

## Weak wage growth the new normal

Despite the highest employment rate since the 1970s – the jobless rate dropped to 4% the lowest since 1975, wage rates in real terms remain stagnant. Classical economic theory argues that with full employment, labour is in short supply putting pressure to raise wages but there are indications that weak real wage growth may be a longer term factor in the UK economy. The Office for National Statistics calculates that adjusting for inflation real pay improved 0.1% in the second quarter of the year. The problems seem to be low improvements in labour productivity and the continuing uncertainties of Brexit



## Looking ahead - Autumn Programme 2018

After a successful Spring Programme the West Midlands Region hope you will join us for the following Autumn events. We are continuing our theme of technology and transport development.

### In September there will be visit and tour of the Midland Air Museum at Coventry Airport, Bagington CV3 4SR near Coventry.

This is an opportunity to view the aircraft and exhibits which include the **Frank Whittle Jet Heritage Centre**. Sir Frank Whittle was the British inventor and developer of the jet engine in the 1930s and early 1940s, and much of the early development work took place in the Midlands. The admission charge to the museum is £7 per person and the Region will make a contribution of £4 for each member. Guests are welcome but are expected to meet the full admission charge. For more details concerning the museum follow the link [www.midlandsairmuseum.co.uk](http://www.midlandsairmuseum.co.uk). If you wish to attend please register your interest

**In October it is planned to visit and have conducted tour of Morgan Cars at Malvern, Worcestershire.** Morgan Cars are the only British owned car maker and continue to produce their unique sports cars built of ash, aluminium and leather by

skilled craftsmen. But like other manufacturers Morgan Cars are having to respond to new market demands and there is even an electric version of the Morgan 3 wheeler sports car. The factory tour takes about 2 hours and the cost for each member will be £11 ( the factory tour costs £22.50 per person). Guests are welcome but are expected to pay the full cost of the visit. If you wish to attend please register your interest.

The annual informal Region get together this year will be an **Informal Region Lunch held in November at the Old Irish Harp, Aldridge WS9 0LP (off the A452 Chester Road)**. This will be the opportunity to network and catch up with the latest news. Members and their guests are expected to pay for their meal but the Region will contribute to lunch time drinks. For details of the venue and lunch menu see [www.oldirishharppub.co.uk](http://www.oldirishharppub.co.uk). If you wish to attend please register your interest – see page 6.

**The Region AGM will be held on Saturday 12th January 2019 in the Coffee Lounge of The George Hotel, Lichfield.** This is an opportunity to hear reports from your Region Officers.

## this issue

Looking ahead **P.1**

Visit to a High Tech Foundry **P.2**

British Transport Heritage **P.3**

The Phoenix like rise of Triumph **P.4**

Event Registration **P.6**



## Visit to a Modern 'High Tech' Castings Company

**CASTINGS PLC**

FTSE 200 company with over £100 turnover

On Wednesday 21<sup>st</sup> March a party from the West Midlands Region toured Castings PLC. The usual image of a foundry is something from the Victorian era with blast furnaces and Bessemer Converters spraying flames and sparks everywhere, but Castings PLC is a modern 'high tech' company producing complex high quality castings mainly for the Worldwide automotive industry – some 80% of the output is exported to such commercial vehicle makers such as Scania, Volvo, DAF and Mercedes and to car manufacturers such as Toyota, Land Rover and Jaguar.

The main 12 acre factory site is on the edge of open countryside at Brownhills, Staffordshire.

The incoming raw material is scrap steel mainly from the automotive industry and is delivered by lorry, checked for quality and loaded into electric furnaces which require huge quantities of electric energy.

The company have to balance their power demand against the power available from the National Grid taking into account the weather conditions including wind strength for generation of 'green energy' and other consumer demands, and face heavy financial penalties if the company's energy demand exceeds the criteria set by the National Grid.

Additional metallic elements such as molybdenum are added to the molten metal to give the metal its required characteristics, before the metal is poured into the casting moulds.



*Molten metal pouring from the electric furnace*

The casting moulds are still formed from a traditional mixture of sand, coal dust and clay but the process is automated and the moulds are automatically moved forward to where the metal is poured manually into the mould.

The design of the patterns to shape the moulds is a complex process and 3D computer design tools and simulations are used to produce the complex castings which are the company's speciality and USP



*A 3D computer simulation of the cooling characteristics of a casting*

When the casting has cooled and solidified, and the mould removed (the mould sand is recycled to be reused), the casting is cleaned, rough edges removed and checked for quality by robots working to very close tolerances.



*Robots clean and remove rough edges and check the quality of the castings*

## Castings PLC Continued

Customers demand that the finished castings are completed and packed so that on delivery they can be moved straight to their production line to be used 'on a just in time basis', so any additional screws, seals, fittings or painting must be added to the castings before the items are packed. Since the castings are produced in batches there is large warehouse on the site holding the completed packed items ready for despatch as demanded by the customers.

Our thanks to our member Keith Ball for arranging the visit, and Mr Glen Elmy and Mr Nic Prior for a very comprehensive and interesting tour of the company's facilities.

# Coventry Transport Museum - British Transport Heritage

On Saturday 12<sup>th</sup> May a party from the West Midlands Region had a conducted tour of the Coventry Transport Museum following its recent £9.5 million themed refurbishment to show the development of road transport, its association with Coventry city and the wider implications on society.

In Georgian and Victorian times Coventry was associated with watch making and silk weaving but a number of small manufacturers became interested in embryonic bicycles such as the 'bone shaker' and 'velocipede' and later the 'Penny Farthing', but the turning point in the bicycle industry came in the mid 1880s with the development by John Kemp Starley in Coventry of the 'safety bicycle' which provided the basic design of the modern bicycle.



Starley Rover

Safety Bicycle



Starley

Rover Advertisement

The 'safety bicycle' was a major success and caused a social revolution by providing better off working and middle class people with independent personal transport, which was taken up not only by men, but also by mainly young middle class women who not only enjoyed the independence of travel by bicycle but also demanded more practical clothing to give them greater freedom of movement.

In Germany Daimler and Benz had independently developed the motor car and by the early 1900s cars were becoming the latest 'play thing' of the upper classes including King Edward VII. Some of the bicycle manufacturers began to develop motor cycles and their own primitive motor cars but in 1914 with the outbreak of World War 1, Coventry's industry became involved in the war effort and munitions production, but as the war progressed motor vehicles played increasingly significant military role.

With the return of peace, motor car production resumed and in the 1920s the emphasis particularly by Henry Ford, William Morris with his Morris 8 and Herbert Austin with the Austin 7 was to provide reasonably priced motor cars for a new mass market.

There is an example in the Museum of a stripped 1920s car body, showing the wooden frame covered by fabric which demonstrates how fragile was the construction of cars which could travel at 50 mph or more with only primitive brakes; and this explains why by 1930 with some 2 million motor vehicles on the roads of Britain, the rising number of deaths and injuries caused by road accidents became a matter of national concern.



Herbert Austin in Austin 7



Standard 8 – by 1938 modest priced cars had steel bodies

With the outbreak of war in 1939 Coventry industry was again committed to the war effort and the city was subjected to concentrated bombing by the Luftwaffe which destroyed Coventry's city centre with great loss of life and injury to its

## Coventry Transport Museum Continued

citizens but war production continued since the government had encouraged companies to build 'shadow factories' on the outskirts of the city in the open country side.

After the war Coventry was rebuilt and prospered with a boom for the car industry which in Coventry was centred on the Standard Motor Company including Triumph cars, Jaguar cars, and the Rootes Group which included the Hillman, Singer and Humber brands, as well as other vehicle manufacturers such as Alvis for cars and military vehicles and Massey Ferguson for tractor production.



*Rover 2000 – iconic car of the early 1970s. The Rover company's origin was Starley Rover Cycles*

But by the late 1970s and 1980s a combination of factors including poor labour relations, reliability and quality issues and increasing competition particularly from Japan and Germany was having serious implications for British vehicle manufacturers and caused contraction and consolidation in the industry.

Coventry is once more involved with the rejuvenated motor industry with Jaguar Land Rover and the production of the all new electric London Taxi Cab.

The Museum also includes commercial vehicles and World Land Speed Record breaking cars Thrust 1 and Trust 2. A very interesting museum which requires a full half day to explore its exhibits and commentary on the technical and social developments.

## **TRIUMPH** The phoenix like rise of Triumph Motorcycles – From Bankruptcy to £500 million annual revenue

On Friday 20<sup>th</sup> July a party from the West Midlands Region had a guided tour of the Triumph Motorcycle factory at Hinckley in Leicestershire. Due to the limited available tickets, these were offered to members only on 'first come first served' basis, and the West Midlands Board apologize to any members or their guests who were disappointed.

Triumph Motorcycles can trace their origins to the early 1900s when a German immigrant started building bicycles and then motorcycles in Coventry. The company was very successful and during World War 1 supplied motorcycles to the British Army. In the 1920s and 1930s Triumph became an icon of the British motor cycle industry and also started to produce motor cars, but the car and motor cycle businesses became separate companies. In the 1930s Triumph Motorcycles moved to their new purpose built factory at Meriden outside Coventry and continued as a successful company producing many iconic motorcycle models for the British and World markets and also to achieve success in the Isle of Man TT and other motor cycle races.



*1902 Triumph Motorcycle*



*Triumph Motor Sport Heritage*

# Triumph Motorcycles continued

After World War 2, the British motor cycle industry continued to dominate the World markets through the 1950s and 1960s but by the 1970s the industry was facing stiff competition from Japanese manufacturers such as Honda, Kawasaki and others, and the motorcycle market was changing. Triumph like many other British motorcycle manufacturers could not compete and the company collapsed.

The resurrection of Triumph Motorcycles started in 1983 when Mr John Bloor (who had made his fortune in house building and property development) acquired the company and brand. The Triumph factory at Meriden was closed and demolished, and the company moved some 15 miles to a new embryonic factory at Hinckley employing a handful of workers.

Fast forward to today, and the embryonic company has expanded with revenue in 2017 of nearly £500 million and the main factory is a purpose built facility at a new site in Hinckley employing in total some 850 staff; producing motorcycles for the British and European markets and it is also the centre for research and development. Production also takes place in India and Thailand and assembly from exported kits also takes place in Brazil. Engineers from the overseas plants are expected to spend time at the Hinckley factory to understand the company's production practices and culture.

The castings used in engine building are brought in from abroad and outside suppliers, and on arrival are checked for quality before machining to produce the final finished components. Production is organised in two 9 hour shifts with automation and use of 'just in time' techniques. At all stages the latest technology is applied to ensure all manufacturing is carried out to very strict quality standards and tolerances.

All the Triumph motorcycle models are produced on a single production line, the computerised control systems ensure the correct components are delivered at the appropriate time to the correct cell on the production line and the production staff are expected to be multiskilled to move between jobs. All production is to meet dealer orders and each completed motorcycle is loaded on to a special reusable cradle for storage in the computerised ware house area ready to be delivered to the dealer as required.

The rise of Triumph Motorcycles like a phoenix from the ashes of a collapsed and bankrupt company is a clear example of a British company responding to changing technologies and World market demands.

Our thanks to our guide for comprehensive overview of the factory facilities



*Triumph Motorcycle Factory, Hinckley*

# West Midlands Region Board Members

Region Chair – John Hopkinson Hon FMS

Region Treasurer – Julian Cutler FMS

Region Secretary – Steve Cullen FMS

Executive Member – Bill Acres AMS

Executive Member – Peter Storey FMS



*Julian Cutler – Region Treasurer*

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## Register your interest in the Autumn Events

If you wish to attend any of the Autumn events please e-mail your interest to [admin@ims-productivity.com](mailto:admin@ims-productivity.com)

By contacting us you agree to the Institute of Management Services holding your personal information

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## Institute of Management Services National AGM

Region members are reminded that **the Instute’s National AGM will be held on Friday 12th October 2018 at the George Hotel, Lichfield, followed by a workshop and networking event entitled *Stepping up to the Productivity Challenge*. See the Institute Journal for further details.**

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