



## DIAMOND AIRCRAFT Planemaker's job cuts a severe blow



By [Norman DeBono](#), The London Free Press  
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In happier times, Diamond Aircraft president Peter Maurer shows off a factory-fresh DA-40-180 Diamond Star in London in 2002. (Free Press file)

London has lost its trains, automobiles — and now, just maybe, its planes.

Diamond Aircraft is the second major advanced manufacturer to cut jobs in the city after Electro-Motive closed its doors a year ago this month, a severe blow to the city's economic fortunes.

"The loss of any jobs is bad, but for London to lose them in such a hi-tech sector . . . is very bad," said Jeffery Gandz, professor at Western University's Richard Ivey School of Business.

"We are in one of the worst shapes of any medium-sized city in terms of recovery from the recession. It is hard to be optimistic."

Diamond has been held out as an example of London's manufacturing diversity, making single- and twin-engine piston-powered planes that carved out a niche as personal aircraft and trainers, even supplying U.S. Air Force training programs. It has also been developing a single-engine, light jet called the D-Jet.

Diamond spawned a manufacturing program in composite materials at Fanshawe College to train its workers.

The plane-maker also has been featured in Ontario economic development promotional videos as an example of aerospace technology.

"It feels like Diamond has lurched along for a fair amount of time in London and it is sad to see this happen now," Gandz said.

Monday, Diamond announced 200 layoffs, leaving just more than 40 workers at the plant to fill remaining orders and offer customer service.

Workers were called into a meeting Monday at about 3 p.m. and told to pick up a letter in the plant's lobby. That letter told workers whether they had a job.

"We were told most would be gone. There were a lot of tears," said one worker, who declined to be identified. "With the orders we have now, they can likely fill them at its one plant in Austria, not here."

Peter Maurer, Diamond chief executive, could not be reached for comment. But in a statement, he said the plant is "restructuring" and looking to recall laid-off workers and get the suspended D-Jet program running again, once it lines up funding.

News of the cuts surprised industry analysts who said Diamond had sales last year of about 150 aircraft, topping \$50 million.

Even if Diamond suspended the D-Jet, it still has a strong piston business, said Matt Thurber, senior editor of *Aviation International News* in Los Angeles.

"I don't know what happened. In this industry, those sales are no small accomplishment. It is hard to understand why they would not be able to keep going," Thurber said.

It's also puzzling why Dubai's Medrar Financial, which bought the company in 2011, have not lined up funding, he added.

"Certifying a new jet is an enormously complex and costly undertaking," he said.

But the very light jet market in which the D-Jet was looking to compete hasn't recovered since the 2008 downturn and other makers have delayed or cancelled their planes, said Ray Jaworowski, senior aerospace analyst with Forecast International in Connecticut.

"The smaller aircraft, the light business jets, are in a slump. A smaller jet would be a tough sell in the market. There is a lot of buyer hesitancy out there."

As for how London recovers from the recent blows, it won't be easy, Gandz said

The city must take a "hard, critical" and honest look at what we offer and then chase economic opportunities harder than we have been, he said.

"What do we offer potential employers? Are we attractive? We have to take a critical look. We have to ask as a city are we searching as hard as we can."

The Diamond layoffs are just the latest big blow to the city's manufacturing sector. Electro-Motive, which made locomotives, closed its doors in February 2012, cutting nearly 500 jobs.

Before that, the region suffered the loss of Ford's St. Thomas assembly plant and its more than 1,000 jobs.

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## **Diamond Aircraft**

### **Sales**

**2005** - 329

**2006** - 438

**2007** - 471

**2008** - 308

**2009** - 163

**2010** - 129

**2011** - 185

**2012** - 150 (est.)

### **Aircraft**

**DA20:** two-seater

**DA40:** four-seater

**DA42:** twin-engine

### **CHRONOLOGY**

**1993:** Diamond Aircraft opens in London.

**January 1995:** Delivers first London-produced DA20, two-seater propeller aircraft.

**2008:** Gets approval to develop the D-Jet with a \$19.6-million federal loan for research and development from the federal Strategic Aerospace and Defence Initiative. Also receives \$10 million from the Ontario government.

**March 28, 2011:** Lays off 213 workers, or about half its workforce, citing uncertainty after it's denied more federal money for the D-Jet.

**September 2011:** D-Jet test flights resume after financial backing found.

**Nov. 14, 2011:** London operations sold to Medrar Financial of Dubai.

**Monday:** 200 workers laid off, D-Jet production delayed, as the company searches for more money.

Source: <http://www.lfpress.com/2013/02/26/planemakers-job-cuts-a-severe-blow>