Aerospace plc (Chairman)

MR. M. BETT
British Telecom plc (Director for Personnel & Corp. Services).

MR. ROBERT THORNTON
Debenhams plc (Chairman)

MR. J.D. ALUN-JONES
Ferranti plc (Managing Director)

MR. S. TOY
Ford Motor Co. Ltd. (Chairman)

MR. DEREK ROBERTS
GEC (Director of Research)

SIR AUSTIN BIDE
Glaxo Group Ltd. (Chairman)

MR. D.A. BALDWIN
Hewlett-Packard Ltd. (Managing Director)

SIR EDWIN NIXON
IBM(UK) Holdings Ltd. (Chairman)

MR. J.H. HARVEY-JONES
Imperial Chemical Industries plc (Chairman)

MR. P.A.B. HUGHES
Logica Holdings plc (Chairman)

MR. R.G.C. MESSERVY
Lucas Industries plc (Chairman)

THE VISCOUNT SANDON
National Westminster Bank plc (Deputy Chairman)

SIR JOHN CLARK
The Plessey Company plc (Chairman)

~~SIR ERNEST HARRISON~~ MR GEOFFREY LOMER
Racal Electronics plc

MR. H. ORR-EWING
Rank Xerox Ltd. (Chairman)

SIR ROY SISSON
Smiths Industries plc (Chairman)

SIR KENNETH CORFIELD
STC PLC (Chairman)

MR. P. SWINSTEAD
Systems Designers Ltd. (Chairman)

Mr. P. LAISTER
Thorn EMI plc (Chairman)

MR. R.E. UTIGER
TI Group plc (Group Managing Director)

SIR TERENCE BECKETT
CBI (Director General)

SIR ROBERT CLAYTON
Information Technology Skills Agency (Chairman)

SIR FRANCIS TOMBS
Rothschilds Rolls Royce

MR. ROBIN DUTHIE
Scottish Development Agency (Chairman)

Mr. J.S. WHYTE
National Electronics Council (Chairman of Plessey Telecom. Ltd).

RT. HON. SIR KEITH JOSEPH, MP

RT. HON. NORMAN TEBBIT, MP

RT. HON. TOM KING, MP

RT. HON. LORD YOUNG OF GRAFFHAM

RT. HON. GEORGE YOUNGER, MP

MR. JOHN BUTCHER, MP

SIR ROBIN NICHOLSON

MR. P.[illegible]. WARRY

MR. J. WIGGINS

FOR SIR FRANCIS TOMBS
ROLLS ROYCE LTD
FAX NO: 01-

LUCAS INDUSTRIES PLC
20 MAY 1985

INDUSTRY MEETING WITH THE PRIME MINISTER

SUMMARY OF CONTRIBUTIONS - 22 COMPANIES REPRESENTED

QUESTIONS	RESPONSES			TOTALS
1. GRADUATE INTAKE 85	i.	ELEC/COMP	4287	8142
	ii.	MECH/PROD	1021	
	iii.	SCIENCE	1360	(At £10k each, say £81.4m)
	iv.	OTHERS	1024	
		NOT SPEC	450	
2. SPONSORED STUDENTS 85	NOT ALL CATEGORISED			3258 (At £2.5k each, say £8.1m)
3. VACATION PLACES 85				3488 (At £1k each, say £3.4m)
4. SPONSORED RESEARCH	17 RETURNS			Say £9.0m
5. EQUIPMENT DONATIONS	ROUGH ESTIMATE 12 RETURNS			Say £5.6m
6. SUPPORT FOR UNIVERSITY STAFF	15 RETURNS			Say £1.6m
7. VISITING LECTURERS	16 RETURNS (NOT COSTED)			436+

NOTES

FIGURES MUST BE CONSIDERED AS APPROXIMATE. ANSWERS HAVE BEEN "INTERPRETED" AS NECESSARY.

CERTAIN COMPANIES HAVE REQUESTED STRICT CONFIDENTIALITY.

CHAIRMAN AND CHIEF EXECUTIVE
SIR JOHN CLARK

The Plessey Company plc
Millbank Tower · London SW1P 4QP
Telephone: 01-834 3855 Telex: 897971

20 May 1985

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister,

I look forward to taking part in your meeting on 21 May on the subject of IT Skills Shortages. On the assumption that there will be limited opportunity in that meeting to tell you where Plessey stands on this important subject I thought it desirable to give you our position in letter form.

We have been actively involved in the representations and discussions which led to the formation of the Butcher Committee, in the work of that Committee, and in the formation of the IT Skills Agency as an outcome of John Butcher's work. We expect to continue to play a leading role in the development of the "Triple Alliance" of government, education, and industry for which ITSA is to be the catalyst.

Your decision to invest £43m in IT education is applauded by us. There is however some doubt in our minds about the distribution of these funds. The UGC sector would of course be keen to absorb all of it. Our view is that it is important that two or three of the best of the Polytechnics are allowed to compete for these funds or are otherwise enabled to develop their IT programmes.

It continues to be a central part of our case that higher education must learn the skills of redistribution of resources that the private sector has had to learn, and must not be allowed always to take the view that new things can only be done if new money is provided. The management problems of the universities identified by the Jarratt Report directly relate to this.

We also consider it to be an important condition to be attached to awards under this scheme that departments receiving these funds are not subject to withdrawal of existing levels of funding to be used elsewhere within the university or polytechnic. Perhaps you alone can start the necessary change process to bring proper management principles into our universities.

Registered in England and Wales Number 203848 at Vicarage Lane, Ilford, Essex.

I wish to lay stress on the word 'quality': - quality of courses, students and teachers. We will not solve this problem unless we raise quality standards across the board, and this is much more important than increasing quantity, especially if doing so causes a further fall in quality. Teaching staff quality is today affected by inadequate salaries for IT teachers. Industry is asked to provide consultancy contracts to key IT staff to bridge the gap between academic and market salaries and we are doing this in a number of cases but what is needed is a salary structure for IT teachers on the same lines as exists for medical academics.

Your letter makes it clear that you are asking industry to do more to help with this problem along the lines of Section 6 of the first Butcher Report. We are of course willing to do more where we see value for money and subject to the necessary judgement of commercial interest and resource availability. It does however need to be said that we are already doing a great deal and I attach as an Appendix a summary of Plessey's current activities to support IT Education.

I believe your meeting on the 21 May is a most important step in the building of the "Triple Alliance" and will give impetus and encouragement to ITSA, and I am grateful for the positive interest you have shown in tackling this problem.

Sincerely

John Clark

APPENDIX

Plessey's present activities in support of IT Education

1. HELP WITH EQUIPMENT:

   * We already donate equipment to schools usually based on strong ties between our factories and laboratories and schools in the localities.

   * We are willing to provide access to state of the art equipment where this is relevant and necessary to higher educational bodies.

   * Some £30k worth of equipment was donated to UMIST in conjunction with a course which we sponsored.

2. HELP WITH TEACHING STAFF:

   * Plessey already has 5 of its senior management holding visiting professorships in technology at 5 leading universities. We would welcome more.

   * A substantial number of our staff are visiting lecturers in technology at universities and polytechnics.

   * We retain and use a large number of university consultants to advise us on our research programmes. There are some 20 on a regular retained basis and a substantial number more whom we use ad hoc. This of course also helps bridge the gap between these individuals academic salaries and their market value.

3. PLACEMENT OF SANDWICH STUDENTS:

   * We have 250 such students now and 100 more starting in Sept 85. The present annual cost is £875k.

4. ASSISTANCE IN THE DESIGN OF NEW COURSES:

   * We have played a part in the development of new IT courses at Bath, York, UMIST, Aston, Buckingham, Edinburgh and Liverpool

   * We are currently assisting Surrey and Newcastle, also The University of London via Chelsea College and Kings College.

   * We have a number of senior people on IT Faculty Advisory Committees.

5. RECRUITMENT:

* We recruited 500 IT graduates in 1984

* In addition to our sandwich student sponsorship we also sponsor a number of undergraduates, reading IT subjects, with bursaries and grants.

* We offer vacation training to our sponsored students each year and to a substantial number in addition.

6. RESEARCH:

* We are principal participants in the Government's ALVEY and JOERS programmes in research in IT technology. These involve us in major collaborative programmes with universities in many IT fields including materials science, optics and optoelectronics, and linguistics.

* We place research contracts with many universities and polytechnics to take mutual advantage of expertise or equipment facilities. We support research fellows and assistants and large numbers of SERC, CASE, and other postgraduate studentships. We collaborate with many higher education bodies informally on many projects too numerous to mention.

7. RETRAINING AND UPDATING:

* It is necessary for us to be constantly involved in updating our staff in the most advanced technologies and to this end we work closely with selected higher education bodies in designing and mounting courses for this purpose. We are also conscious of the need for such courses to be delivered by distance learning methods and we see major developments ahead on this front.

8. OTHER

* We are active participants in and supporters of:

  Careers Research Advisory Centre
  Institute of Manpower Studies
  Standing Conference of Employers of Graduates
  Understanding British Industry
  Engineering Careers Information Service
  Various SATRO's
  Information Technology Skills Agency
  Council for Education Technology

* We are sponsoring several booklets for schools in the Hobson's Science support series

* The annual Plessey Engineering Case Book is widely used in schools and higher education

* We are a "training company" partner with the Production Engineering faculty at Cambridge

* We have financed a number of fellowships in IT subjects at Oxford, Cambridge, Surrey, Trent Polytechnic etc

* We have helped to set up, finance and run ITEC's at Merseyside and Christchurch

* We are represented on the National Steering Group of the MSC's Technical and Vocational Education Initiative

* We are represented on the Science Board of SERC and the Technology Subcommittee of UGC

National Westminster Bank PLC

Chairman's Office

41 Lothbury
London EC2P 2BP
Telephone 01-726 1000

MEMORANDUM:

TO: D.M. Barclay, Esq., Private Secretary, 10 Downing St, S.W.1

FROM: Lord Sandon, Deputy Chairman, National Westminster Bank PLC, Chairman, Powell Duffryn and Bentley Engineering

RE: CONFERENCE - 21ST MAY, 1985
SUPPLY OF GRADUATE ENGINEERS AND TECHNOLOGISTS

1. The supply of Craftsmen and Technicians is an in-house responsibility and is usually satisfactorily achieved by bigger companies at modest net cost due to official support, with a spin-off benefit for smaller companies. One feature worth attention, though, is immobility, principally due to mortgage finance being normally restricted to 2½ times gross pay. Thus a move from North to South is often obstructed at the outset.

2. The supply of Graduate engineers, however, is another matter, whether mechanical, electrical, electronic or software.

3. Improved professional definition of an "Engineer" and greater attractiveness of careers, both materially and intrinsically, is required. The key cause is lack of social status.

4. Since most engineers enter engineering employment through the higher education system, conscious decisions are needed at an earlier school age to ensure adequate curriculum bias and encouragement. The Schools Inspectorate might lend their weight.

5. Two steps could be taken to alleviate the situation. First, a single national standard for each level of qualification. Secondly, a well thought out perpetual PR programme - e.g. a T.V. serial along the lines of the "Plane makers".

6. Hitherto, the only road to recognition has been into Management. This is wrong. Firms must encourage (and pay) some of their best men to stay as Design Engineers - with management status. There is a chronic shortage.

7. Having got the image right, a flow of suitable candidates should be forthcoming, both at ages 16 and 18.

... / .....

8. How to train them? Best results come from sponsorship - and especially for the 18 year olds a thin sandwich course; 6 months practical with the sponsor, 6 months academic, for 4 years. A 'thick sandwich' can be appropriate for the 16 year olds in due course. Government should help firms, including the smaller brethren, to double their sponsorship programme.

9. In sponsorship, as in general, local universities or colleges, where there can be close liaison, mutual assistance and monitoring, are preferred.

10. After graduation, on-going training, not only in specialities, is necessary, as indeed are refresher courses. These are an Industry responsibility.

11. To summarise, Government should, to upgrade status, encourage a national standard and then use PR, create many more geographically widespread places for study and then encourage firms financially to fill these places with sponsored students. Generally, they should consider how to improve mobility through more realistic mortgage policies.

Further Miscellaneous Points:

A. Companies normally help local educational institutions as much as they think they can afford. More will come gradually if the emphasis is on local development, but equipment is expensive and 'cast-offs' won't do.

B. Close involvement of Industry in the formulation of academic courses would be beneficial.

C. Grant emphasis should not be put on Universities at the expense of other establishments.

D. Universities should not treat students with 'Design and Technology' at 'A' level as "poor relations".

E. It is noteworthy that the academic world often controls research projects too loosely.

F. More girls ought to be attracted to the profession.

G. Apprenticeships should be skill and qualification based rather than time serving.

5

SCOTTISH
DEVELOPMENT
AGENCY

Chairman Robin Duthie CBE

The Rt Hon Mrs Margaret Thatcher
The Prime Minister
10 Downing Street
LONDON

20 May 1985

Dear Prime Minister

While I shall be attending the meeting on Tuesday I am aware that the opportunity to contribute to the discussion may be limited.

The Agency has for perhaps four years now been acutely aware of the shortage of graduates in various technologies particularly electronic engineers and computer scientists. This shortage has considerable relevance to the attraction of inward investment where as you are aware Scotland has been particularly successful. We have consequently had extensive discussions with both industry and universities in Scotland and have already promoted and encouraged the kind of initiatives which you envisage and I thought that it might be helpful to highlight the points which we see as crucial and to give you some examples of the successful initiatives which have been taken in Scotland.

There are several of the companies represented at the meeting who are playing a significant part in current initiatives, in particular IBM and Ferranti and I believe that the widespread and varied activities of IBM are of great importance in illustrating how enlightened self-interest can play an extremely important part in industry's contribution.

It seems to me that we are fortunate in Scotland in that the lines of communication are short and the universities and technical colleges are very willing to participate fully in such initiatives. The Agency and the Industry Department for Scotland has played its part in encouraging this cooperation and I believe too that the decision of the Secretary of State for Scotland to appoint to the head of the Scottish Education Department a first class Civil Servant whose previous experience was with the Industry Department will prove to be a vital factor in our future efforts.

I am attaching a detailed briefing note which I hope that you may find of interest. While much of the information is based on the Agency's own observations from discussion with both industry and academia over recent years, the views of the Scottish industrialists who attended a meeting at the Agency which I arranged last week have been incorporated where appropriate.

Yours sincerely

Robin Duthie

120 Bothwell Street Glasgow G2 7JP Telephone 041-248 2700 Telex 777600

1 Scale of the Problem

It is believed that Japan currently produces approximately ten times the number of relevant graduates but what is perhaps even more alarming is that both France and Germany are producing twice as many as the UK.

2 Source of Training

There is an actual substantial shortage. The essential success we want to achieve in indigenous development and success in attracting inward investment depends upon illustrating satisfactory supplies of skilled labour. The key problem for the UK in the short term and medium term is quantity without of course ignoring quality.

Attention must therefore be paid to providing the resources at all levels to increase output just as soon as possible and we believe the need is so great that no proposals which are considered to be well based and which will make a significant contribution to the problem should be turned down. We appreciate that because university funding is almost exclusively provided from Government that the present "SWITCH" funding proposals may be inadequate but we believe that you should consider making further resources available if necessary.

One of the major problems which "SWITCH" will encounter is in meeting the building costs which may be involved and yet space shortages probably occur in those very institutions with the highest reputations and which can contribute most. It might well be that some private sector funding of off-campus buildings might be a way to help to overcome the problem.

The scope for conversion courses for high quality graduates of other disciplines should be explored and there should be maximum provision of part-time modular courses for suitable students both for graduate training and for updating technical staff in industry.

3 Quality of Training

There is concern that perhaps the speed of change of technology and the lack of suitable up to date equipment can cause academic departments to lack awareness of the latest industrial developments. To improve the quality of training industry must play its part by participating in transfer of staff, provision of specialised lecturers and provision of equipment. Provision of equipment, access to equipment in the workplace and in-company training facilities are of paramount importance given the very high capital cost and short lifetime of many technology systems. Appreciating this Barr and Stroud allow the university to use their training department's equipment when their own staff are at college: an example that could well be followed by other companies.

There is an interesting paradox in that industry often finds that graduates from sandwich courses are more aware and immediately useful in industry, but that considerable difficulty is experienced by universities and central institutions in placing students for such courses. The imminent withdrawal in August (1985) of the Engineering Industry Training Board's training grant (of £30 per week for 50 weeks for each graduate undergoing approved training) is now regarded as a very retrograde step especially by the smaller/medium sized companies. If some financial encouragement were available to companies to encourage such placements it might help. There is some feeling that in certain sectors, for example, financial services, significant benefits are achieved from the availability of trained information technology manpower with relatively little direct input to training of such manpower. Some positive contribution might be expected from such institutions as Banks.

As a general point it is felt that there should be more effort made to encourage engineers to think about the commercial use of the product and consequently a part of their education should include marketing and/or business studies. It is also felt that in general there was merit in the courses initially being more broadly based than at present with specialisation taking place at a later stage in the course.

The following specific initiatives have recently been undertaken in Scotland:

MIQAL

The MIQAL (Microelectronics and quality assurance laboratory) project at Paisley College of Technology. This provides training modules in Electronics and Electronic Engineering from which companies can select appropriate programmes which precisely reflect the needs of their employees. It demonstrates how the Agency can negotiate and establish a jointly funded and cost-effective arrangement with industry to support a new training initiative. Companies involved in the scheme include Ferranti, Barr and Stroud and IBM.

Teaching Company Schemes

Under these schemes, university graduates work in companies on specific projects. Their salaries are based on university research scales but are funded jointly by the recipient company and the SDA. Barr and Stroud currently support two postgraduate students preparing PhD theses on different aspects of laser technology. The companies and the Agency consider this an important initiative and are considering ways of increasing the support.

Industry/University cooperation

Industry and the universities are already cooperating in the provision of high technology courses. For example, at a cost of around £50,000, IBM has donated two robots together with associated data processing equipment to Strathclyde University to introduce a Robotics Laboratory. This will provide robotics courses for IBM staff, enable the university lecturers to become proficient in this area and be available for student education. The agreement between the company and the university will last five years initially.

Schools Liaison

Strathclyde University operate a scheme whereby plant and equipment from companies and university laboratories are loaned to schools to allow primary and secondary pupils to become user friendly. A Newsletter is produced by the university to advise the schools of this facility. OEM suppliers assist too by providing "end-of-run" equipment at cost price.

Industry/University R&D Initiatives

Through the Co-operative Awards in Science and Engineering Scheme (CASE), Glasgow University PhD students spend three months in industry on specific projects reporting to industrial supervisors. Support from the companies, including GEC and Plessey, takes the form of real time commitment together with approximately £2,000 of financial support for each student.

These examples are illustrative only. There are many others of similar type and although these instances are principally Scottish based there is significant interchange between Scottish industry and for example with Imperial College and Birmingham University.

Specific Agency Initiatives

To promote industry/university liaison, the SDA has introduced a number of key initiatives including:

i) Pre-venture capital fund. Together with Glasgow and Strathclyde Universities the Agency manages Kelvin Technology Developments Limited, a £200,000 fund to provide seed corn venture capital for commercialising products and services from university laboratories. This early funding support is critical and a number of appropriate projects have been identified.

ii) Location Mechanisms. Along with the two Glasgow Universities, the Agency has launched the West of Scotland Science Park to provide accommodation for high-tech companies who require access to university research facilities. Eight companies are operating from the Park filling completely the first building phase. Success here will be replicated elsewhere.

iii) Management of Liaison Companies. The Agency will assist universities in meeting short-term funding gaps in support of their Industrial Liaison companies. One example is Strathclyde Technology Transfer Limited where the Agency, in addition to its financial support, provides management expertise through its own Board representative and its nominated industrial director - in this case from Howden Group.

iv) Turing Institute. The Agency funded the Institute to provide a centre of excellence in Machine Intelligence to enable Scottish companies to learn about the techniques and software tools used in Artificial Intelligence and to develop commercial applications. A similar scheme has been introduced with the Artificial Intelligence Unit at Edinburgh University.

Equity Participation

The Agency will support with equity participation companies moving from academic laboratories into the industrial sector, especially where these are in areas of high-technology. Examples are BIOSCOT (from Edinburgh University) in bio-technology, AURORA (from Aberdeen University) and Flexigage (from Glasgow University).

4 Shortage of University Staff

The shortage of qualified experienced engineers in most areas of electronic engineering and also many other areas of advanced engineering affects academic institutions as well as companies. Salary differentials have developed (and are increasing) between the industrial and academic communities that mitigate against academic staff recruitment and retention. This problem is acute in institutions located near high-technology companies (particularly multi-nationals). Ways to circumvent these salary problems should urgently be explored. Precedents are available since academic staff salaries in the areas of medicine and dentistry include a favourable differential.

The US method of allowing professional staff to undertake significant commercial consultancy up to in some cases half of the individual's time is seen as wholly desirable in part to keep staff up to date and to help to improve relative remuneration levels to retain top quality staff. Present UK provision tends to be limited to a maximum of 1 day per week. In this context, the Scottish Development Agency will be encouraging university staff to become authorised consultants under the Better Technical Services Scheme (BTS) which is now being established as a source of low cost, high quality, technical advice to small firms along the lines of the well-established Better Business Services scheme.

Part-time secondment from industry to appropriate and relevant university departments could be of significant help.

5 Schools

Much more effort must be put into attracting school leavers into engineering and technology courses and in this connection sponsorship by industry similar to that offered by Ferranti could prove very useful as an additional incentive particularly if sufficient publicity was given to it. There is also ample justification for encouraging many more girls to take relevant courses for the experience of industry suggests that in many cases they make particularly good employees.

To offset the declining population of 17-18 year olds projected to the end of the century, a massive effort is required within the schools to persuade pupils to study subjects which will enable them later to follow engineering careers. Industry has accepted that it must assume the responsibility of making engineering as attractive a career as the legal, accountancy and medical professions. Indeed, IBM has already initiated a programme of local school visits by senior management.

6 Resources

While representatives of high technology industry recognised the pressures on public expenditure they made it clear that they consider additional UK expenditure of £43m inadequate when set against the scale of the problem. Ferranti alone in Scotland spend £3.5m annually on apprentice and graduate training. The Agency is aware of the Secretary of State's recent announcement of £14 help for Central Institutions in Scotland which will be very helpful in the Scottish scene.

7 General

It is felt that while Government has a substantial role to play in direct university funding, exhortation and supply of examples, the most useful industry/university collaboration will be on a direct company/specific institution basis along the lines illustrated earlier.

The SWITCH programme can be used to encourage and reward those institutions which respond positively. If the resources can be found to reward industry likewise for its participation, perhaps by fiscal allowances as in the United States, this too would be helpful.

If the funding of technological universities could be undertaken by a separate body other than UGC it might be very helpful and some positive reward in the form of a multiplier of monies directly resulting from university/industry collaboration would be a useful incentive. Such performance figures are readily available from existing sources.

The great US institutions like MIT and Caltech have very close industry links and there certainly are in Scotland institutions which will respond very positively indeed to any approaches from industry. There must be similar opportunities in England given sufficient encouragement.

To end on a positive note there was acceptance among the multi-national companies present at a dinner which I organised as a preliminary to today's meeting, that the Scottish graduate engineer was every bit as good as any other European graduate. Whilst there simply were not enough of them it must also be borne in mind that the good graduate is an internationally marketable product and he will go where there are opportunities. We must therefore generate opportunities as well as reward skills if we are to retain and build up this resource. Those who came also very much welcomed your personal interest in the problem seeing in it the likelihood of some real results.

10 DOWNING STREET

CF

Note for "Smith" file

Elizabeth Hodkinson suggests that, before the meeting, I speak to Robin Retson on 934 9920 about the kind of briefing we want.

MEA 2/4

file

DSG

(51)

10 DOWNING STREET

From the Private Secretary

17 May 1985

Dear Elizabeth

I spoke to Robin Retsima this morning, and agreed to send him the attached letters from Rank Xerox and Hewlett-Packard which arrived yesterday. Could you please pass them on to him.

Copies of this letter and the attachments go to the Private Secretaries to the Secretary of State for Energy, Scotland, Wales, Employment, Trade & Industry, Minister without Portfolio, Parliamentary Under Secretary of State for Industry, and to Sir Robin Nicholson, John Wiggins (Cabinet Office) and Oliver Letwin (Policy Unit, No.10). Also enclosed, for those who have not already seen them, are copies of earlier letters from Lord Weinstock, Sir Austin Pearce, Mr. A. Poot and Sir William Barlow.

Yours ever

Mark Addison

Mark Addison

Miss Elizabeth Hodkinson,
Department of Education and Science.

DSG

Office of the Chairman

Rank Xerox Limited
338 Euston Road
London NW1 3BH
Telephone 01 380 8000

R 16/5 2pps

CFPPS

RANK XEROX

The Office of the Prime Minister,
10, Downing Street,
London SW1

14th May, 1985

pt 2 attached

Dear Sir,

In my letter of 27th March, 1985 responding to the Prime Minister's invitation to the meeting on 21st May, 1985, I undertook to provide some data on Rank Xerox initiatives which contribute to the cause of engineering.

As an aide-memoire Rank Xerox is a British Company whose controlling Shareholder is Xerox Corporation of Stamford, Connecticut. Rank Xerox Revenue is £1765 million and profit before tax is £202 million. We employ 31,000 people of whom approximately 8000 work in the U.K.

Rank Xerox has recognised the shortage of skilled people in its own field of technology - I.T. - and last November launched a programme to address this problem and highlight the consequences to the industry if proper remedies are not found. The initiatives we have announced are in a variety of areas.

Equipment	In November of last year our parent corporation donated £700,000 of 'Leading Edge' computing equipment to Cambridge University and, this year, we will be adding a further £200,000 in software.
Teaching	We have endowed a Chair in Information Technolgy at the University of Hull and will also be establishing Fellowships with two professional bodies in London.
Secondments	We are actively discussing the secondment of one of our top engineers to an I.T. Fellowship at Aston University. We also have an extensive placement scheme for Brunel University students on sandwich courses.
Course Design	We have already given some advice in respect of new courses and are supporting the Warwick University Science project concerned with developing a new basic science curriculum for U.K. schools.

Registered Office:
338 Euston Road London NW1 3BH
Registered in England No. 575914
A subsidiary of Xerox Corporation USA

We are in close contact with I.T.S.A. and, in addition, we have already identified six centres of excellence in I.T. with whom we shall be working.

In order to stress the importance of skills training, Rank Xerox sponsored Innovation '85 at Cranfield. This was a combination of a careers exhibition, trade show and technical seminar over a period of six days. The exhibition was opened by John Butcher and supported by the CBI, the Armed Services and several universities. Twenty-three other companies in the industry participated. Over 20,000 invited guests, a mixture of industrialists, students and academics attended.

At a more basic level, RX has established two Information Technology Centres (ITeCs), one at Slough (investment £250,000) and another at St. Helen's together with Pilkingtons. We have now almost two hundred young people under Y.T.S., most of whom receive training in I.T. skills and, as a company, have a residential training school at Newport Pagnell, catering for a wide variety of our internal needs from sales training and technical training to management development. In addition, we work closely with the teaching profession through the U.B.I. programme to ensure that we and the profession understand each other's needs.

These activities in total means that Rank Xerox Ltd. will spend in the UK over £3 million pounds externally with schools and universities over the next three years in helping to bridge the I.T. skills gap.

We have a concern, which is that, the £43 million allocated by the DES is used by the universities as incremental to the funds already devoted to Engineering Education. Could there be a risk that whilst these funds are earmarked for engineering, a similar sum might be released to cross-subsidise other university activities, thus leaving the engineering spend unchanged in total? An assurance by the Secretary of State at the meeting that this will not happen would be most welcome.

Yours faithfully,

H. Orr-Ewing

Science + Tech pt 3

Budget

16 MAY 1985

RANK XEROX

INTERNATIONAL REPORT 1985



RANK XEROX

INTERNATIONAL REPORT 1985

Rank Xerox is a leading supplier of office equipment in over 80 countries in the Eastern Hemisphere. Five factories in Europe and four factories in Japan produce the widest range of copiers and duplicators in the industry.

A comprehensive range of office information products – ranging from electronic typewriters to laser printers and integrated communications systems – is developed by our parent company, Xerox Corporation, in the US, and manufactured in Europe, the US and Japan. Rank Xerox has one of the largest sales and service organisations in any industry, operating in 24 marketing subsidiaries and complemented by numerous distributors, agents and dealers.

The wonder of the microchip, as featured in the new corporate advertising campaign on television showing the total capability of Rank Xerox. (See P18).



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A YEAR OF CHANGE AND PROGRESS

In the year ended October 31 1984 Rank Xerox placed a record number of copiers and duplicators, increased its market share significantly in the crucial mid-volume sector, reinforced its leadership position in the office information systems market, and increased profits before taxation, for the first time in five years.

1984 may well be recorded as a watershed in the company's history. The tide has turned, after several years of declining profits and market share. But there still is a great deal to do to ensure that the recovery continues.

1984 was the first full year of the 10 Series, the third generation of xerographic copiers and duplicators that has set new industry standards of copy quality, reliability, features and value for money. All of our expectations have been met, and more. No less than 75 per cent of total gross installations were 10 Series machines. In particular, the Xerox 1045, designed in the UK and manufactured in the Netherlands, has been a success all over the world, including North America with over 100,000 placements in the mid-volume sector. Further successes can be expected with the recent launches of other products in this sector.

At the same time, our drive into the low-volume sector, with the Xerox 1020 and Xerox 1030 family, is producing encouraging results, particularly through the additional distribution channels described in this report. The Xerox 1075 and Xerox 9000 Printing Series are maintaining our stronghold in the high speed duplicating sectors. These successes are reflected in an 18 per cent rise in total copier net placements during the year.

Our Systems Business Division, responsible for marketing the fullest range of office information systems available from any company, including laser printers and multi-function workstations, achieved a revenue increase of 54 per cent. Placements of electronic typewriters made in France more than doubled, as did revenues from electronic printing systems. SBD accounted for over 10 per cent of the company's total revenue and is well on its target of providing half the total turnover by 1990.

Our financial results show revenues of £1,765 million, up by 15 per cent, and profits before taxation (and before our share of Xerox research and development and central overhead costs) of £202 million, up by 22 per cent.

These results were achieved in an environment of slow economic growth in many of the Eastern Hemisphere countries, our copy volume growth of 7 per cent, and higher costs of components and machines sourced in the US and Japan resulting from the strength of the dollar and the yen.

However, despite these encouraging results, we have no grounds for complacency. Rank Xerox is facing strong competition, depressed industry price levels, adverse currency influences and an uncertain economic environment. The key to our continued success is to establish even higher levels of activity at the same time as continuing to reduce costs.

During 1984 the number of our employees fell by 805 to 30,986 as we retrained a significant number of our people to meet the changing skills base needed by the company, and allowed attrition to reduce overall numbers. We are re-organising International Headquarters. The new structure shown on the next page will result in fewer management layers, faster decisions, more line accountability, and lower central costs. In addition, we have made plans to move Headquarters out of London to Marlow in late 1986 at a substantial cost saving.

Rank Xerox has had considerable success in reducing its costs and these efforts will continue in order to retain our competitiveness. At the same time, we expect an even higher level of net placements in both areas of the business in 1985. Whilst continuing to expand, SBD is expected to contribute profits for the first time, after eight years of investments. These factors make us confident in predicting higher profits in 1985, subject to exchange rate effects.

H. Orr-Ewing
Chairman *(shown left)*

R. E. G. Magnin
Managing Director



THE NEW MANAGEMENT STRUCTURE

During 1984 a major reorganisation of the structure of our International Headquarters was carried out with the aims of establishing clearer accountability, implementing decisions more rapidly, and cutting costs.

New Operational Team
The responsibilities of the Regional Directors were redefined in order to clarify accountability. Each is now directly accountable not only for the results of the Operating Companies which report to them but also for their staff support teams in International Headquarters.

In addition, to assist in reducing the number of layers involved in decision making, the General Managers of our three largest Operating Companies now report directly to the Group Managing Director.

As a result of these changes there is now an operational team with clear and direct accountability for the achievement of business results.

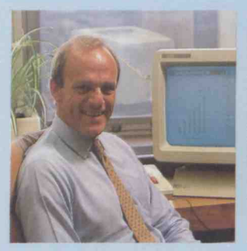
Changes in International Headquarters
Changes were also made in all of the functions in International Headquarters in order to support this new emphasis. Wherever possible the number of management layers is being reduced and accountabilities are being clarified.

A significant development was the establishment of a new Rank Xerox Services Group which will be responsible for the provision and co-ordination of all central services for the UK operating company, Manufacturing and Engineering and for Headquarters, including external relations in the UK and social responsibility programmes, and for shared development, logistics, and Bushey computer operations, which are supporting many of the operating companies.

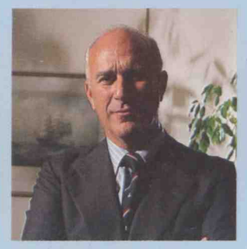
The Head Office move to Marlow planned for late 1986, will also be one of the key accountabilities of this Group.

These fundamental changes in our organisation should ensure that authority is devolved to the most appropriate level and that decisions are made and implemented as speedily as possible.

The people responsible for our operations



JOHN DUERDEN
Regional Director responsible for Greece, Australia, New Zealand, South and East Asia, China, South Africa, Nigeria, Ivory Coast, East and Central Africa.



LUIS CAMINO
Regional Director responsible for Spain, Portugal, Sweden, Holland, Switzerland, Austria, Belgium, Denmark, Norway and Finland.



DAVID THOMPSON
Regional Director responsible for Italy, Middle East, North Africa, India and Eastern Europe.



BERNARD FOURNIER
General Manager France.



DON WILSON
General Manager UK and Ireland.



MICHEL ODELGA
General Manager Germany.

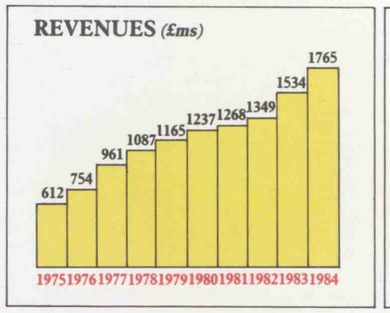


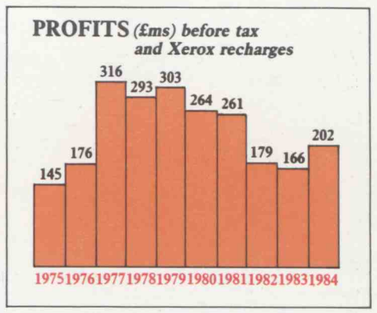
Model of the new International Headquarters being built at Marlow

HIGHLIGHTS OF 1984 PERFORMANCE

FINANCIAL PERFORMANCE

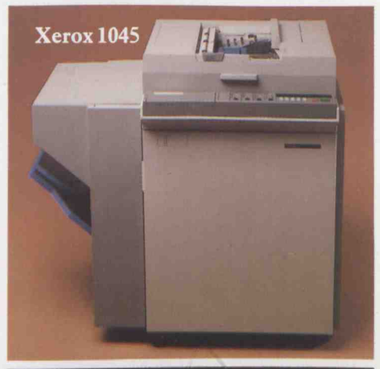
- Revenues £1,765 million, up by 15 per cent
- Profits, before tax and Xerox recharges, increased by 22 per cent to £202 million





PRODUCTS

- 10 Series products well received by customers and provided 75 per cent of gross installations
- Over 100,000 worldwide placements of Xerox 1045s
- Xerox 9000 Printing Series re-launched
- Doubled placements of electronic typewriters

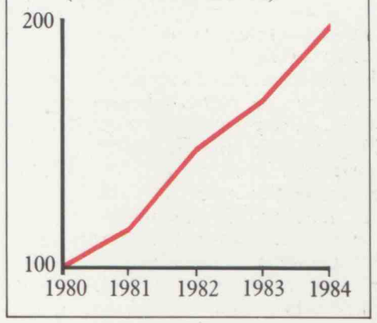




OPERATIONS

- Record net placement of copiers and duplicators (18 per cent up on 1983)
- Market share improved
- Copy volume increased by 7 per cent
- New marketing channels established for low volume products
- Service and Distribution revenues grew by 16 per cent
- Record placements of SBD products with revenues up by 54 per cent
- More than doubled revenues from electronic printing, typewriters and office systems
- Quality improved by 89 per cent in Manufacturing
- Mitcheldean won British Quality Award

Net placements of copiers and duplicators 1980-1984. (On base of 100 in 1980)



SOCIAL RESPONSIBILITY

- £1.4 million provided by International Headquarters and Operating Companies to support local communities and international projects
- Job creation programme sponsored in the Netherlands
- Mitcheldean Enterprise Workshops opened in November
- Chair in International Management established at INSEAD in Fontainebleu, France
- Bryan Nicholson appointed chairman, Manpower Services Commission in UK

EMPLOYMENT

- Group employees 30,986, a reduction of 805
- International Headquarters restructured and to move to Marlow in late 1986
- Active Learning Process launched

OPERATIONAL REVIEW

In placing a record number of copiers and duplicators in the market place during the year ended October 31, 1984 Rank Xerox increased market shares in most sectors, thus strengthening its leadership position. Net placements of machines rose by 18 per cent over the previous year, backed by vigorous marketing and advertising. Despite some supply constraint, no fewer than 75 per cent of gross installations were 10 Series machines, reflecting strong customer acceptance of what is widely regarded as the industry's state-of-the-art products. The four basic models making up the third generation of xerographic products and launched in April 1983 exceeded expectations and achieved a turnround in the company's market share. The four products straddle the entire range of the market, up to high speed duplicating. Their modular construction allows customers to mix-and-match to get the right model to meet their exact copying needs. Two more 10 Series products were introduced during 1984, and further product introductions are planned for 1985.

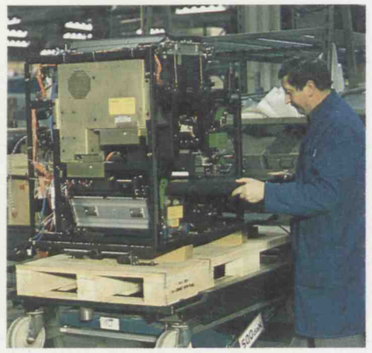
Copy volume on all Rank Xerox reprographic machines, including laser printers, recovered following several years of low growth reflecting lower economic activity in the Eastern Hemisphere. The increase in copy volume during the year was 7 per cent.

As part of the vigorous marketing drive, there was a major move to establish new distribution channels and concentrate the efforts of the direct sales force. In addition to the appointment of many new dealers, two exciting new marketing developments during the year were the setting up of joint ventures and concessionaire systems in the UK and France. Other types of alternative distribution channels have also been initiated, such as the sales agent networks.

Xerox 9000 Printing Series

The Centralised Business Area (CBA) has shown continuous success with a strong performance from the lead product, the Xerox 9500.

The series was successfully relaunched as the 9000 Printing Series, with the aim of repositioning these products into high-volume, centralised environments. The launch included special salesforce training, a customer seminar programme and a customer satisfaction drive. The Xerox 1075 was especially well placed in the medium to high volume decentralised areas.



Assembly of Xerox 1075s at Lille.

Improved Results from Service and Distribution

In achieving a revenue increase of 16 per cent, Service and Distribution accounted for nearly a fifth of total revenues, reflecting the growing importance of this side of the business.

There was a major effort in 1984 to devolve decision making within TSD to a level nearer to the customer. By simultaneously measuring customer satisfaction and service profit margins, TSD staff have been encouraged to make their own business judgements. The greater flexibility and responsibility which has been placed at local levels has resulted in improved customer satisfaction, service profitability and job satisfaction.

Systems Business Booms

The Systems Business Division achieved a revenue increase of 54 per cent during 1984. Most sectors reported an encouraging growth rate, with electronic printing, electronic typewriters and office systems more than doubling revenues. However, results for the Xerox 16/8 micro-computer were not up to expectations.

The Systems Business Division is the major growth area in the company. In 1984 it produced over 10 per cent of the total revenue, and by 1986 the percentage is expected to almost double, in line with the target to contribute half total group revenues by 1990.

SBD Director Carlos Pascual says, "We are now in a much better position, with a strong organisation, a better understanding of the business, and a more integrated strategy in document management. By the end of this decade, we intend to be a fully integrated systems company. The investments in Systems Business Division are beginning to pay off, with the first profit expected in 1985"

Xerox Office Systems designed to improve productivity in the office and technical environments, will be launched in 1985. It offers a wider range of facilities and services than any other system on the market.

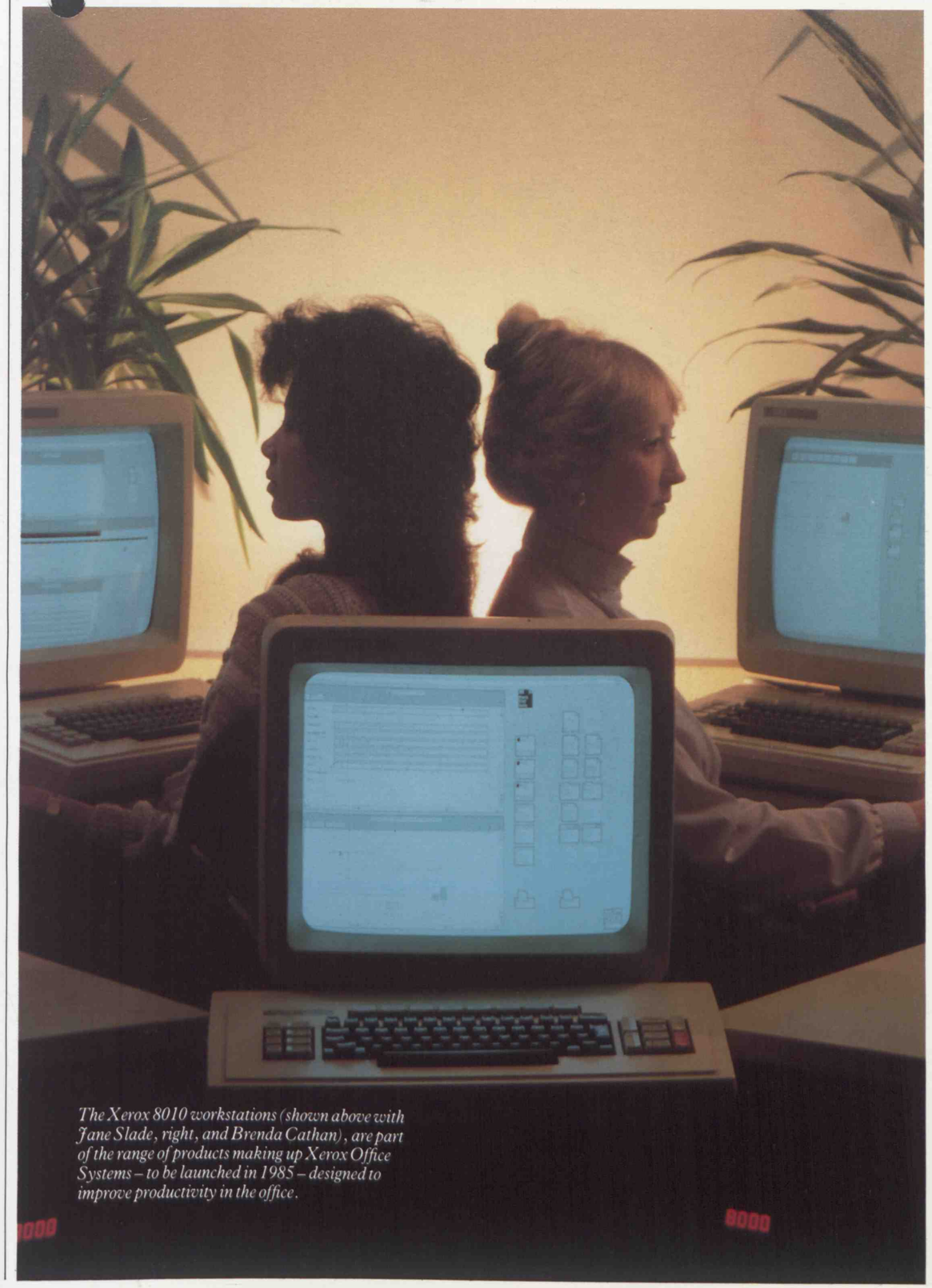
Based on the Ethernet local area network, Xerox Office Systems integrates a whole range of Xerox workstations, including personal computers, word processors, multifunctional workstations such as the Xerox 8010 and laser printers. IBM PC's and DEC VAX minicomputers can also be attached directly to the network, and use the services that the system provides. These services include:

- filing and mailing for bulk information storage and distribution
- data capture and printing, for converting information into electronic form, and obtaining high quality output
- communications, for linking to other networks and existing data processing facilities.

By applying modern technology to document creation and management, Xerox Office Systems provides customers with specific facilities in the document management area that can result in tangible financial benefits. A department involved with publications such as technical manuals or training handbooks no longer needs to get involved with retyping material, cutting and pasting, typesetting, photography and platemaking. The whole development and production process can now be managed electronically, with dramatic cost savings and productivity benefits.

Placements of electronic printing systems have increased from 13 in 1981 to many hundreds in 1984, and a significant profits increase is anticipated in 1985. To keep up with expansion, the sales force has increased sevenfold in three years. Training staff at International Headquarters in London are fully occupied every working day of the year training the sales and service force from throughout the world. Four new electronic printers will be introduced in 1985 – two for centralised and two for decentralised locations. With the introduction of these new products, Rank Xerox will have reinforced its leadership position.

Rank Xerox is beginning to capitalise on the vast printing industry. An increasing number of manuscripts and manuals are now printed on electronic systems. As we know, printing is only one part of the publishing exercise, accounting for perhaps only one-tenth of the total cost. The preparation of the



The Xerox 8010 workstations (shown above with Jane Slade, right, and Brenda Cathan), are part of the range of products making up Xerox Office Systems – to be launched in 1985 – designed to improve productivity in the office.

manuscript accounts for most of the cost and the use of sophisticated software packages in conjunction with electronic printing systems can help to reduce time, cost, and improve efficiency.

Large corporations, government departments, local government and service industries all have wide varieties of documents which are required urgently, on time and to a high standard of quality.

Xerox software, such as the Xerox Integrated Composition System (XICS), together with the Xerox 150 scanner, is able to create text and graphics which are then reproduced by a high volume laser printer. In Europe a number of high technology companies are currently using these combinations to produce, for example, technical manuals. These types of installations will continue to grow at a high rate.

Supplies – The Diamond Standard

Office Supplies Division increased profits by 17 per cent, with particularly impressive results from the copy shops. Rank Xerox is being established as a major name in the office supplies business and is selling supplies for competitors' machines too. The division's products are being marketed under the concept of the Diamond Standard, to emphasise their high quality.

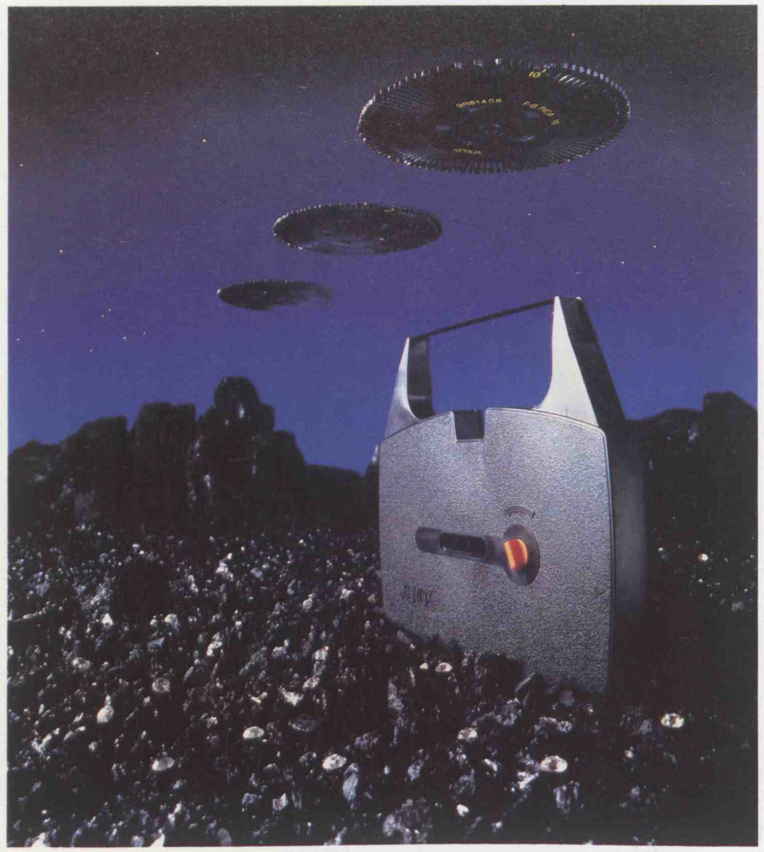
In 1985 OSD will be consolidating the aim of becoming a known supplier of office equipment outside Rank Xerox. There will be particular emphasis on developing sales of new applications materials, such as optical character recognition paper, security paper and envelopes for use with electronic printers.

Productivity in Manufacturing

In 1984, the European Manufacturing and Supply Division met its production schedule, in total and by line, at all of its plants in Welwyn Garden City, Mitcheldean, Lille, Venray and Coslada – and with an overall quality improvement of 89 per cent, as measured by the number of defects per 100 machines.

This increase in quality was achieved by continuing emphasis on training, parts control (including closer liaison with parts vendors) and a general insistence on quality from top management to shop floor.

In all plants, the principle of contract labour has been adopted to achieve the maximum degree of flexibility. As our production efficiency continues to improve, we are also investigating the possibility of carrying out production contracts for other companies in electronics, photo-receptor production, machining and related fields.



For the office of the future: Xerox ribbons and printwheels.

The Director of EMSD, Dick Holmes, says, "Our plan for 1985 and 1986 was enthusiastically received. However, subsequent events, including the continued strengthening of the US dollar, have increased future difficulties. The job for 1985 will be very hard, but I am confident that based on the last six years' record of success, we will find our way through it".

Leadership Through Quality

"Xerox is a quality company. Quality is the basic business principle for Xerox. Quality means providing our external and internal customers with innovative products and services that fully satisfy their requirements. Quality improvement is the job of every Xerox employee."

In 1984 we began to implement a total quality process for Rank Xerox, the strategy for which was developed during 1983 by a senior management team drawn from all the major units of Xerox. "Leadership Through Quality" is a long-term process aimed at changing the way we make decisions, the way we interact with one another, and the way we satisfy our customers.

The implementation of Leadership Through Quality commences with training; over the next three years, each and every person in Rank Xerox will receive formal training in the processes and tools of Leadership Through Quality. The training has started at the top of the organisation and is being cascaded in "family groups".

Directors of Quality have already been appointed in all units. They will provide quality improvement through training in, and application of, new skills and processes, and also by supporting the development of improved communication processes, increased employee involvement activities, and modifications to the way we recognize and reward people.

FINANCIAL REPORT: Profits Up

Rank Xerox revenues for the year to October 31, 1984 rose by 15 per cent to £1,765 million. Profits before tax and before Xerox corporate charges, amounted to £202 million against £166 million for 1983, an increase of 22 per cent.

Fuji Xerox contributed £55 million to our profits before tax, an increase of 35 per cent, helped by the strength in the value of the yen.

The Rank Xerox contribution to the research and development and central costs of Xerox was £81 million.

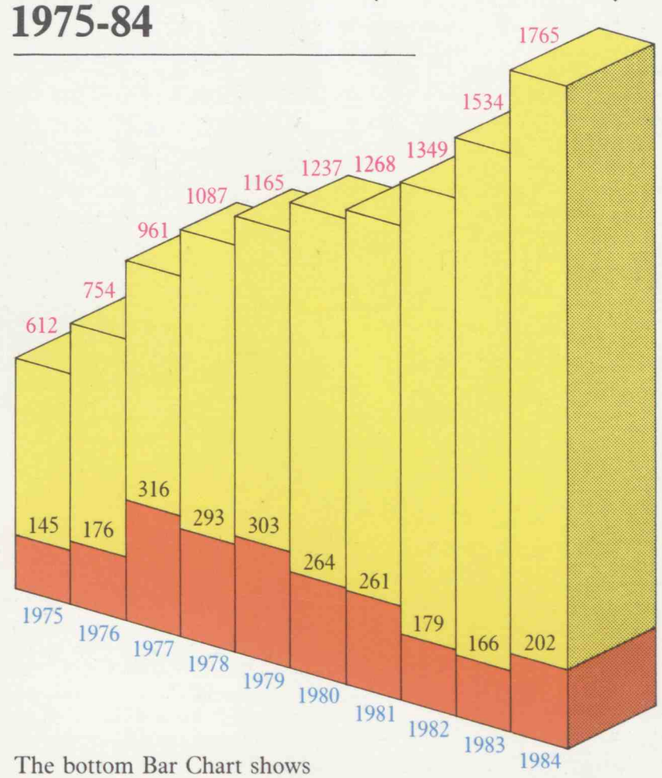
After this charge, profits before tax were £121 million. Income taxes payable to governments amounted to £37 million. We are paying dividends to our shareholders, Xerox and the Rank Organisation of nearly £19 million. Outside shareholders are allocated £1 million. This has left £64 million retained in the business for investment.

Our contribution to profits before tax of The Rank Organisation amounted to £64 million.

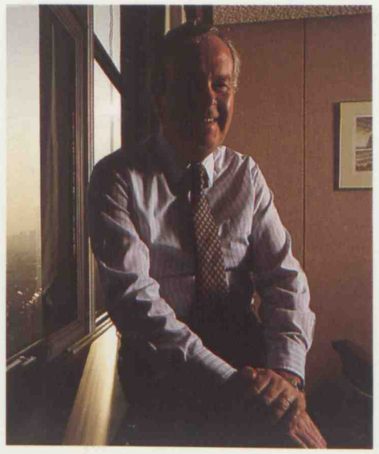
While The Rank Organisation consolidates approximately one-third of our profits, Xerox Corporation, which owns 51.2 per cent of Rank Xerox companies, includes the balance of our profits calculated in dollars in their results.

The 1984 Rank Xerox results in dollars were adversely affected by the strengthening of the dollar against other currencies. This is reflected in revenues of $2,432 million, up by 3 per cent, and profits before taxes and before our contribution to Xerox research and development costs and central overheads, of $271 million, down by 3 per cent.

RANK XEROX REVENUES AND PROFITS IN £ STERLING (MILLIONS) 1975-84



The bottom Bar Chart shows Rank Xerox profits before tax and before our share of Xerox research and development and central overhead costs.



Jack Milligan, Director of Finance and Control at International Headquarters, London.

RESEAU INDIRECT – LA FRANCE OUVRE LA VOIE

"Dix-neuf cent quatre-vingt-quatre a été une bonne année commerciale pour Rank Xerox France," affirme Bernard Fournier, Président Directeur Général, "avec un accroissement de 25% des placements machines par rapport à l'année précédente, et une augmentation du revenue de 17%. Notre part de marché copieur s'est accrue de façon significative, en raison du succès de la Série 10, qui nous a permis pour la première fois de reconquérir des parts de marché sur nos concurrents japonais.

Cependant, malgré l'augmentation du revenue, le profit a été moins important qu'en 1983 dans un contexte (cours des monnaies, développement de la concurrence, contrôle des prix . . .) qui ne nous a pas permis de protéger nos marges."

En 1984 un des faits marquants pour RXF a été la mise en place un réseau de vente indirect, concessions et boutiques. L'idée de distribution par des concessionnaires avait été testée en 1983. Il s'agit d'encourager des collaborateurs à créer leur propre entreprise, en agent exclusif, dans des zones mal couvertes par la force de vente directe. Celle-ci est recentralisé sur des zones à très fort potentiel.

Les 60 concessionnaires actuellement installés ont des résultats supérieurs de 50% aux prévisions. Le réseau des boutiques, qui a également démarré en France en 1983, est une seconde réussite. 17 boutiques sont ouvertes en fin 1984. Elles proposent au public des produits Xerox, petits copieurs et machines à écrire, et une gamme de micro-ordinateurs Xerox et non Xerox. Les boutiques sont également des copies-service.

La filiale française a été la première à intégrer la distribution de produits tels que les machines à écrire dans les objectifs des vendeurs copieurs. C'est également désormais le cas des micro-ordinateurs pour les Ventes Directes. Depuis le lancement de la Série Xerox 600 en 1982, la part de marché de la machine à écrire a atteint 17% pour RXF, et continue à s'accroître. Les ventes sont impactées du fait que c'est la seule machine à écrire actuellement fabriquée en France.

Un Centre Technique a été ouvert à Paris pour réparer les copieurs bas-de-gamme et les machines à écrire. Le dépannage est fait sur place chez le client, ou au Centre Technique où le matériel peut être apporté. Grâce à une meilleure organistion et à une bonne formation, les techniciens ont augmenté leur productivité de 50%.





Concessionnaires. ***Photo en haut:*** *Vincent Nys (à droite) à l'Isle-Adam.*
En bas: *Pierre Poitreau, Seine-et-Marne Bureau, Montereau.*

La Division des Systèmes de Bureautique et Informatique a eu de bons résultats ces cinq dernières années, et un atout supplémentaire va venir les renforcer. Ranx Xerox France a signé un accord avec la Société TECSI pour la commercialisation des programmes d'intelligence artificielle, qui ouvrent de nombreuses perspectives d'applications dans les domaines scientifiques et d'affaires.

Pour renforcer ces activités, Rank Xerox France consacre du temps aux relations publiques et investit dans la publicité. Citons une opération tout à fait remarquable cete année: l'exposition d'affiches politiques, de la Renaissance à nos jours, dans les locaux de la Conciergerie à Paris.

Le pronostic pour 1985 est optimiste. "Nous nous sommes donné pour objectif une augmentation de 20% de nos placements machines," dit Bernard Fournier. "Nous pensons accroître notre profit de 50% et continuer à développer de nouveaux canaux de distribution. Nous avons également un objectif d'amélioration d'encaisse, et de gain de part de marché face à la concurrence."

la S.I.R.X.: seule usine produisant des machines à écrire en France.

L'usine de Lille, qui produit les machines à écrire de la Série Xerox 600 est idéalement située pour desservir le marché européen. La fabrication des machines à écrire électroniques a plus que doublé pendant l'année et constitue maintenant l'activité majeure de l'usine.

La part du reconditionnement diminue. La remise en état de la Xerox 9200 a été transférée à Mitcheldean en 1984, pour que la SIRX puisse accueillir la chaîne d'assemblage du copieur/duplicateur Xerox 1075, transféré de Venray. On y produit également des modules de finition pour les Xerox 1045 et Xerox 1048. Le concept Qualité a été introduit à l'usine en 1981. Il a entraîné une réduction des coûts et une augmentation de la satisfaction client. La participation du personnel n'est pas un vain mot, 10 cercles de Qualité en témoignent.

ALTERNATIVE DISTRIBUTION – FRANCE LEADS THE WAY

Rank Xerox in France is leading the way in establishing alternative distribution channels. Its pioneering activities contributed to a 25 per cent increase in net placements, resulting in a revenue rise of 17 per cent – but profits were held back by official price controls. The popularity of the 10 Series resulted in the first gain in market share against Japanese copier producers. The concessionaire system (see pictures on this page) – helping employees set up as exclusive agents in rural areas – raised sales productivity by 50 per cent in those areas. The company also operates 17 FIXL outlets, where copiers and typewriters are sold over the counter next to copy services and local salesforce activities. There was substantial progress towards integrating the salesforce, now selling copiers, typewriters and micro-computers. Assembly of the Xerox 600 typewriters at Lille helped raise market share to 17 per cent. Lille also set up assembly operations for the Xerox 1075 and is responsible for producing finishers for the Xerox 1045 and 1048 as well as continuing its refurbishing activities. The operating company is planning a 50 per cent increase in 1985 profits. The picture opposite shows Arianespace, the fiftieth customer for Ethernet in France.



Arianespace était le 50ème client français pour le reseau Ethernet.

NEDERLAND – 100,000 SUCCESSEN

Wat onze verkoopmaatschappij, Rank Xerox (Nederland) B.V. betreft, is 1984 een suksesvol jaar geweest. Met de omzet is ook de winst weer gestegen; de verkoop van kopieer-en dupliceerapparatuur steeg met meer dan 30 procent.

Hoewel Rank Xerox in Nederland – als doorgangsland voor de rest van Europa – veel konkurrentie ondervindt en het prijs-niveau relatief laag ligt, behoort RX Nederland tot een van de sterkste RX verkoopmaatschappijen in Europa. Als belangrijke redenen voor dit sukses kunnen worden genoemd een efficiente verkoop en service-organisatie, alsmede het handhaven van hoge kopieer-volumes. Deze aspekten in kombinatie met een effektieve kosten-beheersing hebben geleid tot een gunstig winst-resultaat.

De verkoop-organisatie is uiterst suksesvol geweest met het verkopen van de 10-Serie. De Xerox 1045 en Xerox 1048 zijn bijzonder populair bij de klanten; dat heeft wellicht ook te maken met het feit dat deze produkten in Venray worden vervaardigd en het dus om echt nederlands fabrikaat gaat. Ook op het gebied van Electronic Printing is het afgelopen jaar veel gebeurd: orders van toonaangevende bedrijven als Philips, de KLM en Shell. Er mag dan ook gesproken worden van een duidelijke doorbraak van de positie van RX Nederland op het terrein van Electronic Printing.

Sinds begin 1984 zijn de verkopers van kopieer-apparatuur ook verantwoordelijk voor de Xerox 600-schrijfmachine Serie. Dit is later dan de meeste andere RX verkoopmaatschappijen, maar na een aarzelend begin kan gekonstateerd worden dat de markt Rank Xerox percipieert als een belangrijke leverancier van elektronische schrijfmachines.

Er zijn in 1984 niet alleen meer RX produkten dan ooit tevoren geinstalleerd, maar wat belangrijker is, ook de Customer Satisfaction is toegenomen.

Hoewel de verkoop van apparatuur een steeds groter deel uitmaakt van de totale omzet en deze ontwikkeling zich naar verwachting zal blijven voortzetten, is verhuur van kopieerapparatuur nog steeds belangrijk. In 1984 werd met de overheid een nieuw kontrakt gesloten konden met verscheidene andere grote klanten bestaande contracten worden verlengd met de voor Nederland gebruikelijke periode van 3 jaar of meer. Dit mede dank zij het succes van de 10 Serie.

Tijdens de tweejaarlijkse Efficiency



Peter Crawford-Taylor, Algemeen Directeur, Rank Xerox (Nederland) B.V.

Beurs te Amsterdam die in oktober 1984 plaatsvond demonstreerde Rank Xerox opnieuw haar superioriteit op het terrein van wat genoemd wordt "Document Management". Ons bedrijf was vertegenwoordigd met een indrukwekkende stand. Mede dankzij deze presentatie zijn er meer orders afgesloten dan ooit te voren. De bezoeker kon heel wat zien en leren, zoals het 8000 Systeem in direkte verbinding met Venray. Ook kon de klant kennis maken met het Field Support Systeem dat betere service-verlening mogelijk maakt.

De ervaringen in 1984 geven RX Nederland de zekerheid dat ook 1985 een uiterst suksesvol jaar zal worden.

XEROX 1045 PRODUKTIE – honderdduizend maal sukses!

De fabriek in Venray vervaardigt de Xerox 1045 en 1048 kopieer-apparatuur en heeft tot november 1984 ook de Xerox 1075 geproduceerd. (De produktie van de laatste vindt sinds november plaats in de franse vestiging te Lille.) Het afgelopen jaar vierde de fabriek de produktie van de 100.000 ste Xerox 1045, een kopieer apparaat dat overal ter wereld (ook in Amerika) wordt verkocht. Naast de machines vervaardigt Venray ook toner.

In 1984 werden zo goed als alle doelstellingen gerealiseerd, zowel in kwantitatief als kwalitatief opzicht: o.a. het AMACS Systeem werd met sukses geintroduceerd. Met dit systeem vindt de kwaliteitskontrole van het materiaal niet in onze fabriek, maar al bij de leverancier plaats, zodat het materiaal direkt voor produktie kan worden aangewend. Daarmee heeft de fabriek de voorraad onderdelen – ondanks de verhoogde produktie – kunnen reduceren en daarmee ook de kosten, verbonden aan voorraden, aanzienlij kunnen terugbrengen.

De Minister van Sociale Zaken en Werkgelegenheid heeft gedurende het jaar het Trainingscentrum voor Kantoor-automatisering te Venray geopend. Dit Trainingscentrum kwam tot stand op gekombineerd initiatief van de burgemeester van Venray en wijlen de heer Len Stierman, voormalig Director of Manufacturing voor onze fabrieken in Europa. Op dit trainingscentrum worden werkelozen vertrouwd gemaakt met tekstverwerkers en micro-computers, wat de kans op het vinden van een nieuwe baan vergroot. Ter nagedachtenis van de heer Stierman zal jaarlijks tevens een prijs worden uitgereikt aan de beste student in de Computer Wetenschappen.

In 1985 zullen er in Venray drie nieuwe kopieer-apparaten vervaardigd worden en men gaat van start met de produktie van elektronische komponenten voor een nieuwe reeks schrijf-machines met geheugen. Daarnaast bliljft de fabriek nog steeds het belangrijkste Supply Centre van Europa.

THE NETHERLANDS – 100,000 SUCCESSES

Revenues of Rank Xerox (Netherland) B.V. rose in 1984, following two years of stagnation, and profits grew, reversing the trend of recent years. Net placements of copiers and duplicators rose by a third to a new record.

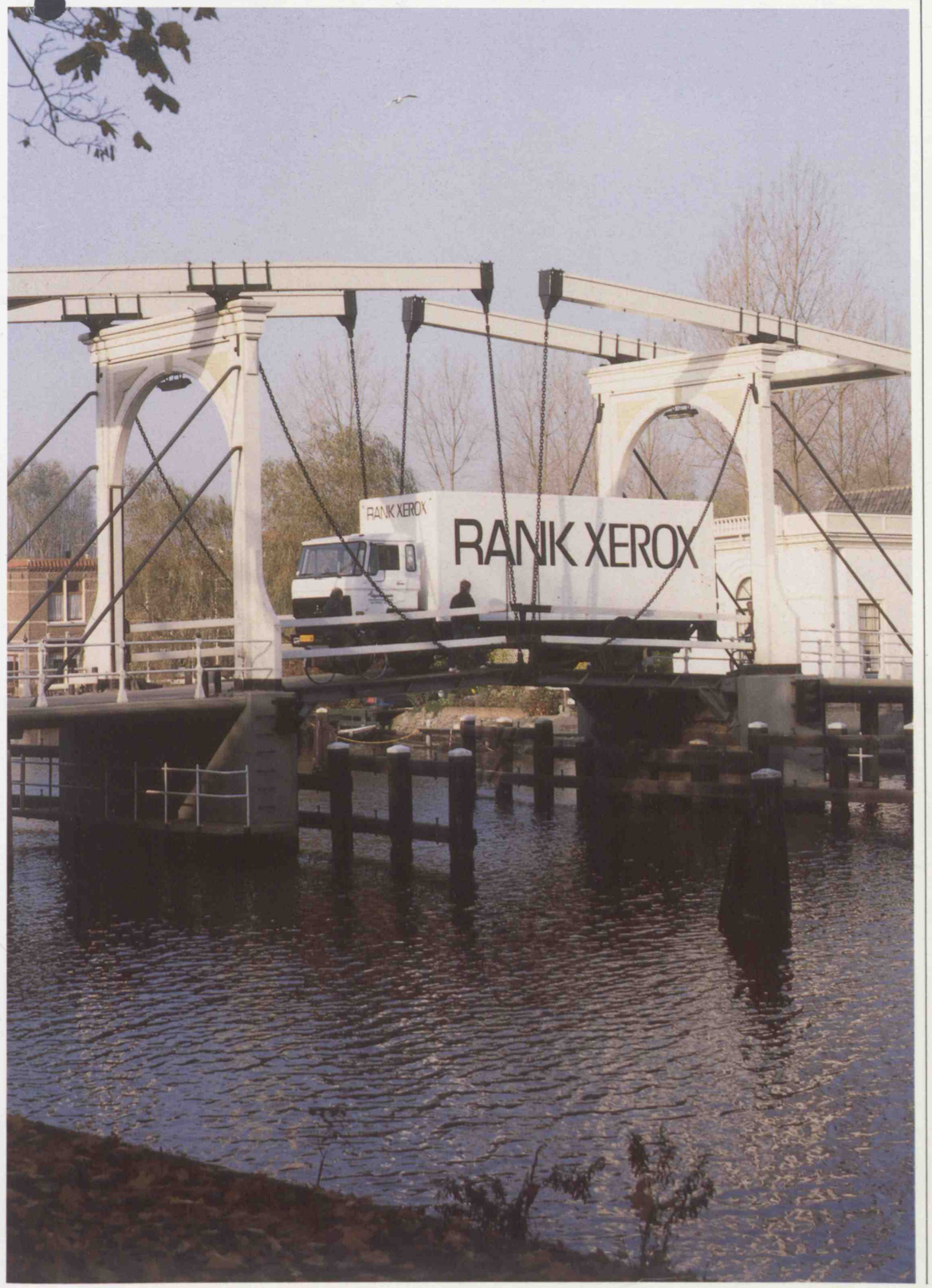
One of the company's major strengths is its technical service and distribution organisation which has been at the forefront of innovations in service efficiency.

The Xerox 1045 and 1048 copiers, which have the advantage of being manufactured in Venray, were particularly popular with customers. Placements of electronic printing systems accelerated during the year and the Xerox 600 typewriter series was introduced in the Netherlands.

Our Venray plant produces Xerox 1045 and 1048 copiers, and until November 1984 also manufactured the Xerox 1075. During 1984, the plant produced its 100,000th Xerox 1045 copier. Quality and quantity targets were met in almost every area of the plant's operations, and an automated materials control system was introduced, resulting in the lowest number of parts ever held in stock, and the more efficient deployment of staff. Automatic cranes, shuttles and guided robot vehicles were also introduced.

A Vocational Training Centre for Office Automation, a joint venture with Venray's Burgomaster, was opened to train unemployed people to use word processors and micro-computers.

During 1985 three new copier models will be assembled at the plant and it will also become the major European Supply Centre for Rank Xerox.



QUALITY PAYS OFF IN THE UK

In November 1984, the Rank Xerox factory at Mitcheldean became one of three winners of the first British Quality Award. The Award was made under the British Quality Award Scheme, by the British Quality Association, in support of the National Quality Campaign. The object of the scheme is to encourage quality improvement in industry and commerce throughout the United Kingdom, and awards are made to those individuals or groups considered to have achieved the most notable successes in improving the quality of a British product, service, process or technique.

Open to all British companies, some 200 initial applications were made to produce a short list of 24 major organisations.

The Mitcheldean submission was based on a wide ranging programme of activities geared to building in quality *during* the manufacturing process rather than the traditional method of inspecting products for quality at the finished stage. The whole organisation was involved, including shop floor and administration, with the emphasis on team work to achieve quality in every aspect of the operations. With the objectives of improving customer satisfaction, increasing competitiveness and reducing the costs, the Mitcheldean programme concentrated on engineering design, materials from suppliers, the production process, quality awareness and training.

During the same month of November 1984, Mitcheldean was awarded the Sword of Honour, the most prestigious safety award in the world. Each year the British Safety Council selects only 30 organisations from hundreds of applications received from around the world, for the Awards.

The plant mission at Mitcheldean is the highly automated assembly of small copiers in the 10 Series range, as well as the high-volume Xerox 9000 Printing Series. Mitcheldean also produces processors for the Xerox 9700 electronic printers.

Production Trebled at Welwyn Garden City

At Welwyn Garden City, Rank Xerox has one of the largest manufacturing operations for printed wire board assemblies (PWBA's) in the UK. Since the beginning of 1984, the plant has trebled its production and has capability for a further 75 per cent increase. The boards are produced mainly for the 10 Series copiers for Venray and the North American Manufacturing Division.





***Top:** Bill Pinkney (right), one of the Rank Xerox (UK) Government Branch management team, with a customer from the House of Commons, Michael Griffith-Jones.*
***Bottom:** Alan Buckle, Managing Director of Oakley Office Systems, one of the new joint ventures in the Rank Xerox dealer network known as Xerox Business Centres.*

Electronic PWBA's are also produced for the CBA group of products and the plant is actively pursuing business for other companies.

Welwyn Manufacturing Operations and Engineering Group are ahead of the market in research and application into new ways of mounting integrated circuits. Developments currently underway will mean smaller integrated circuits and smaller boards, leading to more compact copiers, which will cost less and take up less space in the office. Another field in which Welwyn is a leader is in the production of rigid and flexible belt photoreceptors for copiers and duplicators, and the plant has begun to develop the former for some of our competitors.

Quality is number one priority and is at a very high level in the plant, with the current rejection rate of less than 0.5 per cent and a target to reduce this to 0.3 per cent in 1985. Employees are responsible for their own quality control with a Quality Assurance audit routine in place, and meetings are held daily to discuss the quality of the previous day's output and to resolve any problems.

The Rank Xerox Engineering Group at Welwyn was responsible for designing and developing the highly successful Xerox 1045. Work continued on the development of follow-on products for introduction in 1985 and 1986 which specifically address the challenges of high quality and reduced unit costs. 1984 saw a significant increase in the use of computer aided design equipment which is leading to improvements in both design quality and efficiency.

Xerox Business Centres

Rank Xerox (UK) Limited net placements of copier and duplicators rose by 14 per cent to a record level reflecting the success of the 10 Series. In addition, the company increased placements of SBD products significantly. Rank Xerox (UK) announced a major exhibition, conference and university programme to promote excellence in the understanding and application of Information Technology and tackle the skills gap which is emerging as an inhibiting factor in Britain's economic recovery.

In order to widen its coverage of the small business sector, the company set up a network of joint venture dealers known as Xerox Business Centres. In appointing a sole agency to market Rank Xerox copiers and electronic typewriters, the company takes an equity stake and provides financial and management resources. Several of these centres were set up in 1984 and more are planned for 1985.

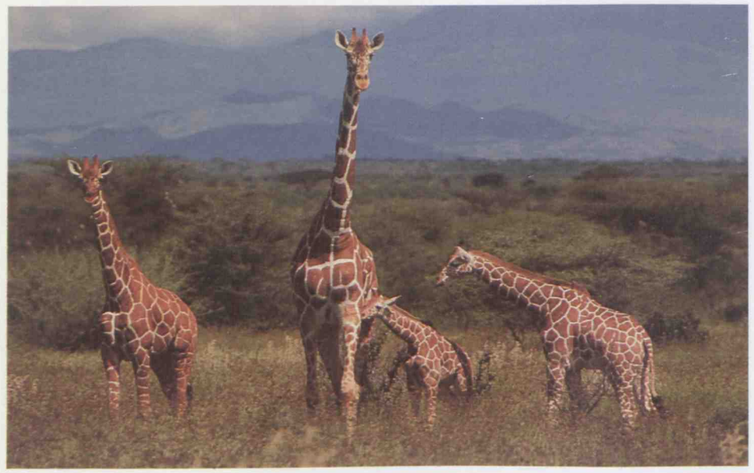
The company is confident of improving its performance in 1985 in both its machine placements and its financial results and substantial efforts are being made to reduce its costs. General Manager Don Wilson says, "We must reduce our costs to survive in a marketplace where competitive machine prices are falling, but we are having to pay more, due to the weakness of the pound, for the equipment we buy. We must strive for increased revenue growth from a stable or decreasing cost base".

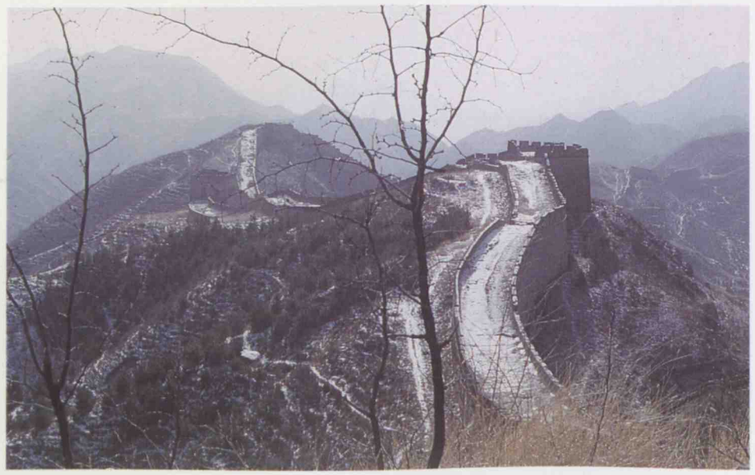


Tops in quality and safety: during 1984, our Mitcheldean plant was one of three companies to win the first British Quality Award, and it also received the most prestigious safety award in the world, the Sword of Honour.

INTERNATIONAL SUCCESSES

The developed and developing countries in Africa, Asia, the Far East and Australasia are of growing importance to Rank Xerox, accounting for 13 per cent of total revenues. The current recession in many of these territories has interrupted a trend of faster growth than in Europe. But the trend could be re-established in 1985 as economic growth recovers. Moreover, the opportunity for gaining new markets is exciting, particularly in countries with the vast population of India and China. In this feature, we focus on the developing world in India and East and Central Africa, and the progress being made in Australia with Ethernet.





Modi Xerox goes Public

During 1984 Rank Xerox claimed another first. Our joint venture company in India, Modi Xerox, became the first Xerox operation outside North America to offer its shares to the public. Modi Xerox was incorporated in September 1983 as a joint venture between Rank Xerox Ltd, with 40 per cent of the shares and the Modi group, which also owns 40 per cent. The remaining 20 per cent was offered to the Indian public.

Modi Xerox's plant is located in Rampur, Uttar Pradesh, approximately 140 miles from Delhi. It is scheduled to start commercial production of Xerox 1045 in March 1985. This will enable the company to offer state-of-the-art xerographic products to the Indian market. The plant will contribute towards the establishment of ancillary industries through local sourcing of some parts.

Rank Xerox will provide technical training and assistance, supported by a number of Rank Xerox expatriates.

This exciting joint venture builds on the already successful creation of Indian Xerographic Systems which was established in 1982. In May 1984 IXS received the Certificate of Export Excellence from the Indian Export Promotion Council.

Alternative Distribution in Africa

Rank Xerox sales in 18 countries in East and Central Africa are controlled from Nairobi. The logistics of selling to such a vast area and in so many different countries are formidable but, by careful use of alternative channels of distribution, this part of our business has shown outstanding growth.

All sales in this region through sales and service agents, dealers, and distributors are coordinated through Africa Direct Sales (ADS) by George Abonyo, ADS Manager.

In 1981 an economic slump hit most African countries. Importing machines and spare parts became very difficult because of foreign exchange controls. But it is since that time that alternative channels have flourished, selling only in convertible currencies.

Indeed the consistent increase in activity since 1981 has now resulted in ADS contributing more net placements in 1984 than sales through traditional channels. This led to a growth of copier/duplicator net placements of 17 per cent in 1983 and 48 per cent in 1984. This has enabled East and Central Africa to grow its revenues by 17 per cent in 1984.

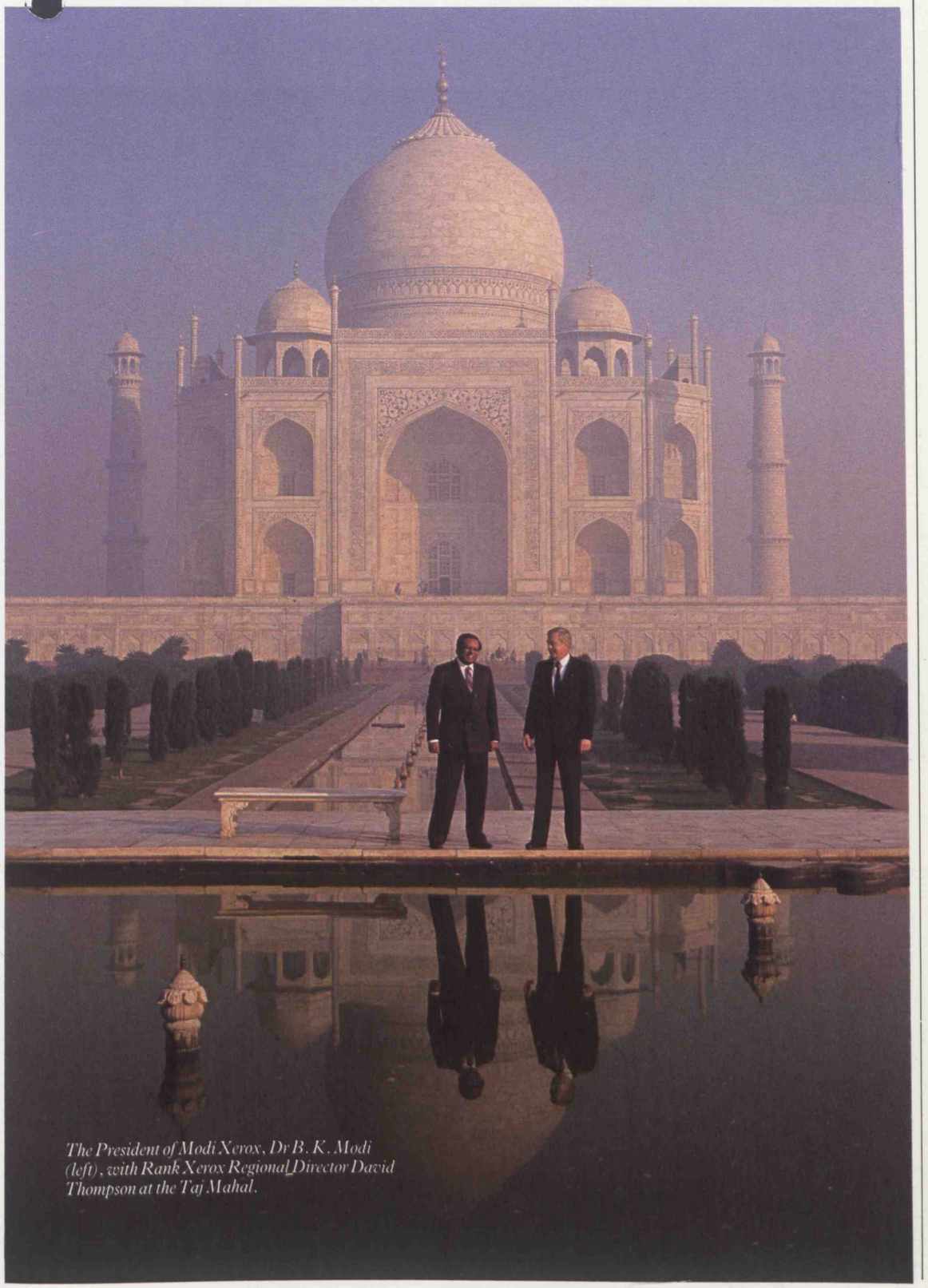
Ethernet in Australia – The Biggest Order

Rank Xerox (Australia) has been making considerable progress in installing Ethernet Systems. The level of recent sales has been such that the company has achieved the largest single Ethernet order to date in Rank Xerox worldwide.

The massive installation at the department of Administrative Services, Federal Government, Canberra will link five separate buildings in the Canberra area and will interface a number of Federal Government mainframe computers. Some 60 Rank Xerox products will be used initially.

Such is the growth and level of interest in the Ethernet products that a separate Advanced Systems Unit is now being located in Canberra to further develop Ethernet utilisation.

Top: *To cover the vast areas of East and Central Africa, Rank Xerox has appointed dealers and agents, whose total placements of copiers rose by 48 per cent in 1984.*
Bottom: *The new 'open door' policy in China represents a potentially vast market for Rank Xerox, which has begun to sell its products in the world's most populated country.*



The President of Modi Xerox, Dr B. K. Modi (left), with Rank Xerox Regional Director David Thompson at the Taj Mahal.

富士ゼロックス、その調和のとれた成長



富士ゼロックス株式会社は、日本の富士写真フイルムと、英国のランク・ゼロックス社の合弁により、1962年に設立された。そのめざましい成長は、日本国内および東南アジアにおける複写機のレンタル販売によるものであるが、1970年代には、日本の国内市場向けに特にデザインされた広範な商品群を開発生産するまでに成長を遂げている。現在では、複写機をはじめ、ファクシミリ、電子プリンティング・システム、ビジネス用パーソナル・コンピューター、ワード・プロセッサー、さらにローカルエリア・ネットワーク・システムにまで拡大しており、これらの一部は、韓国、台湾、フイリピン、タイ、インドネシアの関連会社をとおして、東南アジアに輸出されている。

富士ゼロックスの1984年度の売上高は、9億4,500万ポンド（'83年度7億1,100万ポンド）。ランク・ゼロックス社への利益貢献は5,500万ポンド（対前年度比35％増）と、グループ全体の利益の27％に達している。日本国内の販売拠点は、180カ所にのぼる直販網に加え、地元有力資本との合弁による販売会社や代理店・特約店を擁する。

富士ゼロックスの急成長を支えたひとつの鍵は、TQCであり、これにより最も効率的でよくマネージされた企業のひとつに数えられるようになった。TQCによって生産性は大幅に向上し、これがマーケットシエア増大につながっている。商品開発にも極めて大きな力を入れており、ミッチエルデインで組み立てられているゼロックス1035およびゼロックス1020の開発を手がけたのも富士ゼロックスである。

過去5年間に、年平均にして、販売は16.5％以上、利益は12.9％の伸長を示している。

将来の目標は、生産とマーケティングカの増強であり、営業ネットワークの拡充である。今後の販売活動の中心に位置する商品は、創造的な仕事により多くの時間をふり向けられるようにという設計思想に基づく8000INS（インフォメーション・ネットワーク・システム）である。

FUJI XEROX – CONSISTENT GROWTH

Fuji Xerox was founded in 1962 as a joint venture between Fuji Photo Film Company Ltd and Rank Xerox Ltd. The company's early growth was based on the rental of copiers in Japan and South East Asia, but since the early 1970s, Fuji Xerox has expanded into the development and manufacture of a wide range of products designed in the first place specifically for the Japanese market. As well as copiers, these now include facsimile transceivers, electronic printing systems, small business computers, word processors and local area network systems. Fuji Xerox exports to South East Asia through operating companies in Korea, Taiwan, the Philippines, Thailand and Indonesia.

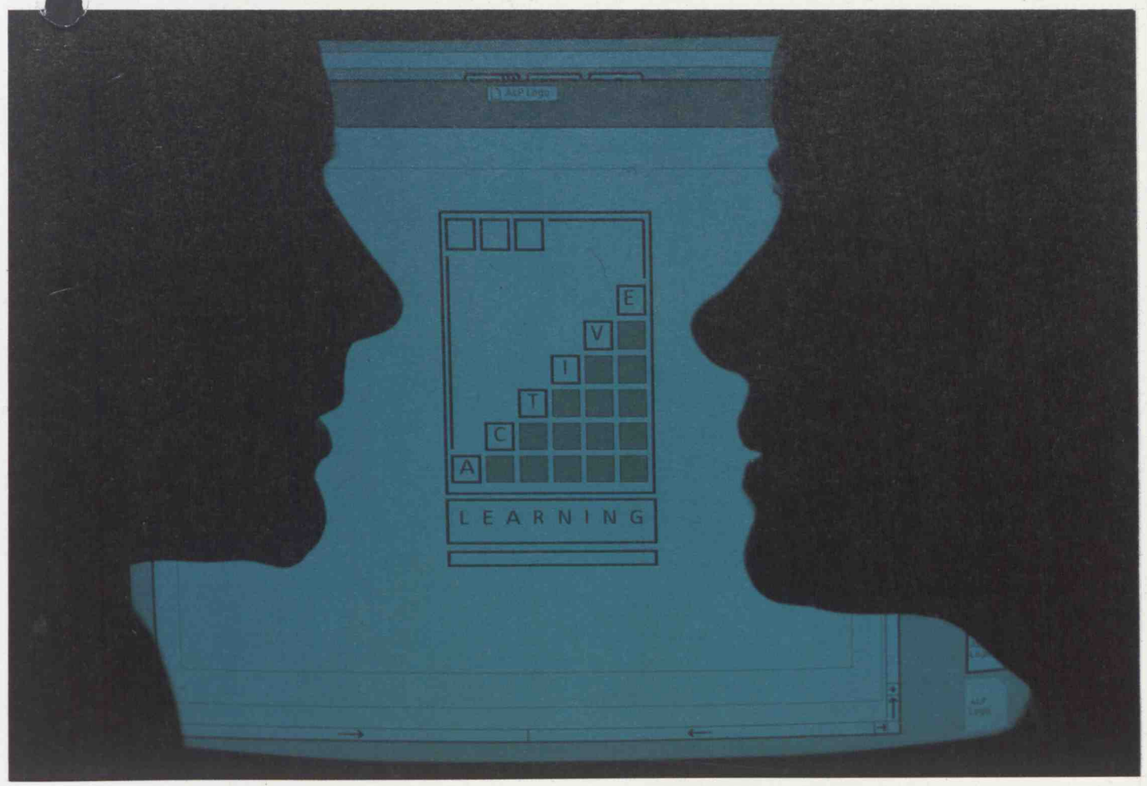
Fuji Xerox's total operating revenue for 1984 was £945 million, compared with £711 million in 1983. Its profit contribution to Rank Xerox amounted to £55 million (up 35 per cent), accounting for 27 per cent of total group profits. The Company has a nationwide network of over 180 branches in addition to a group of subsidiaries which are joint ventures with regional companies.

Total Quality Control (TQC) has been one key to the rapid growth of Fuji Xerox, and has helped make the company one of the most efficient and well-managed companies in Japan. The TQC programme has resulted in a substantial increase in productivity, which has also helped Fuji Xerox to increase its market share. Fuji Xerox also places great emphasis on product development and was responsible for designing the Xerox 1035 and 1020 copiers assembled at Mitcheldean.

In the past five years, sales have grown at a compound rate of over 16.5 per cent, and earnings have climbed 12.9 per cent annually.

Future objectives will focus on the expansion and improvement of the company's production and marketing capabilities, and the extension of the network of sales branches and subsidiaries. At the centre of the new marketing activities will be the promotion of the FX 8000 INS (Information Network System), an integrated office systems concept designed to allow the user more time for the creative process.

The picture above shows a Fuji Xerox Information Network System showroom in Tokyo.



LEARNING IS BETTER THAN TRAINING

A NEW APPROACH AT RANK XEROX

During 1984 Rank Xerox continued its commitment to training and embarked on an ambitious new strategy for the future. Rank Xerox makes a significant commitment of cost and manpower to training because its importance for the future of the business is fully recognised. Training is now a multi-million pounds business within the company. As our activity continues to grow, more and more time is being spent by employees attending training courses. The continuing development of the company makes it vital that our people are kept up to date with the appropriate knowledge and skills. For example, sales integration and the increasing array of products have created an enormous training load.

The man years spent at training school during 1985 would make "training" the equivalent of the sixth largest Operating Company.

If we continue to provide our training only by traditional methods it is clear that the time required from our employees will become excessive.

In order to ensure that neither the quantity nor quality of our training suffer in the future a major new investment in training was approved during 1984: the Active Learning Process.

Studies show that approximately 60 per cent of time at training school is spent acquiring knowledge. The remaining 40 per cent is spent acquiring skills.

Acquiring new skills requires practice and feedback. This means spending time in the classroom working with others. But knowledge can be gained differently. Much information can be assimilated while working by oneself and by using a variety of media such as books, audio or visual aids, and micro-computers.

These alternative methods can therefore provide more training at less cost because they require less money on accommodation and travel and less trainer time.

Over the next few years the Active Learning Process will provide all major Rank Xerox locations with a range of training materials in various forms: books, films, manuals, audio-visuals and ultimately computer-based learning. It is intended that much of the company's basic knowledge training will be provided on this basis, enabling trainees to work at their own pace and in their own way.



International training team. Left to right: Jane Le Surf, John Agate, Maja Schoefer, Mike Ratcliffe, Graham Green.

This will not simply be a passive process. Active learning will be a fully integrated part of the normal training schedule. And participants will be encouraged to test and challenge how much they have learned.

This method of training is starting to be used by a number of the leading business corporations. By introducing Active Learning Rank Xerox will continue to be at the forefront of training technology.

THE MAKING OF AN IMAGE

Towards the end of 1984 a new Rank Xerox corporate identity advertising campaign was launched in the UK by the advertising agency Young and Rubicam, with a budget of nearly £1 million in the first month alone. During 1985 the campaign will be extended to France, Spain, Italy, Portugal and Finland. The campaign has already been running for a year in Sweden.

The new corporate identity campaign results from market research surveys into the image of Xerox in the USA and of Rank Xerox in France, Germany and the UK.

The campaign will convey the concept of "Team Xerox", with an unmatched product array and a combination of people and machines working together, and is aimed at strengthening our total capability.

The customer benefits conveyed by the new advertising can be defined as, "Whatever your business or organisation, you can depend on Rank Xerox to solve your document management problems cost-effectively and to go on doing so as you grow".

The campaign has been designed so it can be extended over at least three years and be capable of incorporating range and product advertising under its thematic umbrella.

The approach is cross-cultural and cross-linguistic. TV is being used in the UK, Italy and Spain, and all six countries will have press advertising.

A major part of the promotional money will be spent in the UK, where there is the largest profit opportunity. Spain is a highly profitable country and also an important one for systems and keyboards. In Italy, an extensive image building programme is needed to counter the influence of Olivetti and to build a keyboard base.

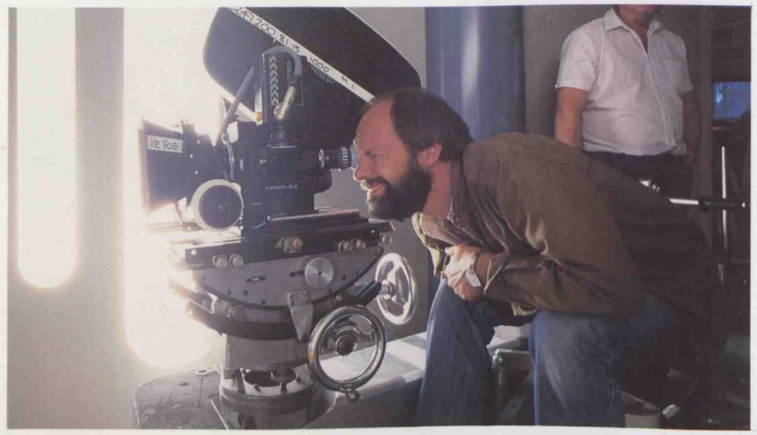
We will be building on our successful image in France, and as it is a prime keyboard and systems country, the corporate image will be presented through a press campaign. In Finland, we are up against an intensely competitive systems market.

The campaign will fall into two distinct parts. The first will establish Rank Xerox across the office equipment spectrum, and will also outline the meaning and significance of "Team Xerox".

The second phase of the campaign will move on to emphasise the strength of Team Xerox and our ability to solve problems. It will also link the campaign to product series advertising. Sweden has already reached the second phase.

The new corporate identity advertising campaign will clearly help enhance our image and stress the total capability of our product range.

Team Xerox







A scene from the new corporate advertisement on television, showing the formation of the Team Xerox logo.

RANK XEROX IN THE COMMUNITY

Rank Xerox continues to place a high priority on social responsibility. Our Portfolio of Social Actions covers three main areas: research into work and society, emphasising jobs, education and social values; schemes to bridge the gap between school and adulthood for the young unemployed; and industrial/educational liaison. The Portfolio also embraces participation in the arts, particularly where young people are involved, such as our sponsorship of the Royal Court Theatre's Young Writers' Festival in the UK.

During the year, particular emphasis was placed on job creation schemes. The major UK event was the opening of the ITeC (Information Technology Centre) at Colnbrook, Berkshire. The ITeC trains 16 to 18 year olds in skills such as computer programming, computer applications and data bases, analogue and digital electronics, computer maintenance, control system practices, keyboard use, word processing, telecommunications use and modern office practice. The centre is run by a seconded Rank Xerox manager on Rank Xerox premises, and takes our involvement in information technology a stage further than in the other ITeCs we have co-sponsored.

During the year, Rank Xerox agreed to support a major job creation programme in the Netherlands. The programme, which is being run by the City of Amsterdam, is expected to create 1,000 new jobs within the next three years. Funding is shared between Rank Xerox Holland and the Rank Xerox Trust.

At Mitcheldean, where manpower had been reduced since 1980, we have embarked on a number of projects to resettle redundant employees and to provide stimulus for the development of new business in the area. An independent organisation, FOCUS, has helped resettle over 50 per cent of the ex-employees since 1982. We have also been actively engaged in establishing two local organisations offering help to small businesses – the Gloucestershire Enterprise Agency and the Gloucester City Enterprise Workshop. A subsidiary company, the Mitcheldean Enterprise Workshops Ltd, was set up in 1984 to convert certain buildings on the 67 acre site into a workshop complex for small businesses. The workshops were officially opened on 15 November, 1984.

We allocate a percentage of our pre-tax profits each year for charitable donations. During 1984, £1.4 million was donated for this purpose. Most of the company's charitable funds are allocated to the operating companies, who are able to donate it to the national, social, educational and cultural programmes which they consider most worthwhile.







***Left:** Mitcheldean Enterprise Workshops.* ***Right:** Rank Xerox Regional Director Bryan Nicholson was appointed Chairman of the Manpower Services Commission.*
***Bottom:** Students being trained at the Information Technology Centre at Colnbrook.*

In addition, selected international causes are supported by the Rank Xerox Trust. In the UK the Trust assisted the Inter-Action Trust's community computer camps, which teach disadvantaged young people computer literacy and programming skills. The Trust is also supporting Inter-Action's occupation preparation systems, which train young unemployed people in the skills needed to get a job.

Other projects assisted by the Rank Xerox Trust in 1984 included:

- Fondo per l'Ambiente Italiano's cultural heritage exhibition in Italy
- the Research Centre for International Law at Cambridge University
- part funding of a Chair in International Management at INSEAD in Fontainebleu, France
- part funding of a Chair in Communications at Victoria University in Wellington, New Zealand
- the Royal Shakespeare Company's European tour

In October 1984, Rank Xerox Regional Director Bryan ("Nick") Nicholson was appointed on secondment for three years as Chairman of the Manpower Services Commission in the UK, the Government body dealing with national employment and training programmes.

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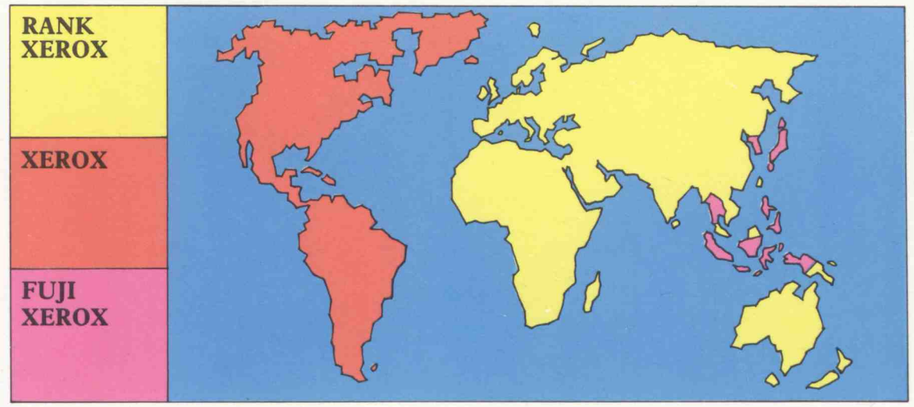
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RANK XEROX



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14 May 1985

The Prime Minister has asked me to thank you for your letter. As you know, she is sorry you are unable to attend the meeting, but was very grateful to you for letting her have your views in advance.

(MARK ADDISON)

A. Poot, Esq.

chairman & managing director

PHILIPS

arundel great court
8 arundel street
london wc2r 3dt

X

13 May 1985

The Rt. Hon. Margaret Thatcher, PC
The Prime Minister
10 Downing Street
LONDON SW1

Dear Madam,

Graduate Engineers and Technologists

PT 2

I refer to your letter of 19th March, and my letter of 26th March, and have pleasure in making some comments, as requested in Mr. Mark Addison's letter of 27th March, on the subject of Graduate Engineers and Technologists.

We would certainly agree with the priority of this subject. Although your letter particularly refers to Graduate level, we would emphasise the importance of correcting the scarcity in a broader definition.

This scarcity is clear in the range from those with degrees, or further degrees, right through the range of technical levels to the different levels of technicians. It is also clear within the particular categories; for example, we do not only require those with first class honours but also those with other class or pass degrees. Some of these would have had good HNC qualifications in the past.

We very much welcome the government decisions to redirect expenditure towards the priorities in the £43m referred to in your letter and attached press release. We do, however, wonder if that change of emphasis is enough to correct the supply side of this problem. We, in industry, are continually having to take decisions on priorities between different technical expenditure. We believe that still greater resources need to be concentrated in the areas of electronic engineering, software engineering, and in particular systems engineering, and we are not convinced that the universities will themselves take the difficult decisions on change without much stronger direction from Government.

It must be significant that we could get perhaps 100 good applicants for Graduates in say social science or related subjects for one of

the few jobs needing such qualifications in our industry. By comparison, we have to compete very hard for any electronic engineers and would, for example, expect to have to make three job offers for every graduate job to be filled.

We do agree that Industry itself also has obligations in contributing to this overall problem, but we should emphasise that it is not only the electronics industry involved but also the increasing number of non-electronic companies are increasingly employing such skills. They do not normally contribute to the training but will recruit qualified employees trained by companies such as us.

We see considerable activity already existing within industry under the headings of equipment, help with teaching staff, sandwich courses, design of development courses and the offering of worthwhile jobs.

These commitments should continue and expand but they are best stimulated and managed within a large group like ourselves within individual businesses and companies who, at local level, are most responsive to the changing needs.

On the particular views requested, it will certainly be electronic engineers with software expertise and systems engineers who will be in greatest demand, whether they come from universities or polytechnics is increasingly irrelevant.

We think that it would be correct to support the umbrella role of the I.T. Skills Agency with specific contact and support between individual companies and educational establishments.

We would certainly intend to increase the sponsorship of undergraduates - but this is again dependent on the encouragement of enough good secondary school students to be attracted to these subjects, and a sufficient number of places being provided in the universities and polytechnics for them to become qualified engineers and technologists.

Yours.

Anton Poot

A. POOT

13 MAY 1965

Science & Tech Proj

Budget

FERRANTI plc
TEL: 01-834 6611

MILLBANK TOWER,
MILLBANK,
LONDON, SW1P 4QS.

CR

CF file

cc Smith file

3 April 1985

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

Ter to Honours please
MBF 9/4

Dear Prime Minister

I was very pleased to learn from Derek Alun-Jones of your decision to increase the funds available to Universities to provide places for science and engineering graduates.

The job that Derek has done for the Ferranti Company has been a remarkable one, but our future is threatened by the shortage of technical people, perhaps not so much in our own Company as with our customers. Morale in our Company is very high and we are able to just about recruit the number that we need, but nothing will help us more in the long term than an increasing supply of graduate engineers, both men and women.

Another thing that would help us greatly, and that would be some recognition for our achievements. We are the world leader in our own market sector in the silicon chip business, in inertial navigation and high powered lasers. You yourself saw something of our technology when you presented the Chinese word processor to the Prime Minister of China in Peking.

I know that in the ordinary way, Chief Executives of Companies are not necessarily regarded as the right person to receive an Honour on behalf of the Company as a whole, but the very fact that you asked Derek Alun-Jones to attend your meeting on the University funding is significant.

I wrote originally to the Permanent Secretary of our Sponsoring Department, Sir Brian Hayes, and to Michael Heseltine, Norman Tebbit, Sir Clive Whitmore and George Younger in March 1984, but I would like to strongly appeal to you now for a Knighthood for Derek Alun-Jones.

Yours sincerely

Basil de Ferranti.

Basil de Ferranti
Chairman

File

MFJ

10 DOWNING STREET

From the Private Secretary

13 May 1985

Dear Elizabeth

Meeting with Industrialists on 21 May

I attach, as promised, a list of those industrialists down to attend the meeting next week, together with a list of refusers. Of the three people in the latter group Sir William Barlow has, as you know, suggested inviting Mr John White, who is coming to the meeting. Mr. Poot has now written in with comments on the points to be discussed at the meeting, and I attach a copy of his letter, which you will be able to take on board in drawing up the briefing.

I am copying this letter and a list of those attending to the Private Secretaries to the Secretaries of State for Energy, Scotland, Wales, Employment, Trade and Industry, the Minister without Portfolio, the Parliamentary Under-Secretary of State for Industry and Sir Robert Armstrong.

Yours ever

Mark Addison

Mark Addison

* I have just heard that Philip Hughes (Rajica) will be coming to the meeting.

Miss Elizabeth Hodkinson
Department of Education and Science.

DBS

MEETING OF INDUSTRIALISTS 21/5/85

ACCEPTANCES

Sir Austin Pierce (British Aerospace)
M Bett (B.T.) in place of Sir George Jefferson
Robert Thornton (Debenhams)
J D Alun-Jones (Ferranti)
S Toy (Ford Motor Co)
R J Clayton (GEC)
Derek Roberts (GEC - Director of Research)
Sir Austin Bide (Glaxo Group)
D A Baldwin (Hewlett-Packard)
Sir Edwin Nixon (IBM(UK))
J H Harvey-Jones (IC)
R G C Messervey (Lucas Industries)
Viscount Sandon (Deputy Chairman National Westminster Bank)
Sir John Clark (Plessey)
Sir Ernest Harrison (Racol)
H Orr-Ewing (Rank Zerox)
Sir Roy Sisson (Smith Industries)
Sir Kenneth Corfield (S.T.C.)
P Swinstead (System Designers)
Peter Laister (Thorn EMI)
R E Utiger (T.I. Group)
Sir Terence Beckett (CBI)
Sir Robert Clayton (I.T. Skills Agency - CBI)
Sir Francis Tombs (Rothschilds/Rolls Royce)
Robin Duthie (Scottish Development Agency)
J S Whyte (National Electronics Council)

REFUSALS

Sir W Barlow (BICC)
P A B Hughes (Logica Holdings)
A Poot (Phillips)

CF

Pl. p.c. re

Scottish file,

then return to

me, pl.

8/5

10 DOWNING STREET

MEA

Message from Clare Jones,
Sir Keith Joseph's office.
Meeting of Industrialists 21 May.

A Miss Lally, dept.
of electronic engineering,
Essex university has
requested a copy of
the list of industrialists.
They are seeking
industrial sponsorship
and thought this list
would be a good
starting-place.

Nde

Agreed with DES that
we should not release the list
until after it has been OK'd
at the meeting. MEA 8/5

JB
7/5.

CF BF 15/4 p1.

Guests invited to 21 May meeting.

		Acceptances
	Sir Austin Pearce (British Aerospace)	✓
	Sir W. Barlow (B.I.C.C.)	REFUSED
	Sir George Jefferson (B.T.)	(Personnel & Corporate Services) M. Bett to attend instead.
	Robert Thornton (Debenhams)	✓
	J.D. Mun-Jones (Ferranti)	✓
	S. Toy (Ford Motor Co.)	✓
	Lord Weinstock (G.E.C.)	✓ R.J. CLAYTON WILL ATTEND. + DEREK ROBERTS (DIRECTOR of RESEARCH)
	Sir Austin Bide (Glaxo Group)	✓
*	D.A. Baldwin (Hewlett-Packard)	
	Sir Edwin Nixon (IBM (UK))	✓
	J.H. Harvey-Jones (ICI)	✓
	P.A.B. Hughes (Logica Holdings)	REFUSED
	R.G.C. Messervey (Lucas Industries)	✓
	Lord Boardman (Nat. West Bank)	✓ VISCOUNT SAMUON, DEPUTY CHAIRMAN, WILL ATTEND
	A. Root (Phillips)	REFUSED
	Sir John Clark (Plessey)	✓ (ORALLY)
	Sir Ernest Harrison (Racal)	✓
	H. Orr-Ewing (Rank Xerox)	✓
	Sir Ray Sisson (Smiths Industries)	✓
	Sir Kenneth Corfield (S.T.C.)	✓
	P. Swinstead (System Designers)	✓
	Peter Laister (Thorn EMI)	✓
	R.E. Utiger (T.I. Group)	✓
	Sir Terence Beckett (Director General of CBI)	✓ (ORALLY)
X	Sir Robert Clayton (I.T. Skills Agency)	
	Sir Francis Tombs (Rothschild / Rolls Royce)	✓
	Robin Guthrie (Chairman, S.D.A)	✓
	J.S. Whyte (National Electronics Council)	✓

10 DOWNING STREET

Agreed with Eddie Gowans
that he DS could come, reluctantly.

MEA 2/4

Mark -

you will remember that Sir George Jeffersons' office asked if an alternative name could be offered, as he could not attend the Switch meeting.

The attached letter is the result.

CST
18/4.

CF

Thanks. To note on file.

MBA 18/4

CFPPS

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from the Chairman's Office

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Mr M Addison
Private Secretary to Prime Minister
10 Downing Street
London
SW1

12 April 1985

Dear Mr. Addison,

I am responding to the Prime Minister's letter to Sir George Jefferson of 19 March inviting him to attend a meeting on 21 May concerning higher education places for engineering technology.

As discussed with your colleague Mr Taylor on the telephone, Sir George will unfortunately be overseas on 21 May and we agreed that Mr Michael Bett, our Corporate Director for Personnel and Corporate Services will attend on his behalf.

Yours sincerely

T Edwards.

T A EDWARDS
Director, Chairman's Office

British Telecommunications plc
Registered Office 81 Newgate Street LONDON EC1A 7AJ
Registered in England No. 1800000

12 APR 1985



Switch file

Yes but it must be
- sufficiently senior
- otherwise no Generals
I think better
Mark
- unengaged

10 DOWNING STREET

Sir George Jefferson has been invited to the 21 May meeting.

Tom Edwards, the Director of the Chairman's office at BT has asked if, since Sir George is abroad, an alternative is acceptable. ie a senior member of board, with a responsibility for personnel.

I said in principle that sounded OK — they are keen to be represented! — but asked them to confirm in writing with you when they have a named alternative

OK?

CST 3/4.