

EXECUTIVES REVIEW NEEDS FOR WORK STANDARDS

When the Staley News was born, the pledge was made to use its pages as a medium for presenting the facts about our company which were of interest to employees. Since that time, the watch-word has been, "What do employees want to know?" The by-word has been, "Make the information factually correct." In order to do this records have been consulted and executives have had their invitations to "Come in and ask" accepted.

During the past several weeks, considerable discussion of the work of the Standards Department has taken place. In keeping with the policies of the "News", our Executives have been consulted so that a complete picture of the work of our Standards Department could be presented to readers.

Now, in the course of several issues, perhaps as many as three or four, facts which any employee could determine for himself by accepting the same invitation to "ask" will be presented. The "News" believes that Staley people are sufficiently interested to wade through the facts and have the good judgment to deal with them intelligently as they are presented.

The work of our Standards Department involves a number of questions,—Is it needed? Is there any other alternative? What is Standards work?—How does it affect my job? My rest periods?—Is it good for me? Is it bad for me?—Is it bad for me and good for my company? Will it lower my wages? Am I being checked, or is it my job that is being studied?—

Yes, and certainly a good many more. Those are fair questions and deserve a fair answer.

Is It Needed?

The story of our Standards Department was found to be one which is fundamental to human happiness because it concerns good wages, steady jobs, and the means by which both can be maintained. But that is a conclusion which may seem far fetched in the light of the years during which our company reported a "profit." So the first question the "News" asked was, "How can you explain the need for Standards work, in view of these "profits." Mr. Eakin answered the question.

He said, "Some time ago you printed an editorial which discussed the means by which a milkman could go into business for himself. You pointed out the similarity of his business to all others and what it took to make his business a success. Suppose your milkman needed all the money he took in to provide better trucks, more tires, or uniforms, or bottle caps in order to remain competitive? And at the end of the year, while the books showed a "profit", it had to be used to pay for these additions and there was nothing left over for the driver. Would you say 'he had a profitable year.' Would he say he had a GOOD business if the "profit" from that business was no more than

enough to support it and didn't support the owner?"

The "News" said "No", and Mr. Eakin continued. "That illustrates several things. It illustrates some wrong ideas that have grown up about "profits" and that we need to be careful how we use the term. And it illustrates what has been happening in our business for some time. Our income, above expenses, was needed to make improvements so that we could remain competitive. There have been small and only occasional amounts paid to the stockholders of our own company. And, last year, as in other years our so-called "profits" remained in our business. Our stockholders profited little and we were no better off than the poor milkman.

Mr. Staley Goes On

A visit to Mr. A. E. Staley Jr.'s office brought similar facts. Mr. Staley said, "In Executive Meetings, we had been voting to spend money on various improvements in equipment, in machinery, and additional buildings. We acted after carefully going over figures which showed savings would be made in our cost of manufacture. At the end of the year, we did not find those savings had increased our "Profits." Alert competitors had also been finding ways of reducing their costs too. Their savings balanced our additions so that we merely succeeded in keeping up the tail end of the parade."

"It took a great deal of money to keep up with that parade. We were concerned about it. We were actually spending more money than our competitors, just to keep up with them. It seemed that we were a one-legged man in a two-legged race, because while others were not only remaining competitive in sales, they were also improving their financial position by paying good returns to their owners, something we were unable to do."

"We discussed the matter with Mr. Graham." "His opinion was sought because of his frankness and leadership in his field. He is a Lecturer in Finance at Columbia University and Head of the Security Analysis Division of the New York Stock Exchange Institute."

Graham Reports

"After Graham made his study, he said, 'For the past ten years, Staley's have been running like Hell to stay in the same place.' We had been, but—we were still in business. We stayed in by technical improvements, by increased yields from raw products, by replacing iron pipes with copper and a great many other big little things which improved our products. We stayed in by taking orders for tailor-made starches that competitors were not offering, by setting salesmen's quotas, by additional co-operative advertising, by more national advertising. Those things brought more business. So did our new products, Cube Starch and Waffle Syrup which was made from 'Sweetose' developed by our chemists."

(Continued on back page)

FELLOWSHIP CLUB NOTES

By Ed Smith, Secretary

At a regular meeting of the Staley Fellowship Club Governors held March 16, the following motions were passed:

Resolved: That the Handicraft Club be permitted to buy a saw and accessories by using the balance of the appropriation allowed them by the Club, with the amount in excess of the money available to be provided by the Fellowship Club.

Resolved: That because of the conflict in dates between the Fellowship Club's annual election of officers and the two city elections, that this year's election be held April 12, 1939. An amendment to this motion was passed to the effect that the respective offices which are to be filled be posted on the Time Office bulletin board for scrutiny by any candidate who might wish to file his candidacy. These notices to be posted at the beginning of the filing date.

Resolved: That Fred Young, J. C. Snelson and Harold Lents serve as judges at the coming election.

Resolved: That the Camera Club group be permitted to meet twice a month at their given dates, in the Boy Scout house, so long as the dates of the Camera Club do not conflict with the regular routine of Boy Scout activities.

Resolved: That Raymond Logan and Maurice A. Smith cases be referred to the Sick Benefits Com.

LATE REPORTS TO F. A.
TAKE BIG DROP

When Alice in Wonderland met the Red Chess Queen in her travels "Through the Looking Glass," they got to running and they ran and ran but no matter how hard they ran, the trees and rocks seemed to stay in the same place. As they dropped to the ground panting, Alice said, "In our country if you kept running very hard you'd get somewhere, but we are just where we started."

Well here in our country, too, it takes all the running you can do to stay in the same place, no matter what you are trying to accomplish, and if you get ahead you have to run twice as fast.

That is the way it is with Safety too. Roy has been making a drive against late reports to First Aid and it appears that many of the accident victims have been helping him out by rushing to First Aid with even the smallest of scratches.

During the first two months of 1939, there were only one-half as many late reports to First Aid as during the same period in 1938, and 1938 showed a reduction of 25% over 1937.

It will take a good job of running by all hands to keep late reports down where they are and some plain and fancy stepping to reduce the mark further.

With Roy's capacity for judging our Safety by the results others are getting, he says, "We are just beginning to tune up for the real test at beating Late Reports. We haven't gone any place yet." And pessimistically, he says, "We haven't even done a good job because a good job means no late reports and that is the mark we are shooting at."



FOR SALE:

14 pigs, 5 weeks old. 1 cow, 3 years old. Just fresh. 1 cow, 5 years old. Will be fresh in June. Gives 2½ gals. of milk now. Bill Marsh, 2800 East William.

Large Baby crib. Cheap. 335 So. 20th Street.

Will do your spring plowing anywhere in the east of Decatur at a most reasonable rate. All my work is guaranteed to be satisfactory. See me at 3rd house north of Perfect Cleaners on Moser Road.

Front sleeping room to rent. Strictly modern home. J. M. Strohl, 2421 East North.



Several days ago a man was injured in our plant as a result of horseplay. Fortunately, his injury was not a serious one and he did not lose any time. The warning, however is plain. In falling, he might have struck his head and he might have joined the 25,000 people who were killed in 1938 as a result of accidental falls. The man who caused that fall would never have been able to forget it.

Remember that your Staley Safety Code says, "PRACTICAL JOKES AND HORSEPLAY HAVE NO PLACE ON YOUR JOB."

April First was no joke to us last year. It ushered in a month during which we had eight lost time accidents and eighty-seven days of lost time, a very dreary business. Because that record was so bad we have a chance to make a real improvement this year. Accidents, even on April First, are not funny. You may be the fellow who forgot to duck.

Never let your job get so familiar that you are not afraid of it any longer. Most of the accidents in our plant happen to fellows who say, "Why, I've been doing the same things for ten years and I never was hurt before." Ten years of good luck and of following habits that are reasonably sound builds up a false sense of security and a feeling that, because nothing has happened yet, nothing is going to happen.

Take inventory of all the hazards on your job from time to time and be sure that there isn't one of them that can cause you trouble.

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If you want your eyes left treat them right. Sixty-one Staley men made trips to the oculist last year because their goggles were still in the tool box and not over their eyes.

THE BULLETIN BOARD

SLIM SAYS

A DAY ON THE JOB BEATS A MONTH IN THE HOSPITAL

NATIONAL SAFETY COUNCIL

Published Twice Each Month
 By The Personnel Department
 For The Employees Of
**THE A. E. STALEY
 MANUFACTURING COMPANY**
 DECATUR, ILLINOIS
 W. G. Reynolds, Manager of Personnel
 J. M. Richey, Editor

All news and suggestions should be given the editor by the 10th and 25th of each month.

**WHO DETERMINES THE
 WAGES OF EMPLOYEES?**

The wages of American workers are not controlled nor determined by the managers of businesses. The managers of businesses only make budgets and estimate the amount they will spend for wages during the year. They base their estimates on the wage rates that are paid within their industries and in other industries in the same locality, but they cannot determine the wage rates and they have very little control over the factors that determine what real wages will be paid.

Research And Invention Increase Wages

If the research department in a business can invent better methods, or find new materials that reduce the costs of finished products, the management of the business can influence real wages. American business has influenced wages considerably this way in the past fifty years. Wage increases secured by this method cannot be obtained over night but when they are secured, they can be kept.

No Other Method For Increasing Wages

There is no other method for achieving permanent increases in the real wages of groups of workers. Other methods only produce temporary advantages which are inevitably followed by disadvantages.

If a manufacturer elects to raise wages for his employees, and pays more than the scale paid by efficient competitors, he will automatically increase his costs above his competitors' costs. Trouble will follow. If he raises his prices to take care of the wage increase, he will lose business to competitors. He will be forced to reduce operations from five days, to four, to three and, eventually, to close up altogether. Thus the employees who are paid a higher wage scale will receive a shrinking weekly

wage and finally no wages at all. If the manufacturer elects to sell at the same price as his competitor and pay the increased wages out of the company's savings, he will be able to continue operations only as long as savings last.

**Workers In One Industry Won't Pay
 Wage Raises To Others**

If all the businesses within an industry raise wages simultaneously and all of them increase their prices accordingly, trouble will follow. People in other industries, who haven't received wage increases, will decide they cannot afford to pay the increased price and will stop buying.

An example of the effect of high wages within an industry can be observed in the automobile industry. In 1937, high wage costs forced increases in the price of automobiles. Simultaneously, general business fell off. Workers in other industries went on short time, and decided they couldn't afford to buy automobiles at the high price, so they stopped buying. On January 29, 1938, The United Automobile Workers reported that 320,000 automobile workers were out of jobs and the remaining 197,000 were working part time. So automobile workers enjoy a high wage rate, but receive little money, or no money at all.

**Farmers Won't Pay For Wage Raises
 For Workers**

What if wages were raised in all industries at the same time? Well, millions of farm people would be

unable to pay the increased prices of manufactured goods and would stop buying. Orders and working hours in industries would shrink and actual dollars received by workers would be less than they received before they got the raises.

If all industrial workers and all farm workers should get raises at the same time, everybody ought to be happy about the whole thing. But, all prices would go up and the increased weekly wage would buy only as much as it bought before and no more. Wage rates would be higher but real wages, or buying power, would not be changed.

American Public Dictates Real Wages

Wages, in the final analysis, are really determined by the buying actions of the people of the United States. Their actions are influenced by their ability to pay for the things they want. Their purchases, which reflect themselves in the number of productive hours of work required to supply the demand, depend upon the relation between their wages and the wages paid the people who produce what they buy. This is what influences the mass buying actions of the 130 million people in our country. No business man, or group of business men can control the factors which determine the real wages of industry.

We wish to express our sincere gratitude to our many Staley friends for their expressions of sympathy during our recent bereavement.

The Racie Williams Family.



In 1844, the U. S. Commissioner of Patents was convinced that the end of human improvement had been reached and closed the doors of the Patent Office. Since that time, Invention has made America an industrial nation and provided 48 times as many new jobs while the population increased 13½ times.

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Daily incomes have increased 11 times, mainly due to the increased production of workers through the application of machinery. And research has given the people automobiles, radios, motion pictures, rayon, cellophane, cube starch, plastics from soybeans, railroads, airplanes, telephones, the electric light, x-ray, and farm machinery, to mention only a few things which the daily income is being taxed to provide.

* * *

If you give a business man enough rope, he will be tied up at the office.



The season's record compiled by the Staley basketball team is as follows. Played 52 games. Won 39 and lost 13. Seven of the games lost were played out of town. Five were lost at the Y Annex and one at the St. James Gym. The four at the Annex were all to the fast U. S. Mfg. team which Staley's finally downed in the league play-off for the Industrial Championship. The loss in St. James was their only defeat on that floor since way back in November of 1937, and was at the hands of Hammond in the finals of the Independent tourney this year.

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Staley's just won a three game play-off for the City Championship with the Pontiacs. Pontiac won the first 41-38. In the second game of the series, Staley's evened the score with a 50-43 victory. The final game played last Sunday was won 41-36.

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Staley's have had one of their highest scoring years this season with an average of 40 points a game to their credit. Cox and Cozad, high scorers, came through with over 12 points each per game. During the last five games just preceding the City series, Cox was connecting with an average of 22 points a game.

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Yezzir, over 2,000 points were scored by Staley's this season and while the Dehner's and the Bradley's and the Loyola's records are still in mind, where is there one to compare with the record Staley's made this year. Their record as individuals, and as a team, certainly deserves to stand with the best of this year's crop. And just for the records, Cox alone is credited with almost 650 points.

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While Staley's games were played without a great deal of fan fare, and before only average size crowds, the season was one of the most successful on record from the standpoint of finances. Which seems to make their success unanimous from every standpoint.

ANNUAL REPORT OF DECATUR HOSPITALIZATION CORP. SHOWS LARGE GAIN

The first annual meeting of the directors of the Decatur Hospitalization Corp., was held March 14. At that time, the first annual report was read by Don Murphy, secretary of the group.

A membership consisting of almost 5,000 persons was reported, which exceeded the quota that had been set for the first year by a nice margin. It had been hoped that a total of 4,000 members would be obtained by the close of the first year's operations. An influx of 946 members during the month of February brought the boost which put them over the mark.

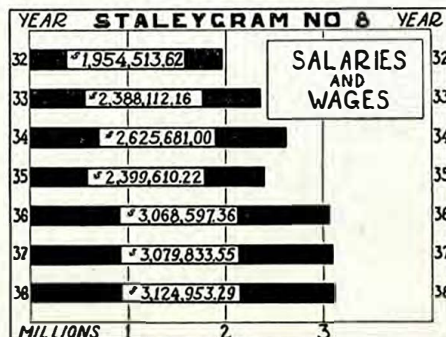
Biggest Month

The addition to membership during February was the largest made in any single month previous, including the first month of operation, and the number of members needing hospitalization was also the largest making February a banner month in every respect.

The quota for the Staley group, which had been set at 381, lacked only 13 members of fulfillment at the time of the annual meeting. While the quota set has no affect upon the nature of the services available nor the ability to qualify for benefits, it represents the number of people the Directors hoped would join from our group. The number of applications that have been received here have been coming in at a regular pace during recent months and during the next several months it is anticipated that Staley's will go well over the mark.

Finance Report Made

During the business meeting of the Board, a statement of the Corporations finances was given to the group. Total receipts were reported to be \$25,740.75 out of which payments amounting to \$19,629.78 had been made.



(Continued from first page)

We were getting business but it was based upon the same cost structure as before and only resulted in more work. Real profits had not existed before and changing the volume didn't and couldn't change the result."

Need For Change

That answered the first question the "News" had to ask concerning the need for such work. It answered it because, as the facts become known, it became obvious that technical advances and advantages could not be depended upon to give us the much needed "economic margin" to make us a good business unless—our competitors discontinued this type of progress. They were and are not only improving technically, but are also following other competitive measures through Standards work, which had to be met, met with an open mind until the facts about Standards work could be shaped into a conclusion, as to whether that work would make it possible to maintain our present schedule of operations, our present scale of wages and most important, our future.

In The Next Issue

So far, only such facts as space would permit have been presented which made it necessary to consider some more efficient method of operation as a competitive measure. In the Next issue of the Staley News the dependency that continued good wages and regular work, this year and many more, have upon Standards if intelligently practiced, will be discussed. This will be done by looking at the history of Standards work, the good and the bad, within our industry, and in America.

STOP SIGNS PLACED

AT MAIN GATES

In order to assist in administering Safety Rule No. 1, so that it will apply to all visitors, truck drivers and employees uniformly and effectively, large signs have been prepared for our main entrances.

These signs request all automobiles to halt while the occupants deposit matches and lighters with the watchman. This action marks a trait which distinguishes efficient Safety work described by "Locking the door before the horse is stolen."