

EFFECTS OF STANDARDS WERE CAREFULLY STUDIED

The last issue of the "News" outlined circumstances which committed our executives to the decision that something had to be done to reduce our costs if we were to remain competitive.

Other circumstances from within our industry also bore upon this decision. For example, Mr. Staley mentioned the case of one company very similar to our own. That company is family owned. It used to show "profits." These "profits" were taken out of the business each year. Everybody felt happy about their earnings. One day that company was offered three million dollars for their business but they turned it down. In the space of a few years, while they continued to take their "profits," their plant failed to keep up to date. In a sense they ate up their assets. And the result?

Recently they offered to sell for less than one million dollars. Nobody was willing to pay even that price. Mr. Staley pointed out that after business began to fall off, they reduced their wages in an attempt to remain competitive but finally, when this measure did not succeed, their hours of work fell off as a result of their decreasing sales. Ruefully the president of that company recently said, "Our only trouble is to get as much for our products as it costs to make them."

Economic Re-Adjustments Required

Businesses which grow, especially if they have grown rapidly as in the corn industry, must overcome these "growing pains" as Mr. Eakin calls them. Our executives have realized that the problem is a keen one. It is a competitive one. And it is one that requires re-adjustment.

This re-adjustment has already been taking place with some of our competitors. For example, Mr. D.

K. David, president of American Maize-Products Company, said in his 1938 annual report to stockholders, "Again in 1938, the amount expended on plant was \$421,905.19 as compared to a depreciation charge of \$218,196.52. As I have suggested in earlier reports, we faced the necessity of improving our plant and processes in order both to lower costs and improve products. . . . I am particularly happy to report that savings in operations resulting from improvements and changes, both in plant and processes, are beginning to show in amounts which justify the expenditures, and that there is no doubt but that we are in a much better competitive position both with improved products and lower costs."

These competitors are the ones, our executives explained, that we have to deal with to remain in business. Two solutions for remaining competitive were open. Either would reduce our costs. The first would have been to lower wages, the second to improve the application of manpower to our equipment. Mr. Staley repeated that, "Our company did not want to reduce wages and it believed that present wages could be maintained if our operating costs were reduced so that improved business would result." In the course of time, lowered costs will not only result in continued employment but increased employment.

Excessive operating costs destroy these things whether they be in our company or some other one. We cannot neglect efficient methods any more than we can turn off the power to reduce our costs. The one is necessary to produce our products, the other to keep our prices at a point which customers are willing to pay.

Standards Work Studied

Our company decided to study the advantages of standards work,

pro and con. Considerable standards discussion had been taking place in national conferences of executives. These programs were arranged in response to changing economic conditions which have been leading business men everywhere to almost frantic considerations of their cost pictures. These discussions were helpful.

Our company also examined standards work in use, and the history of standards work. Instances were found where standards work was guilty of human wrong. Where labor had been exploited. There were also instances in which this had not taken place. In short, standards work was found to be only as good as the company employing standards methods. Where there was greed, there was suffering and dissatisfaction. Where honesty and fair play were found, you couldn't take it away from the employees or their companies. They had found standards established just bases for the assignment of jobs and the discussion of rates of pay.

Good and bad experiences were found in our own industry. In one company, standards were discontinued. Discontinued upon the request of employees and upon the management's satisfaction that the request was justified. They found that the work of their standards man had been affected by a mental break-down. This led to impossible working conditions and that company discontinued the work.

Our Standards Subject To Executive Control

As the whole human race is not judged by the acts of one of its members, neither was our company influenced by the effects of a single case. However, it was pointed out, the causes of failures were examined where they occurred.
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STANDARDS

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curred, and plans were made to avoid them by making the application of our Standards subject to the approval of our executives.

This proved to be an important point in the employment of standards methods. This work may be carried on under several types of contracts. Standards men may be hired at a flat cost, or they may be hired on a percentage of savings basis. Management is the director on the flat cost basis. This makes standards just as good, just as sane, and just as conservative when the final work assignments are made, as is the management itself.

Where payment is based upon savings, there may be a temptation for standards men to show all the savings possible for individual profit. Then the reputation of the company suffers among employees, in its community and throughout its entire business relationships.

Standards Often Misunderstood

It was interesting to note that there is almost always some early dislike for standards work. It is just nature that all of us resist changes. Mr. Staley indicated that that had been one of the reasons why our company had not approached our competitive opportunities through standards work sooner. "Certainly," he said, "there have been no changes in our fundamental attitudes and policies towards employees in our decision to adopt standards work. The only change will be in our ability to obtain business on a more profitable basis. Ultimately, this will pro-

vide more security for all of us and should provide more jobs than ever."

The Changes We Adopt

He went on to say that there were only two types of changes that would be made. The first; where losses had been great enough that the change would pay for itself in one year's time. And the second; where changes which would improve the Safety and well being of employees. Here the savings factor will not be considered. Examples of this type of change exist in a number of places already. Perhaps the one most familiar is in No. 16 Building where the men used to have to pull starch off the kilns by hand. This meant they had to work in considerable heat. The Standards Department recommended building "retrievers" for the improved comfort of employees. Their recommendation was adopted and now iron hands reach into the kilns and pull out the cars while the operator stands outside on the transfer car.

Thus far, only the broad principles affecting and governing standards work have been discussed. In the next issue of the "News", the specific means of obtaining these results and their immediate and ultimate ends will be related.

UNDERTAKER'S RECIPE

- 1 natural born fool
- 5 slugs of liquor
- 1 motor-car

Mix well and turn loose. After crash, remove fool from wreckage, place in black satin-lined box and garnish with flowers.

(N. S. C. News Letter)



Practical men are generally agreed that experience is the best teacher. There is just one objection to applying this idea to Safety and that is the fact that accident experience is sometimes too costly to pay for itself. It might be difficult to prove, without actually trying it, that a pair of gears would actually cut your finger off and the knowledge, once you had gotten it by experience, wouldn't be worth your finger. Learning to do a job safely, therefore, is a bit more difficult than just learning to do the job. It requires some imagination. You'll have to be able to see the things that might happen in time to prevent them. It doesn't take a genius to see that the same thing may happen twice. It does require a little solid thinking, however, to see that an accident doesn't happen the first time.

We all do a great deal of loose talking about common sense but there probably isn't such a thing. If an idea is common it probably isn't sense. If it is sense it certainly isn't common.

On many railroads there is a rigid rule against any employee stepping on a rail at any time. With the large number of tracks which we have in our plant, it would be a good practice for us to imitate. A smooth steel rail, especially when it is wet or icy, can provide the most treacherous footing possible. It is too narrow for your whole foot to take a hold on and it is rounded just enough to help you slip. And that isn't half of the story. When you fall you have about nine chances out of ten of landing—on the rail. When you land you'll find that a rail, like a football, has a peculiar shape. There isn't a place on it that is shaped to fit your body and it is very, very hard. Watch the switchmen in our plant. They'll be stepping over rails and if you are wise you'll be stepping over them also.

OUR OFFICIAL BOX SCORE FOR SAFETY

	Feb. 1939	Mar. 1939	Mar. 1938	This Year to Apr. 1	Last Year to Apr. 1	Percent of Change
Total Injuries	266	280	278	807	692	+16%
Eye Injuries	51	51	64	144	155	- 8%
No Goggles	1	2	9	9	44	-78%
Reportables	8	12	16	28	38	-26%
Lost Time	3	6	5	14	9	-56%
Days Lost	17	*115	33	*160	93	+72%
**Wages Lost	\$95.20	\$644.00	\$184.80	\$896.00	\$520.80	+72%
Late Reports	5	6	14	15	34	-56%

*Estimated because one injured man has not yet returned to work.
 **Figured at 70c per hour. Staley average rate for 1938.

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WHAT CAUSES SLUMPS AND BOOMS IN BUSINESS?

Toward the end of 1937 there was some talk to the effect that business men had deliberately caused the slump. That's about as sensible as saying that a man burned down his garage because he couldn't rent it.

Let's put the case this way. Suppose you were a business man. Perhaps you are. A business man is anybody who has money invested in a business. Now consider this—

Why did you, or anybody else, put money into a business? It was to make more money. If your investment doesn't make money for you, your stock isn't worth much. If your stock, or your business earns money, it is valuable. Would you deliberately do anything to stop earnings and reduce the value of your stock or your business? Of course not. No sane man would deliberately throw money away in this fashion.

But if you could see that your customers were loaded up and wouldn't be buying again for some months; if you could see that continued operations without customers would cause your business to lose money and, perhaps fail; if you found that investors would not put up money to help your business, what would you do? You'd get cautious and pull in your neck. If you didn't, you might find yourself with a ruined business.

There are many causes of business slumps and booms. Some of the causes are so complicated that our government economic experts can't agree about them. But some of the causes of slumps are easy to comprehend.

Over Buying Causes Slumps

Business slumps occur when people have bought more things than they can use quickly or pay for promptly. They stop buying until they use up their goods or

get paid up. When a large portion of people stops buying, business slumps. This happened in 1937. People thought prices were going up and they tried to save by loading up with goods before the price advance. They bought too much, then quit buying.

Sudden Wage Increases Cause Slumps

Business slumps occur when prices go higher than people are willing to pay. When wages rise too rapidly, costs go up and prices must go up. This happened in 1937. Customers who had not received increases in wages refused to pay the prices and thereby helped to cause a business slump.

Slumps Occur When People Refuse To Invest

Business slumps occur when people decide it is unsafe to invest money in business. Since 1937, American business has been required to pay out all their earnings or else pay a huge tax. It is dangerous to pay out all the earnings of a business. Some of the earnings of good years must be laid by to keep a business from failing in bad years. Investors became afraid to invest money in businesses that couldn't provide insurance against the bad years—so they refused to let business use their money and thus helped to cause a slump.

Attacks On Business Cause Slumps

Business slumps occur when conditions threaten to hamper or destroy business and cause losses to investors. In 1937, government

spokesmen implied that it was the intent of the government to break up large businesses. If that were done, millions would lose money. Naturally, investors were frightened and refused to invest. Managers of threatened businesses had to cut down on construction, replacements and expansion. As a result, orders were canceled and the demand for goods shrunk. A business slump followed.

What Is The Cause of Improvement?

Business booms occur when people have used up their supplies and need to buy more, when prices are within reach of the buyers, and when people feel that they can invest their money safely in the stocks and bonds of business. Supplies bought in 1937 are used up, prices are finding reasonable levels. If and when it becomes certain that American business will not be harassed or broken up by the government, people will invest money in business, and thus create more jobs, and bring better times.

Managers of American businesses hope better times will come soon but they cannot predict them. They cannot deliberately create business booms, the failure of the NRA proved this. Nor can they cause slumps because they cannot control the habits and emotions of the 130 millions of people in the United States.



Chop suey is not a Chinese dish and Mung beans, not soybeans are used chiefly for sprouts in the preparation of the final dish.

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Nothing quite produces the urge to sleep as strongly as the old alarm clock.

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The growth of plants for the processing of soybeans has resulted in a crushing capacity double the largest crop ever processed. 'Tis an ill wind—but it blows the farmer good.

* * *

The old adage mentioning the certainty of death and taxes is often quoted with the observation that we cannot check death but we can reduce taxes. Since 1900, the death rate has declined 6.4 per 1,000 of population while the ratio of taxes to national income has increased from 8 to over 22%. We are accomplishing the impossible while failing to do the possible.



The PRINT SHOP Bowling team won the Senior title in the Staley Fellowship Club Bowling League. Composed of ALVERSON, DESPRES, ROBERTS, SCHULTZ, F. SMITH, and MARCH, they collected 53 wins against 37 losses while their closest rivals, the RESEARCH, won four games less.

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A pretty fair idea of the competition they had to meet may be had from the final standings. The PRINT SHOP and RESEARCH, of course, collected first and second place honors in games won. RESEARCH had the high game with 1024 pins. STARCH SHIPPING, which wound up in last place, took second high game with 1018 pins. The YARD, which placed third, had the highest average number of pins with 854. The EXECUTIVES, who finished in fourth position, gained second honors in average number of pins with 853. RESEARCH took the high team series with 2897 pins and STARCH SHIPPING, with 2808 pins, had the second high team series.

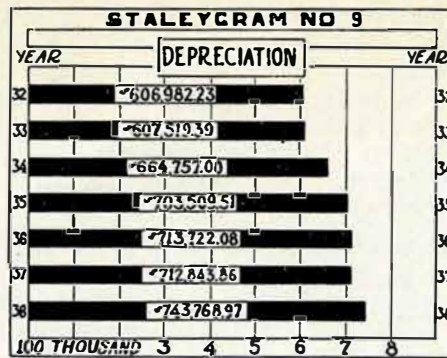
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Five men in the League were mentioned for individual honors. ROLLINS and WOODWORTH for the high games with 266's. WOODWORTH again for high individual series with a 693. L. DAVIS for the second high series with a 643, and again for his third high game with a 255. DOXIE, for third high series, and fourth high game, and GARRET, for the fourth high individual series.

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Play will not close in the Departmental League until the 24th of April. At present the LABORATORY has a thin edge on the rest of the eight teams. The TINNERS are in second position and the MILLWRIGHTS, third. The MILLWRIGHTS also have the high team game of 952 and the high team series with 2726.

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The depreciation figures shown in Staleygram Number 9 covering the years 1932 through 1938 are comparable to the physical growth of our plant. Three major spurts in depreciation costs are noted. One in 1934, another in 1935 and a final one in 1938. In years just previous to these spurts, major improvements or additions to our plant were completed.

The full effect of depreciation costs to our company then became operative in subsequent years. Our plant has now grown to a size where these costs are almost three-quarters of a million dollars a year.

Ain't It The Truth?

It's odd how one's point of view affects the size of these figures. As individuals it is a whale of a lot of coin. As individuals in a company who have to earn it to satisfy the securities exchange, it is still a lot of money. As individuals in the government who set the rates which determine the amount, we say, "It's just right." And as people who perform the repairs or supply the equipment needed, we say, "Hold on there—it isn't enough."

I. COX and R. SHERMAN are holders of individual first place honors. COX having the high series with a 651, SHERMAN, the high game with a 268. SHERMAN'S 268 tops the best in either league and looks like it will stay good. He slipped in with his best game while the eyes were looking for outstanding performances to happen in the Senior league. Incidentally, a 268 is so good it takes a good bowler to tell the difference between it and a perfect game. In fact it is about as rare as a day in June, or a hole in one in golf, or thirteen in one suit at bridge, or a Royal Flush in poker.

FIRST QUARTER 1939 TO SHOW PROFIT

As this issue of the "News" goes to press, the figures for our company's business during the first quarter are in the stage of preparation. While it is too early to be able to accurately quote figures, early estimates are expressing confidence that our first three months of business this year will exceed the showing made during the same period of 1938.

These estimates are based upon our tonnage and receipts from customers. Both showed improvement over last year due to market conditions which were beneficial to our industry and in which we were able to enjoy our portion of the business.

A complete statement of our business during the quarter will be made to the Securities Exchange shortly before the next issue of the "News" goes to press. More complete information will then be available for discussion in these columns. For the present, however, we at least have a running start on 1939, if we can keep it during the remainder of the year, particularly during the summer months.

TIP FOR KEEPING TOOLS FROM RUSTING

Another tip worth passing along comes from Ted Shondel, Millwright, and consists of a handy way to keep tools in new condition without effort. The tip Ted gives rates mention because it is cheap and handy.

Ted says, "Anybody owning hand tools can keep them nice and new by placing several 5c cubes of camphor gum in the tool box." Ted adds that he knows it sounds funny but that he has passed the idea out to a few friends and has always enjoyed the last laugh.

Camphor gum can be purchased at any drug store and in case you want something almost as good and can't get camphor gum, get a few moth balls. According to Ted, who learned the trick from a German master of the old school, you can do anything but leave your tools in water and the preventative will keep away the rust.

FOR SALE:

Baby buggy and high chair. Both in good condition. Will sell well worth money. Call 2-6281.

1933 Four door Buick. Six wire wheels. Tires almost new. Also 1929 Dodge four door sedan. New tires. Both cars reasonable. See Happy Hull, Boiler Room.