

AA

X 9-85-30

November 16th, 1953.

Dear Crawford,

I have your letter and brochure on recent production performance at A.V. Roe.

I am glad to note that the 70 Mk. 3 aircraft have been delivered and that the first Mk. 4 has appeared on schedule. These achievements reflect an improvement in your operations.

However, we are not happy about your operation in all respects. Your overhead is running over 200%, making it the highest in the industry. You will appreciate that direct labour costs and overhead must be considered together in measuring the efficiency of an operation.

Whether your own preliminary estimates are the best guide to efficiency is questionable, but even on that standard I note that your cost of tooling is 100% over your own estimate.

I appreciate the fact that you are working hard in the direction of improving the efficiency of your plant. I would feel happier about your situation if this appeared to be your first objective and we were hearing less about side issues. You have the biggest contract in the aircraft industry, and it should be worth your undivided attention for the next year at least.

Yours sincerely,

Crawford Gordon, Esq., Jr.,
President and General Manager,
A. V. Roe Canada Limited,
Box 430, Terminal "A",
TORONTO, Ontario.

ORIGINAL SIGNED BY
C. D. HOWE

Howe Papers

vol: 47

file: A.V. Roe (1)