

Mr Lankester

Qa 04314

To: SIR JOHN HUNT

NOV 23/8

cc Mr Le Cheminant
Mr Mountfield

From: SIR KENNETH BERRILL

mb

GEC Management Style

1. At the Prime Minister's meeting this evening with Sir Arnold Weinstock one question which must be firmly in her mind is Sir Arnold's ability to handle yet more companies (Mr Prior raised this point at E this morning).
2. Hearing his intervention I thought I would sketch out the attached note which tries to say just why, as I see it, Weinstock is able to control effectively such a large and disparate empire (large by UK engineering standards, not in international terms or even in ICI/BP terms).
3. Questions were raised at this morning's meeting ^{of} E on whether Sir Arnold would be disappointed if the Government were not able to commit itself at this moment to moving over to PWRs for the remainder of its nuclear programme. Sir Arnold is, above all, a realist and has been in the middle of the nuclear issue for years. He knows that any move over to PWRs has to be undertaken with great care because of the public and political sensitivities. He also knows that no commitment could be undertaken until all safety enquiries and clearances have been obtained. What he will be concerned with is the commitment of this Government to a major nuclear programme and a desire to go PWR if it can be achieved. I think he would regard this as the most that could possibly be put to him in the circumstances.
4. If the attached note is of any interest, perhaps it might be put to Mr Lankester.

G. L. Warren
for KENNETH BERRILL
23 October 1979

CONFIDENTIAL

COMMERCIAL - IN CONFIDENCE

GEC Management Style

Since GEC management capabilities are so much in our thoughts a short note on Sir Arnold Weinstock's management style and method might be useful.

Weinstock is, on the surface an emotional, impulsive man who wants to move into instant action as soon as he has thought of something and who is liable to get bored and lose interest if that cannot be achieved. He is also verbally aggressive, given to very strong statements about policies being terrible and individuals being useless and deserving to be sacked. In practice, however, his bark is very much worse than his bite. In particular, he is a teacher rather than a sacker. He is prepared first to haul someone over the coals and then painstakingly go through with him how to do things better. Most of the managers that he inherited when GEC took over other companies are still with him and the number of dismissals has been minimal.

Weinstock, Bond, Lewis (statistician, accountant, lawyer) are a remarkably effective team - each complementing the other: in particular Bond putting the brake on Weinstock impulsiveness. The management style is one of extreme decentralisation. The headquarters at Stanhope Gate has a tiny staff and Weinstock virtually never

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL - IN CONFIDENCE

leaves it to walk round one of the GEC plants. Each division chief is completely responsible for running his own show and by the same token 100 per cent accountable for what happens there. He cannot make the excuse that the bureaucracy at headquarters got in his way because there isn't any.

What happens is that his detailed monthly figures will be crawled over by Weinstock at Stanhope Gate who lives in the perpetual pessimistic belief that bankruptcy stands ever just outside the office door and can only be kept at bay by the most continuing questioning and effort. (Weinstock would not have allowed the losses that EMI incurred on the scanner to go on for more than six months without a major reappraisal.)

Weinstock's personal analysis of the monthly figures is both detailed and shrewd - his nose for trouble is remarkable (a production of intelligence, experience and pessimism). If he has queries on the figures he reaches for the phone or if necessary gets the section head to come to Stanhope Gate. He does not start going out to the plants or getting people in Stanhope Gardens to override local decisions.

The point of this particular management style is that it is (a) very flexible in terms of the range of divisions it can handle; (b) is very dependent on Weinstock/Bond/Lewis.

CONFIDENTIAL