

STALEY NEWS

Vol. 3—Page 89

BY AND FOR STALEY PEOPLE

August 1, 1940

SECOND QUARTER EARNINGS DROP SHARPLY

**\$319,430.14 Earned in Three
Month Period**

In the face of some rather adverse conditions, your company was able to report to the New York Stock Exchange that it had earned a net income of \$319,430.14 on its operations during the second quarter of 1940. It is true that the total amounts to less than half of our first quarter earnings of \$692,187.87, and it is also true that it is more than \$72,000.00 under our earnings for the second quarter of 1939. The fact remains, however, that we were able to earn a profit during very troublesome times.

The second quarter of this year was not especially favorable for American industry generally due to the decline in exports and the tremendous problems and uncertainties generated by the progress of the war in Europe. The aircraft and machine tool industries and some sections of the steel industry benefitted temporarily from French and British orders for war material, but the French armistice put a large crimp in that activity during June. The effect of our national defense program on industry could not be accurately foreseen, and business men were reluctant to buy and build in preparation for it until it assumed more definite shape.

Retail trade was good in April and May, but slackened a bit in June. Because of these things business, generally speaking, moved along sideways during the quarter and made little progress.

Import Restrictions Cut Volume

Narrowing the picture down to the corn and soybean industry, there were several factors peculiar to them which helped to explain the fact that our earnings for the second quarter were less than half the first quarter's total.

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EXPORT, PACKAGE AND FEED SALES CONTINUE LOW

Industrial Sales Above Average

Lower grind figures for both corn and soybeans during the month of June almost told the sales story for this issue before the Sales Department got around to it. However, there are more angles than one to any sales story and here they are.

EXPORT SALES continue to be the biggest question mark with the answer hanging on what happens next in the war. At present our European exports amount only to the allotments assigned us by the British government for food starches. Not a pound of glucose is being sold to England. Our exports to the rest of the world are going principally to India and to the Philippine Islands and, while those markets are worth cultivating, they do not compensate for the ones we lost in Europe.

PACKAGE SALES, especially in syrups, are very low. This condition has two causes. One of them is the fact that we are now in the middle of our normal seasonal slump and the other is the fact that inventories purchased earlier in the year because of price changes are still in the hands of jobbers and retailers and stand in the way of further sales until reduced.

SECTIONAL DROUTHS, although not extensive as yet, are beginning to pick up our Feed sales. As long as the majority of pastures throughout the country stay green, however, we cannot expect a great deal of business in this department until fall. When that season rolls around there seems to be no reason to doubt that we will get our full share of the available business.

THIS IS THE BEST SEASON for salad dressing and mayonnaise and, in response to that business, our oil sales continue strong. Prices are not quite as healthy as volume because there is an unusually large supply of all kinds of fats on the market.

OUR INDUSTRIAL DIVISION presents the happiest part of the whole sales picture. The seasonal slump, which is usually just as regular as hot weather, largely failed to materialize this year. Our sales to industrial users are above expectations and there may be several reasons. The textile business has enjoyed a good season and has not been forced into their usual two-week summer shut down. That has meant more business for us. New Sweetose accounts are being added every week in the tanning, dairying, brewing and canning industries. Then there is the suggestion by one of our sales executives that, since the whole force knew that they were on the edge of a dull season and in the middle of an especially trying year, they put on a little extra steam and dug harder for business. It is also true in the industrial sales field that there is no appreciable lag between the producer and the consumer as there is in package goods and that the needs of our industrial customers are reflected in our production figures much quicker than is the case with retail merchandise. The fact that no large amount of inventory is overhanging this market is shown by the number of orders on which immediate shipment is requested. Most of our industrial customers, although their business is good, are unwilling to order large amounts at any one time because of their uncertainty concerning the future.

STALEY GROUP OF LOCAL HOSPITAL PLAN TO RE-OPEN AUGUST 1st TO 15th

Our Staley Group has been notified that we can accept new members of the Group for a period of fifteen days starting August 1st and ending August 15th.

Any Staley employee and his family who are in good health and not in need of any hospital care may enroll during the above period of time. Payments are to be made by payroll deduction only on the 15th or 19th of each month starting in August.

The cost is very moderate, 75c per month for each adult over 19 years of age and \$2.00 per month for an entire family group consisting of husband, wife and dependent children under age 19.

Practically all hospital expenses except X-Rays and the services of the X-Ray Department of the two participating hospitals are provided. Each member is entitled to 21 days of hospital care in either St. Mary's or Decatur and Macon County Hospital in any contract year.

Application blanks and descriptive literature may be obtained at the Extra Board Room in the Time Office, at the Credit Union desk in the Main Office and in the Personnel Office.

No applications will be received after August 15th. All employees who care to enroll should apply during this next enrollment period as we have no assurance as to when the Staley Group will again be re-opened for membership.

W. G. REYNOLDS, President,
Decatur Hospital Service Corporation.

SECOND QUARTER EARNINGS DROP SHARPLY

(Continued from Page 1)

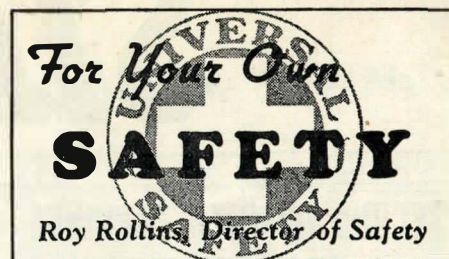
Increased competition and decreased sales cut both our margin of profit and our volume in soybean products.

Import restrictions imposed by the English government and the disappearance of the Scandinavian countries as Staley customers have lopped off a large part of the excellent export business which we enjoyed earlier in the war. These facts, added to our normal seasonal slump in domestic business, reduced our corn grind toward the end of the quarter. A slight increase recently in the price of corn which has not been reflected in increased product prices has shaved our margin there also.

June First Month to Show Loss

The impact of all these things striking together caused us to write onto our books for the month of June a loss of \$69,936.48. This was the first net loss we have suffered in any month since July, 1939.

Crystal gazing, with half the world at war and the other half trying to make up its mind what to do about it, must be listed among the extra-hazardous occupations. Attempting it, however, is well-nigh irresistible. So . . . a week's shutdown and a number of costly repair jobs added to the conditions outlined above will probably result in a net loss for the month of July this year. Our third quarter operations, as a whole, should result in a profit, although it may not be large. We also hope to stay in the black during the last quarter, but it must be admitted that, at this particular time, a look even three months ahead is composed of a large share of hoping. Our future as a company, like our future as individuals, depends not only on the quality and quantity of work which we do, but also upon things entirely beyond our control.



If you have driven a car for any length of time you can remember how loudly you and your fellow motorists used to cuss the transport trucks. They were charged, and rightly for the most part, with hogging the road, taking advantage of the fact that they were big, blinding night drivers with their lights, driving too fast and causing a large number of accidents.

If you have had occasion in the last year or so to do much driving on state and national highways you have probably changed your estimate of truck drivers just about 100%. Truck drivers have changed. With rare exceptions you will find the trucker on his own side of the road. You will find that he is courteous, that he usually is the first to dim his lights at night, that he is observing speed regulations and that he is involved in fewer accidents than the amateurs who ride the roads with him.

Why? Well, the wild driver got to be too much of a luxury for his employer and for his employer's insurance company. You and I were about to get mad enough to rule him off the road and his boss found it out. For that reason, and because accidents are expensive, the trucking companies began to weed out undesirable drivers and to replace them with men who could drive soberly and steadily and safely.

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There has been some pleasure in watching the figures on the big bulletin board near the Clockhouse in the last month. On June 14th the board showed that we had accumulated a total of 23 lost time accidents this year against 18 to June 14th, 1939. When this issue of the News went to press the same old 23 was there for this year but by now it is ahead of last year's total of 25.



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W. G. Reynolds, Manager of Personnel
Roy L. Rollins, Editor

**WHY WE HAVE WORKMAN'S
COMPENSATION**

When James Watts' newly perfected steam engine began chugging in 1769, it so stimulated other inventors that it began what historians call "The Industrial Revolution". It was a revolution in industrial methods and conditions that brought workmen out of their homes and shops and into great factories to earn their living. Watts' steam engine and Hargreave's spinning jenny and Cartwright's power loom and the host of other new machines which were invented soon after started us toward all of the material progress we have made in the last 170 years, but they also bred some tough problems. One of them was the problem of industrial accidents.

Accidents occurred for two reasons. In the first place, the machines were too new and too poorly understood and engineered to be as strong and safe as we build them today. Men were tangled in their unguarded gears and crushed under their weight and blown to death when they exploded. In the second place, the laws under which those machines had been born were not adequate to deal with them. There were no laws regarding safety requirements until seventy-five years after Watts' engine started turning over. There had never been any need for such laws.

The Common Law which had grown up in England under the crafts system saw accidents as the employer's responsibility only if he had failed to provide a reasonably safe work place or failed to use reasonable precautions for the safety of his employees. Accidents were not his responsibility if he had warned the employees of the danger to be encountered on the job, nor if a fellow employee had caused them, nor if the employee had contributed in any way to the negligence which caused them. Bad

accidents were frequent, and, as factories grew larger and more numerous and installed more machinery, they became more frequent. Steel mills became known as slaughterhouses, and it was a commonplace that a man's life would be lost for every mile of railway track that was laid. It was not that employers were inhuman or reckless of human life. They were the same sort of people that you and I are today. It was merely that everyone felt that accidents were bound to happen, and that they were part of the price paid for industrial progress. The idea that they could be prevented just simply had not occurred to anyone as yet.

Shortly before the beginning of this century a new idea appeared in Europe and in America. It discarded the old question of negligence and blame and looked at accidents merely as costs laid upon society which had to be met and should be paid in the easiest manner. If the breadwinner is disabled or killed, society must bear the burden of supporting him or his family. It does not matter who was to blame. The costs must be borne in any case. The only questions are: how can these costs best be met; who can best bear them; and who can do the most to reduce them? The employer was the logical answer in all cases, so the new idea, workmen's compensation, laid

the direct responsibility of bearing the costs and preventing accidents upon him. He was not to bear the entire cost, since it was felt that the workman should have some incentive toward working safely and could not be entirely removed from the ordinary risks of life. However, if an injury arose out of and in the course of a man's job, the burden of providing him with medical and hospital care and of paying him partial compensation for the time he had lost rested upon the employer. Under the old system, attorneys had haggled in courts over who was responsible, and often, regardless of which side won, they were the only real winners. Under the new system there was little needless expense, and the injured man or his family collected what was due them without delay.

Although neither recognized it at once, both employee and employer were benefitted by the new legislation. The employee gained in that his relief was sure and prompt. The employer gained in that his liability was fixed; was a known amount; did not depend upon the whim of a jury which might award \$12.50 for the loss of a life or \$25,000.00 for the loss of a finger. Both sides gained by staying out of court and by realizing that accident prevention was their joint responsibility; that accidents don't just happen . . . they are caused; and by going to work on the causes.



A conscience is that sixth sense that comes to our aid when we are doing wrong and tells us that we are about to get caught.

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Our plant worked 150,000 more man hours during the first six months of this year than it did during that first half of 1939.

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Jealousy is the homage that inferiority pays to merit.

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It takes one and a half cents worth of coal to process a bushel of corn. A bushel of beans goes through the process for about a third that much.

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A man with his foot bandaged up has very little chance to step into the boss' shoes. Ed. Note. The above is an advertisement paid for by the Staley Friends of Safety Shoes, Ltd. (a profitable organization engaged in saving toes).



By Tony Romano

The Staley Hard Ball team had a tough time during the past two weeks. First the Peoria Caterpillars crawled over them with an 8 to 2 win and next the Taylorville Merchants, although outhit, sold them down the river to the tune of 3 to 2.

★ ★ ★

The game at Peoria saw Craig, Hilberling and Doolin pitching to Artze and, though altogether they gave up only seven hits, three Staley errors helped the Caterpillars pile up a total of eight runs. The other half of the story was that the Caterpillar pitcher, a gentleman named Meade, was only able to hit the Staley bats four times and never hard enough to produce more than a single.

★ ★ ★

The Softball team won two games and then balanced the books by losing a double header. Norm Schultz and Bill Artze were the battery for Staley's against the Water Tower Dad's Club at Alton on the night of July 12th and the Dads had our brave boys down until the ninth when the Staley's made the very interesting discovery that the opposing pitcher was not so tough at fielding bunts. They talked it over, laid down enough bunts to win, turned out the lights and came home.

★ ★ ★

On July 21st the Musebeck Shoe Co. team came to Staley field and we are still wondering if that was a good idea. In the first game Schultz held the opposition to one hit less than his team got and Irv Smith hit a ball over the right fielder's head (ground rules held it to a double because it went into the parked cars) but when the dust settled Staley's had 5 runs, 10 hits and 4 errors and Musebeck Shoes had 12 runs, 9 hits and no errors. The second game, with Mr. Siweck pitching, saw Staley's get 4 runs, 5 hits and 3 errors but the Musebeck team accumulated one more of each item and there it was.

NEW DUST COLLECTOR WILL MAKE A SAVING

Charles Kettering, who directs research activities for General Motors, says, "Research is the way you find out what you are going to do when you can't do what you are doing any more." There, in a few words, is the reason that American business spends millions on research every year.

The reasons that you can't keep on doing your job in the same old way boil down to price and quality. Competitors refuse to sit still. While you are looking out the window they invent a new process that will make the same old product for half the price or a product twice as good for the same price (our Sweetose, for example). A business must keep on its toes and the job of its research department is to see that it does.

In line with that thinking we recently changed our dust collection system at the Starch Grind from a wet system to a dry one. The wet system, which was put in when the building was built, worked well enough, but it cost too much.

The Case Against a Wet System

1. Every pound of starch dust it picked up was dissolved in water and the water had to be sent clear back to No. 21 building and re-processed. Very expensive.

2. The clean air exhausted from the system after the dust had been removed was not exactly clean. It was wet and each drop of moisture carried a tiny amount of starch with it. In a year's time those tiny amounts would fill a few box cars.

3. It is necessary to clean out a wet system rather often to prevent fermentation and sourness. That costs money and takes time.

The Case For a Dry System

1. Every pound of starch picked up stays dry and goes right into the conveying system which carries ground starch to the Packing House.

2. The clean air exhausted from the system is dry and *clean*. There isn't enough starch wasted in a day's time to starch a shirt collar.

3. Because it is a dry system there is no possibility of fermentation or sourness. It cleans itself automatically.

The Dust Collector's Job

The mills and conveyors and bins in the Starch Grind all operate under a small amount of vacuum to keep down dust. That vacuum is produced by fans and the air which it pulls, together with the starch in that air, goes into a dust cyclone on the roof. The cyclone is supposed to separate the starch from the air but the starch is so light that the cyclone cannot operate perfectly and some starch goes out with the air so . . . : the air from the cyclone is drawn into the dust collector and through cloth filter bags which stop the starch and let the air go through just like your vacuum cleaner at home. But those particles of starch are small, much smaller than the dust particles in your rug, and in the space of little more than an hour they fill up the holes in the filter cloth so badly that the air will hardly go through. Because this is true the collector is divided in half and every half hour an automatic device shuts off one-half and shakes out the filter bags in that section to keep them from clogging. After they have been cleaned the automatic device puts them back to work and, in another half hour, turns its attention to the other side and cleans it out too.

Although the whole thing is mechanically very ingenious its whole significance to us lies in one thing. It represents an experiment which we believe, five thousand dollars' worth, will reduce waste, cut our costs a tiny fraction and put us in a better position to compete for business. Every step we take along that path is a necessary one because, don't forget, the other fellow has a research department also.



Fine White Rock Fryers. Very white, very fryable, 20c a pound. Recommended by two experienced Staley chicken eaters. See Theral Pritts, Yard Dept. or Tohill Addition.

This fine \$75.00 coal cook stove was once the pride of our lives. Now we wish we had \$35.00 or sump'n else. Buyers and swappers see John Talley, No. 16 Bldg. or R. R. No. 5.

Am returning to normal after having been badly bitten by camera bug. Will sell lovingly developing and enlarging equipment to present sufferers. Great aid in treatment of camera bug bites. See Wayne Michel, Mech. Supt's. Office or 431 S 20th.