

Draft -- June 16, 1965  
Original -

To: Bill Gay

Since my luncheon with you and Raymond Cook, I have proceeded with the course of action that we discussed. I have terminated our arrangement and have billed you for five months services at \$3,000 per month as we agreed.

I telephoned Rea Hopper for a meeting with him but was turned down and saw the Commercial Sales Manager instead. The commercial sales manager has today informed me that they are not interested in my suggestion for the commercial dealership arrangement. I guess that closes the book on our association.

I spent the week of February 10th in Washington and had extended individual meetings with the Secretary of the Army, Under Secretary of the Army, Assistant Secretary of the Army for Financial Management, Vice Chief of Staff, Military Aide to the President, White House Press Secretary, several other Generals and Members of Congress. During this past week-end I was in Palm Springs with the Presidential party as you will know from the attached newspaper clipping.

It has been just one year since my departure from the Hughes Tool Company - Aircraft Division and I regret to report that the outlook for the LOH Program at Hughes is very dismal.

I believe that the training buy, due to the momentum of the sales job done before my departure will probably come true. (It is also being looked upon in some quarters as a crumb to help offset the LOH program)

My lines of communication that the losses of the Aircraft Division in 1963 were higher than ever and that the overhead organization is being greatly expanded in the 1964 budget. It is very difficult to understand how you can allow one mans ego to destroy a very promising combination of resources and products. I regret that I must now go out and aggressively contribute to the downfall of something I worked so hard to build. A year from now it will be all over and I will only be able to say I told you so.

Before closing the book completely on my relationship with the Hughes Tool Company, I would like to recap for the record the sequence of events, all of which I can properly document. I would also like to have the courtesy of an answer to a big question in my mind.

I joined the Aircraft Division of the Hughes Tool Company in July of 1956 and found a deplorable set of circumstances:

- 1 - A very confused product line
- 2 - A decadent approach to developing the product line and marketing of it
- 3 - A very relaxed retirement minded management group
- 4 - A steadily declining financial position

It was almost unheard of in that day and age of progress in the aerospace industry and therefore indicated a challenge to me to assist in converting these tremendous resources into some good contributions to the national economy, the welfare of the employees of the Company, and to the credit of the owner Mr. Howard Hughes whom I so greatly admired.

I set out to do the following things:

1. Influence the development of a product line by establishing a good line of communication with the customer and determining what products would be saleable and compatible with the capability of the Company. Again, I would like to reconfirm that this is all documented by correspondence, memorandums, in my personal files. I also greatly influenced the change in engineering management which helped further the development of the product line.
2. Creation of a marketing organization to properly market the products and programs in both the military and commercial domestic and foreign fields so as to gain maximum flexibility in the event of a raise or decline of any segment of the market. I arrived at the fundamental conclusion that the future of manned aircraft <sup>was</sup> particularly <sup>in</sup> the U.S. Army, and set out to saturate that market in everyline of communication - direct sales, public relations, advertising, etc.

This was all accomplished as witnessed by the fact that when I left the Aircraft Division they were delivering one helicopter a day commercially, had part of the LOH program, (the most sought after helicopter program in the world) had a well established Hot Cycle program and established requirement for the 269A as the US Army trainer and with strong inroads into the foreign military such as the British Army. Along with this was a strong aggressive marketing organization which was lean and efficient. (Today, one year later it is very fat and growing.) I would like to point out also that while doing these things I also doubled in brass by personally completing the flight test certification of the 269A when the original test pilot suffered a broken leg.

3. Contributed to the reshaping of the total management philosophy of the aircraft division so as to fully realize its potential in this dramatic growing segment of the transportation business. By making the management aware of its responsibilities to the customer the employee, the owner, and society in general. One of the formulas being, "The principle measure of success in business is making a profit." There was much to be done in creating an attitude of hard work, hard thinking, aggressiveness and sound business judgement.

I tried very hard to internally accomplish these things but found that it was a complete impossibility. I pleaded day after day, week after week, month after month with the General

Manager to make the necessary reforms to accomplish these goals. He steadfastly refused to do so.

In the fall of 1962, I sought the counsel of our great and knowledgeable friend, Ira Eaker. After explaining my frustration and plan to General Eaker, he wisely suggested that I place my cards on the table with the General Manager and ask his permission to go to higher authorities. I took General Eaker's advice and did exactly that. I outlined once more my concerns to the General Manager and asked his permission to go beyond him. He said, "If you do you are fired." Because of my sense of loyalty to the Company, to Mr. Hughes and to the customer I had the strength of my convictions to discuss the matter with you as Senior Vice President of the Tool Company. ~~AV~~You will recall I asked the key question, is the General Manager indispensable? (If you had given me a realistic answer at that time, it probably would have saved us all a great deal of grief)

I outlined all of my concerns and recommended solutions to you and brought in the Vice President of Engineering to support my position. This was all done in a very straightforward manner. It is apparent that the Vice President and General Manager of the Aircraft Division became aware of our conversations and decided that we must sever our relationship. This was done in a very abrupt, emotional, and unbusinesslike manner.

I informed you immediately of the circumstances. I would like to know why after all of my time, effort and contributions and straightforward approach, loyalty to the Company, etc., was I, as a responsible Vice President of the Company, completely abandoned by you and the Board of Directors?

I still do not have to this date, an official reason or justification for my severance from the Company. Only the rantings and ravings of an emotionally upset individual about such things as my getting all the publicity, recognition, etc. etc., which is childish and unbusinesslike.

I would greatly appreciate your clarification of this great unanswered question in my mind.