

# STALEY NEWS

## OUR COMPANY ANNOUNCES GOOD YEAR IN '38

### Sales Increase, Steadier Employment Provided

Most of us have been in a position to observe that we had a comparatively busy year during 1938 and have anticipated that when the final results of our 1938 business were reported on our company's books, we would have a profitable year.

Business activity isn't always an indication of a profitable year, particularly in our business. This is because of the variety of conditions which can influence our margin of profit. In the main, however, those factors were with us during 1938 and we had a good year. While economic conditions were laying a heavy hand upon many companies during the first part of 1938, our management escaped them. Good gains were made during the first six months of the year. The ground was held during the "dog days" of the third quarter and additional gains were established during the closing months of the year.

### All Benefit

The volume of sales obtained for our products and the ability to make and sell them at profitable prices produced three favorable results; it enabled our company to keep employment and wages at a steady level, it permitted additions to be made to the physical value of our plant and it reduced our dependence upon loans to finance current operations. Collectively, it insures all a greater promise of the permanency of our business.

In addition to this, it was possible to make dividend payments to our preferred stockholders, without dipping into common shareholders' pockets, so to speak, by taking funds from past savings to pay them. During December, our common stockholders were placed back on our payroll. A dividend payment of \$126,975.90, the first in 18 months, was made to them. Individually, it repaid them

a little over 1% for the use of their money during 1938.

### It Helped Unce Sam Too

In view of the general interest in taxes which the government is levying upon business, it is possible, at this time, to observe how they are affecting us. A glance at our company's *Receipts and Costs* statement will reveal that the government received more money out of the income from our business than did the stockholders who own it.

If we have followed the plea of President Roosevelt to increase the National Income of the country, and are familiar with the sound reasoning which demonstrates the personal interest all of us should have in seeing the National Income increase, it may be a matter of pride to know that our joint ef-

forts have directly contributed over 5 million dollars to the cause. This figure represents the value that we have added to raw materials in the process of our manufacture so that wages, dividends, etc., are available for us, and taxes to the government.

In reading our *Receipts and Costs* statement, it should be remembered that this statement shows the same *Net Result* as is reported to the New York Stock Exchange and our stockholders. The only difference being in the method of presentation. The report to them is issued in the traditional form prescribed by accounting procedure while the report here possesses the descriptive simplicity now being used by many companies to assist in a fuller understanding of their economic condition.

### RECEIPTS AND COSTS

RECEIPTS	Per Employee	Total		
From the sale of products.....	\$14,478.59	\$24,657,053.47		
<b>COSTS</b>				
<i>Purchase of Materials</i> .....	\$11,103.23	\$18,908,802.17	76.7c	
<i>Salaries and Wages</i> .....	1,834.97	3,124,953.29	12.7	
<i>Depreciation for the loss through wear and tear on buildings and machinery</i> .....	436.71	743,768.97	3.	
<i>Taxes on the property needed for our work and on goods sold</i> .....	305.50	523,273.21	2.1	
<i>Interest on Bonds and money borrowed from banks to finance credit on products sold and for current uses</i> .....	103.35	175,997.22	.7	
<i>Rentals on office space in other cities, etc., and royalties and inventions supplied us to assist in our production</i> .....	30.56	52,035.51	.2	
<i>Dividends paid to our stockholders whose investment provided part of the buildings, materials and equipment essential to each job.</i>				
	Preferred .....	182.56	310,905.00	1.3
	Common .....	74.56	126,975.90	.5
<b>TOTAL</b> .....	\$14,071.47	\$23,963,711.27	97.2c	

### CORPORATE SAVINGS

Representing the amount our company earned above expenses, which was not distributed to stockholders but retained in our business to purchase additional equipment, building, tools, to pay bonds or reduce our need to borrow from banks. The amount our Company grew by this addition last year.....	\$ 407.12	\$ 693,342.20	2.8c
<b>TOTAL ADDITION TO NATIONAL INCOME</b> ...	\$ 2,938.52	\$ 5,004,482.33	



## FOR SALE:

1935 V-8 Ford 2 door. New tires, good paint. Motor sounds like a thrashing machine. \$225 take it. 1004 N. Monroe.

Efficient and Economical moving service. Reduced rates to fellow employees. Mossman, 1424 East Moore Street. Phone 7583.

## OUR OFFICIAL BOX

## SCORE FOR SAFETY

Every month last year THE RECORD gave you the most significant facts about our accident experience each month. This year we have an opportunity to compare those same facts with last year's experience. Each month, in *The Official Box Score For Safety*, you will find the number of accidents occurring each month together with the percentage of increase or decrease each group shows over last year's record.

To help you interpret these facts, a few definitions are in order:

*Total Injuries* include all accidents, large or small, which are reported to First Aid.

*No Goggles* tells you how many eye injuries resulted from failure to wear goggles on jobs where the Staley Safety Code requires them.

*Reportables* gives the number of injuries which were serious enough to be reported to the State Industrial Commission.

A *Lost Time Accident* is any accident too serious to allow the injured person to return to his regular job on the next shift.

You are already familiar with *Late Reports*. *Late Reports* are manufactured by the same people who are in business making alibis of all types and sizes.

## OUR OFFICIAL BOX SCORE FOR SAFETY

	Dec. 1938	Jan. 1939	Jan. 1938	This Year to Feb. 1	Last Year Feb. 1	Percent of Change
Total Injuries ..	303	261	210	261	210	+24%
Eye Injuries ....	51	42	57	42	57	-26%
No Goggles .....	1	6	25	6	25	-76%
Reportables .....	9	8	14	8	14	-43%
Lost Time .....	4	5	3	5	3	+66%
Days Lost .....	**83	38	51	38	51	-34%
*Wages Lost .....	\$464.80	212.80	285.60	212.80	285.60	-25%
Late Reports ....	12	4	10	4	10	-60%

\*Figured at 70c per hour, Staley average rate for 1938.

\*\*Estimated because one injured employe has not yet returned to work.

## STATE AND LOCAL EMPLOYMENT CONTINUE TO GAIN

*Employment and Payrolls* in Illinois continued to show increases throughout the close of 1938. Employment in the state improved 2.9 percent during December and payrolls increased 4.1 percent.

*Last Year*, during the same period, the number employed was 8.2 percent higher than the number employed during December of this year, however, and payrolls were 7.2 percent higher.

*Compared to the normal*, employment is 22.1 below average in this state and the amounts required for payroll purposes are 30.3 percent under the average.

*In Decatur*, employment outgained the state average during December by improving 3.6 percent as did payrolls required to meet this increase when a 5.4 percent gain was reported.

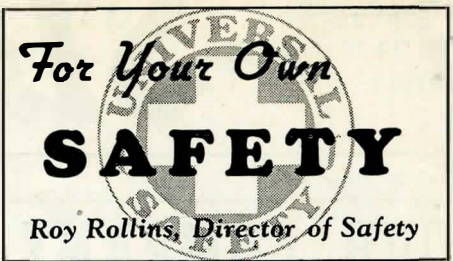
*Average hours worked per week* by those engaged in industry in Illinois were 38.6 during December. A gain of 4.2 percent.

*Staley employees* worked an average of 37.9 hours a week during the same period.

*Wages paid Decatur Workers* during December average 24.12 per week.

*At Staley's*, the average for the same period was \$26.24.

*The Average Wage in Decatur* according to the summary of the Illinois Department of Labor, was the eighth highest in the state excluding the metropolitan area of Chicago.



The Feed House went all through the last half of 1937 and completely through 1938 without a single late report to the First Aid. The fact that seven other departments also had perfect records during that period doesn't detract a thing from the accomplishment because the Feed House is larger than any of them. It has more employees, works more man-hours and has more accidents to report. It is a record that Joe Palluck and his gang can well be proud of and it is too bad that now, after eighteen months, it is broken. Broken because *one man forgot* and reported a minor injury *one day late*. We sent the forgetter a copy of The STALEY SAFETY Code and outlined in red the rule which reads, "REPORT TO THE FIRST AID AT ONCE IF YOU ARE INJURED OR BECOME ILL ON THE JOB," and we are hoping that he will help Joe and the gang to start a new record which will be even longer than the old one.

Last year the Staley Company spent over \$1,500.00 for goggles and respirators and safety belts and safety feet for ladders and sandblasting helmets and other personal protective devices. That amount, of course, is only a fraction of our total investment in safety equipment because it represents just one year's necessary replacements and additions. It is, however, sufficient evidence that the management of this company is doing its part for safety by providing the necessary equipment. All of us need to remember that there is only one way that the investment can be justified and that is by putting the equipment to work, by wearing goggles and respirators wherever they are necessary, by using only ladders that are equipped with safety feet or securely fastened, by using all of the protective equipment provided and letting it do the job for which it was designed and purchased.

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 SETS THE PRICE OF GOODS?

You and I do. We are all inclined to assume that the man who makes the goods sets the prices on them. That's only one of those "Half truths." A manufacturer states his price, but if that price is higher than people will pay, the manufacturer won't make the sales. Then he will be forced to cut the price or run on short time.

Ordinarily, business men compute the cost of manufacturing efficiently, add a reasonable profit and announce the total as the price for the goods. If the price is based upon efficient manufacture, and if conditions are normal, the manufacturer will be able to sell a good volume of orders at that price. Of course, there are always competitors who will sell at a cut price while they are in business. Good manufacturers can't afford to pay much attention to competitors who do this although they find their competition severe while it lasts.

#### The Customers Set The Prices

Manufacturers, however, must pay attention to customer reactions to prices because customers are the people who really set the price of goods. But, good manufacturers must pay very little attention to the chronic price buyers, because manufacturers cannot make concessions to a few exceptional traders. They must stick to a "Bread and butter" price based upon efficient manufacture and a reasonable profit. But when a large portion of trade refuses to place orders, manufacturers must pay attention and do something about it.

Remember how the cattle states suffered from droughts in 1935 and 1936? Thousands of cattle starved and died, and so the supply of cattle for 1937 was short. Cattle raisers couldn't be blamed for asking prices that were high

under the circumstances. They lost many of their herds and the only way they could escape financial ruin was to charge high prices for the steers that were left.

#### Customers Forced The Prices Down

The packing houses had to get beef for their customers. They had to pay the high prices or do without the beef. They paid and priced their beef accordingly. You remember what happened. People simply refused to pay the 1937 price for beef. They bought lamb, pork, cod and haddock, and left the packers holding the beef bag. The packers were caught in a tough position. They had a lot of money tied up in beef and they had to sell the beef to free their money for other purchases, so they reduced the price of beef until it was low enough to attract buyers.

Thus, the packing houses announced the price of beef in 1937 but they did not set the price. The customers set the price and the packers had to accept it. In doing that, the packers lost a lot of money. If they hadn't sold the beef, they would have lost a lot more money. The loss of money is a normal risk in business.

The way it works out, the price of goods is established in much the same manner as at an auction sale. The buyers decide how much they will pay and that's all the seller can get, and he will have to sell at that price even though he may not be able to afford it.

#### Customers Set The Price of Our Products

Customers set the price of our products in much the same man-

ner. If they decide the cost of soybean oil is too high, they will change to lower grades, or other oils such as cottonseed. If our Pearl Starch price is too high, they will decide to use starch made by other corn starch makers, or use tapioca wherever possible. Or if our glucose is higher than they want to pay, well they swing to our competitor's products or to cane sugar. And so it goes. We suffer, then, in two ways; our tonnage will drop and we will receive less money to run our business, some of our orders will be lost to competitive products and we will have fewer orders to keep the plant running and less money to run the business and pay wages.

When buyers shift, we must adjust the prices of Staley products downward to the level the buyers are willing to pay. If we can't make money at those prices, we must continue to lose money or wait until buyers are willing to pay prices that will bring us a profit.

In the meantime, we must dig down into our corporate savings that we have laid away in good years. If we had no corporate savings, we couldn't continue to operate the plant at a loss during bad times. Instead of brief shut-downs, there would be no operations and no wages for anyone.

That's why it is important for businesses to build up corporate savings. The profits that are held and saved in this manner are a form of insurance against failure of business and loss of jobs when customers set prices so low that the company operates at a loss.



The average cost of corn, soybeans, manufacturing supplies, etc., necessary to provide employees with work during 1938 required over 21½ thousand dollars an hour.

\* \* \*

The world wide sales activities which made all of this possible brought an average of over 474 thousand dollars into Decatur every week to be distributed to farmers, employees and others in the huge Staley family.

\* \* \*

It took an average of over 130 thousand dollars every payday during 1938 for Staley's to meet employee salaries and wages.



By Bill Brumaster

And the boys went back to Roby a scared bunch but their slate said American Maize 25, Staley 23, and one more cross was scratched up under games won, bringing the total to Maize 4, Staley's 0.

★ ★ ★

This year the jinx Staleys have held on competitors in St. James gym was broken when those fine exponents of good sportsmanship walked on the floor but chances of victory clung to a slender thread throughout the game until the last whistle snapped it. Leck just crossed the fingers on the wrong hand and Staley's throat stayed tighter than a sore throat at a pie eating contest.

★ ★ ★

In the Industrial League, Staley's effectiveness has increased with the progress of the season. They defeated Oakes recently and now appear to be a sure thing for second half championship honors. That will throw them into the play-off series for the City Championship at the end of the season.

★ ★ ★

Minus Cox and Page, the boys played the Master Bakers of St. Louis, in St. Louis the night after the Maize game and won hands down 41-36, after maintaining a comfortable lead all the way through.

★ ★ ★

In the Senior Bowling League, Research is keeping the Print Shop entry's tongue hanging out. A month ago, two games separated them. Now the Printers only have a one game lead and the Printers aren't forgetting the Research boys have been collecting an average of 9 pins more per game than they have been getting.

★ ★ ★

In the Departmental League, the Lab. is in first place by a margin of five games. The Tanners are in second, just one thin game ahead of the Pipe fitters and the Millwrights. Looks like a sure thing for the Lab. They keep getting further ahead all of the time. How you going to beat a team like that.

## STALEY CREDIT UNION LOANS ALMOST QUARTER MILLION IN 1938

Loans for Provident Purposes, Property Purchases Drop.

By L. HISER, Treas.

The recapitulation of Staley Credit Union loans during 1938, just completed by Hugo Brix, shows a total of \$245,327.29 loaned to members and this year's loan service the second highest in our seven and one-half years of operation.

### REHABILITATION LOANS

	More	Less	Necessary Total	% of Total
Payments to <i>Doctors and Dentists</i> required more money than during 1937.....	\$ 1,575.89		\$16,873.80	6.9
<i>Hospitals</i> , on the other hand, required less money than during the year previous.....		\$ 2,546.62	6,574.90	2.7
<i>Funeral</i> expense loans skidded slightly and took....		215.66	2,036.75	.83
<i>Clothing</i> bills, were handled better than in '37 and members succeeded in borrowing less for this		228.15	1,456.59	.6
<i>Furniture</i> Bills, owed called for more money.....	1,679.69		6,572.89	2.67
<i>Back Rent</i> needs were cut in half during the year..		964.52	1,293.75	.52
The butcher and the baker for <i>Grocery Bills</i> .....	521.24		5,538.15	2.25
While <i>Payments on Notes and Personal loans</i> advanced .....	6,659.82		12,871.15	5.23
And <i>Miscellaneous bills</i> for provident purposes fell off .....		7,997.07	19,857.19	8.1
<i>The Total</i> amount required for Rehabilitation loans for 1938 was less than 1937 by.....		1,515.38		
and a <i>Total</i> of .....			73,075.17	
was needed amounting to.....				29.8
percent of the money loaned during the year.				

### MISCELLANEOUS LIVING EXPENSES

There was a reduction of.....		\$ 1,438.66	\$ 1,442.54	.6
in the amount Credit Union members needed to pay <i>Attorney Fees and Court Expense</i> .				
<i>Helping Relatives</i> , took more money in '38.....	2,581.12		4,339.27	1.76
While <i>Tax loans</i> took a slight increase.....	239.91		7,512.72	3.06
<i>Vacation and Travel</i> needs increased the second straight year .....	373.62		4,905.12	2.
<i>School Books and Tuition</i> loans took a jump anyone can be proud of.....	2,580.12		4,339.27	1.76
<i>Coal</i> nudged up a bit in a slightly cooler winter...	401.18		6,121.78	2.5
<i>Current Expense and Miscellaneous</i> .....	7,760.12		38,675.46	15.75
<i>Insurance</i> loans .....	1,718.62		6,410.30	2.61
Must have been less <i>Moving and Advance Rent</i> to pay .....		1,102.50	2,145.00	.86
<i>The Total</i> amount required for <i>Miscellaneous</i> was more than 1937 by.....			11,452.11	
<i>The Total</i> was.....			77,592.39	
representing 31.6 percent of the total.				

### MERCHANDISE AND PROPERTY PURCHASES

The biggest drop in loan applications during 1938 was noted in this group.

Loans for <i>Payments on Homes</i> fell off.....	\$10,944.30	\$18,419.95	7.5
<i>Small Business and Investment</i> opportunities were taken advantage of and a number of members borrowed money to make money, to the extent of... ..	3,978.68	8,053.01	3.3
<i>Furniture</i> loans took quite a drop over the '37 high	6,870.86	6,962.72	2.84
The difference in the amount required for <i>Clothes</i> ..	29.79	6,130.07	2.5
<i>Tires and Car Repairs</i> , less because more were new, in 1937.....	358.76	3,925.20	1.6
<i>Remodeling and Repairing Homes</i> dropped off.....	3,945.90	12,662.00	5.16
<i>Farm Feed, Implements, Livestock, Poultry, etc.</i> down .....	1,790.07	4,367.12	1.8
<i>Buying and Refinancing Cars</i> , held at a minimum the first of the year but, zoomed up with the year end .....	8,433.15	34,139.66	13.9
In spite of the <i>Total Decrease</i> in this group of.....	27,334.57		
<i>The Total</i> for <i>Merchandise and Property Purchases</i> was.....		94,659.73	
and represented 38.6 percent of the total.			