

GENERAL ELECTRIC

DEFENSE PROGRAMS OPERATION
3325 WILSHIRE BLVD.
LOS ANGELES 5, CALIF.

COPIES: bcc: Larry Miles

SUBJECT

24 January 1963
Dictated 23 January

Mr. C. W. Bryant, Manager
Materials Service
Manufacturing Services
New York Office

Dear Bill:

I have just come from the second of two presentations Larry Miles made to Douglas Aircraft Company's Missile and Space Division today, and also joined him and five top management people from Hughes Tool Company, Aircraft Division. I never fail to be very proud of Larry in his presentations and the manner in which he answers even the most delicate questions. He is a top notch representative of the General Electric Company.

As you know, he has a very full schedule in this area from 21 January through the 31st, and again in Phoenix on the 8th of February, and as usual, we are getting the most mileage out of his being in this area. I sincerely hope we don't wear him out.

Following a luncheon today with ten of the top management people of the Missile and Space Division of Douglas, Larry got me aside and said he wondered whether we were giving "comfort to the enemy" by helping people like Douglas, Aerojet, Northrop, and others, in evaluating and then establishing their own Value Engineering programs. By the way, the quote in the above sentence is my own way of expressing it.

I have been in this aircraft and aerospace business since 1940 and have watched a steady and somewhat amazing transition take place. Every one of the major aircraft and aerospace equipment manufacturers is in varying degree, a customer, a competitor, and a supplier of the General Electric Company. On many occasions we have had to remain poised, ready to change our signals and take a completely new approach when one of our competitors received a contract, and we then went in to salvage as much as possible as a sub-contractor of the first or second tier.

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One case came to mind today while I was in the Douglas plant. We were a competitor for the Skybolt program which Douglas won. The former MSVD then obtained the re-entry portion of the missile. LMED was a strong contender for the guidance and control system which Douglas placed with Nortronics Division of Northrop. LME, through our District people, went in the next day and picked up one of the major sub-systems of the control system, namely the ballistic computer from Nortronics. Even though Skybolt now is canceled, except for the R&D portion, Douglas will still have over one million dollars to spend, and our people will continue working with them and with Nortronics on this project.

Another outstanding example is what we did when the Space and Information Systems Division of North American was awarded the Apollo contract by NASA. I believe this contract award was made on 30 November 1961, and I personally arranged a meeting for Hilly Paige and six of his key people, to make a presentation to S&ID's President Stormy Storms and twenty of his top level people on 7 December, about one week following the contract award. This presentation was made by Hilly to let North American know what General Electric had proposed, to acquaint them with our facilities, and to impress them with our capability so we would be in a position to quote on some of the major sub-systems. As it turned out, we were given the Apollo integration support contract, and because of this, NASA has, I believe, rightly, ruled that we cannot undertake major or first tier sub-contract work on the main program.

This letter has been somewhat lengthy, I know, but I did want to tell you that I do not feel that the work Larry Miles is doing is hurting the General Electric Company, but on the other hand, it is doing a lot to impress potential competitors with our altruistic approach to an important problem, and even more so, it impresses their top management, their engineering, manufacturing, and purchasing people with the thoroughness

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employed by our Company in our Value Engineering program. Thinking of them as potential customers, this may well be the little extra needed to win a contract competition.

Larry has done us a lot of good, and we hope he will be able to keep on doing so for many years to come.



E. S. Thompson