

STALEY NEWS

- - - SALES-ADVERTISING HEADS PLAN FOR 1939 - - -

Some time ago, E. K. Scheiter, General Sales Manager, outlined the tremendous effort that is necessary to move the output of one day's work at Staley's and deliver it into customer's hands. Efforts to keep our products flowing in our consumer's direction have been redoubled as we go into the new year. It is hoped that the effects of sales meetings and advertising methods announced recently will make 1939 one of our biggest years.

Want To Level Demand

The efforts of our Sales and Advertising departments have always been directed at overcoming the peaks and valleys in sales that affect the uniformity of our production activities. This year, the wealth of their combined efforts is again being brought to bear upon this important problem.

Early in the year, H. T. Morris, Feed Sales head, held a sales meeting for his men which occupied their full time for three days. The entire program bore the aspects of a sales convention and was regarded by our Feed Sales men as one of the best sales schools to be found anywhere, both from the standpoint of subject matter and the brilliance of the speakers. No portion of our general activities was omitted bringing Staley representatives into a closer and fuller understanding of their company and the fundamental principles which have contributed to its unmistakable leadership. Through these meetings the Feed Sales department expects to continue its rapid growth.

Package Division Pushes Ahead

The other sales divisions have been just as active. The Package Division, for example, has spent considerable time and effort with its sales force in sales meetings in various sections of the country. A brief account of the subject matter of these meetings will

best give an idea of the general plans for our company this year, both in the field of sales and advertising. Here are some of the company's plans that were discussed by Kekeisen, Holloway and Coble at the January sales meetings:

During 1939, the Staley company will continue its co-operative advertising program that assists customers who feature our items in newspapers, handbills, window postors and store displays.

Will Assist Distributors

A recent, and important, development in Staley sales promotion work is the Package Division's series of mimeographed sales bulletins for Staley distributors. These bulletins are announcements to their operating managers. They are prepared in Decatur but are mailed over the name of the distributor. They urge concentration on the sale of Staley products and give concise data on them. These bulletins were first developed in 1938 but the experience of the "early worms" who have used them point to extremely good sales results.

Another promotion service for retailers of our products is the mimeographed Ad-Inset which is given to the store owner. Ad-Insets make it possible for him to include a picture of Staley products on his house-to-house handbills and other advertising.

A Premium Offer Ready

In one or two test markets where special sales emphasis is desired at this time, a special dishcloth offer is being made. In this deal, a dishcloth is offered as a customer premium with the purchase of Staley starch.

The disposition of some housewives to trade at "super stores" where they can buy larger quantities because of the savings offered, has been recognized by Staley's. In order to accommodate these thrifty buyers, Cube Starch is being offered in three pound packages. A special test of the three pound size is being made in several selected markets and the results thus far indicate that often the three pound size sells more rapidly than the one pound size.

Store Sales

In conclusion, each Staley territory representative will again conduct at least two store sales per month during 1939. At these sales he gives his personal attention to the sale of Staley products at selected stores, bringing to them increased profits, and us generally, more days of work and more regular incomes.

INTIMATE FACTS ON CREDIT UNION

Something new in the presentation of credit union figures was developed when Luther Hiser, Treasurer of the Staley Credit Union, organized and presented the statistics on credit unions in Taylorville, Clinton and Decatur belonging to the Central Illinois Chapter.

Gathered from his report, a number of heretofore untold and intimate facts on the growth of the Staley Credit Union are found and presented herewith:

YEAR	1937	1938
Members	1658	1635
Average share holdings.....	\$ 137.12	\$ 154.78
Share balances	227,337.47	\$253,069.05
Borrowers	1261	1211
Number of Loans.....	3292	2787
Average loan balance.....	\$ 186.91	\$ 212.03
Total amount loaned.....	262,725.13	245,327.29
Amount outstanding	235,695.33	256,769.76
Gross Earnings	\$ 20,173.78	\$ 20,220.89
Expenses of operation.....	5,135.72	4,737.68
Ratio of Expense to Gross Earnings.....	25.46%	23.43%
Central Illinois Chapter members average ratio to expense to gross earnings.....	31.26%	32.98%
Total Assets of Staley Credit Union.....	\$268,824.00	\$289,442.94

STALEY FELLOWSHIP CLUB NOTES

By Ed. Smith, Secy.

A regular meeting of the Staley Fellowship Club was held Thursday, February 16, 1939, at which time the following business was transacted:

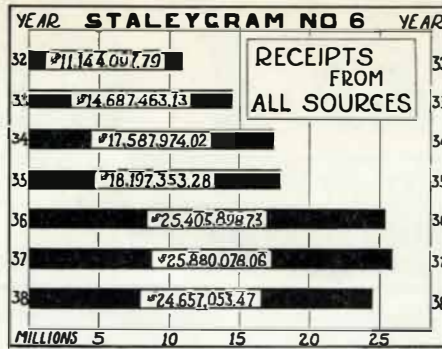
The minutes of the previous meeting were approved.

Financial reports were distributed to the Governors by Mr. Bass and the following motions carried:

Resolved: That a summary of the minutes of the general or special meetings of the Board of Governors of the Staley Fellowship Club shall be published in the Staley News every month.

Resolved: That the President appoint Mr. Smith as chairman of a committee, of which he shall appoint the other members, to collect all interpretations, motions and resolutions defining or limiting the power of the Board of Governors or which are interpretations of the Constitution and By-Laws, from May 1, 1930 on, and bring them back to the Board.

Resolved: That the Chairman of the Entertainment Committee be given full authority to go ahead with necessary plans for a party for Fellowship girl members, the funds to be provided by use of the money left over from the Christmas party appropriation.



ANOTHER STALEYGRAM SERIES

Another *Staleygram* series begins with this issue. This time our *Receipts and Costs* between 1932 and 1938, inclusive, are being reduced to bar form. 1932 is being used as the beginning date because that is as far back as the breakdown of our company's Receipts and Costs extend.

For the most part, the *Staleygrams* are self-explanatory. There is one point, however, that needs some clarification in *Staleygram* No. 6. Looking at our *Receipts* as they are, expressed in dollars, we see that our income from all sources has more than doubled since 1932. *Staley News* readers know that our business has not doubled in that time and are likely to be pointing this out shortly if we don't keep on our mettle by giving the reason so, here goes:

Our income depends upon two things, the amount of our sales, and the cost price of the materials which go into our products. There has been some increase in our business which is reflected in our increased Receipts, but the biggest reason for the difference between 1932 and 1936, 37 and 38 is the price of the corn and beans which went into our products, as well as freight and manufacturing supplies of a general nature.

While we can't point to those figures and say, "See how we have been gaining customer acceptance," or, "See how we have grown," or, "See what good years we have been having" we can point out (with pardonable egotism) one thing which does apply in a strict sense throughout. That is, "See how much money is being collected from the far corners, where our products are being sold, to be redistributed among those in this area whose activities by direct work, or finance, have made our services possible."



In keeping with the rougher traditions of an earlier day in American industry it used to be considered just good clean fun to haze the new man on the job. Older employees and foremen took advantage of his ignorance and eagerness to make good and "put him over the jumps." Some of the jokes were harmless. He was often sent on wild goose chases for box stretchers, for left-handed monkey wrenches, or sky hooks and no harm came of it. Some of the jokes were not so funny. Young railroad brakemen were told, or allowed, to get into situations where they might be hurt or killed. Apprentices in machine shops were told to operate machines they didn't understand. Some of them lost a hand. Some of them lost a life.

With a new appreciation of safety and because he remembers that his own "breaking in" was a pretty unpleasant experience, the American worker has changed this situation today. He is helping the new man, showing him the easy way to do the job. He is pointing out the danger in machines and tools and giving the green man the benefit of his experience in safe working habits.

The result has been to make a man's job safer than his own home and twice as safe as his automobile. Industry is proud of a safety record that has saved 285,000 lives in twenty-five years and the record is yours to keep. Help the new man. Show him the tricks you have learned. Help him to be safe and you can count on his knowing how to help you when you need it most.

The total number of accidental deaths came down last year to 95,000. Nineteen thirty-eight was the first year in seven that we have killed fewer than 100,000 people in accidents. Maybe we have seen the worst and are beginning to win our war on accidents.

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.

**WHAT ENTERS INTO
THE COST OF GOODS?**

Very few people take the time to list and add up the many different items that go into the cost of a manufactured product. In our business, materials are the largest factor in cost, wages are second. But there are many other items that must be included in the cost of producing manufactured products.

In order to run a manufacturing business and to provide jobs, it is necessary to have land and buildings of some kind. If a manufacturer buys land and erects buildings, he won't need to pay rent, but he will have to pay interest to the bondholders who put up the money for the land and buildings and who hold the mortgage on them. *So Item 1 in cost is interest on the mortgage.*

Then the bondholders require that the buildings be insured. That's a sensible procedure, but it costs money. *So item 2 in cost is insurance on property.*

Buildings and machinery need to be painted now and then and some need to be replaced. They get damaged, or wear out, or become obsolete. Replacement and repairs run into money. *So Item 3 in cost is property maintenance and depreciation.*

If work is to be done in a building, it must be lighted and heated. Light and heat cost money. *So Item number 4 in cost is heat and light.*

Power is required to run machinery. It costs money whether it is purchased or produced. *So Item 5 in cost is power.*

Material costs, the largest single item in our cost picture because we are processors, must be added to the cost of the product. In some industries, such as lumbering, where they don't have to buy materials it is much smaller. But,

large or small, *Item 6 is the cost of materials.*

The next to largest item in our costs is wages. The amount is over 61 per cent of our total cost exclusive of materials. *So, Item 7 in cost is wages.*

In converting materials into finished products, there is some waste. Furthermore, some money losses occur because of errors in billing, or shipping, or because customers fail to pay their bills. Waste and credit loss is inevitable and if not excessive, may properly be charged against the cost of the product. *So Item 8 in cost is waste due to error and credit losses.*

Package labels, packages, cartons, packing cases, cans and barrels are factors of expense connected with the manufacture of a completed product. *So Item 9 in cost is packing materials.*

A sizeable expenditure is required to meet the cost of shipping products to customers. *So Item 10 in cost is shipping expense.*

Of course the products have to be sold and it costs money to find customers and sell them. Naturally, the cost of doing this must be paid by including it in the cost price. *So Item 11 in the cost of a product is sales expense.*

When orders are secured, they must be placed on the books. After they are shipped, they must be

billed and the money collected. Records of orders, bills and accounts must be kept. Taxes must be computed and paid. Banking and legal transactions must be handled. All of these things require the employment of numerous people and the purchase of many forms, record books, office supplies and equipment. The expense involved is necessary for the operation of the business. *So Item 12 in cost is administration and office expense.*

In addition to all of these costs, there are the items of property taxes, excise taxes, and capital taxes which must be paid to the city, county, state and federal governments. Taxes must be charged to the cost of goods. *So Item 13 is taxes.*

Within the past few years, every business has had to pay taxes to the government for Unemployment Insurance and Old Age Benefits. The only way that business can raise the money is by adding it to the cost of the goods and collecting it from customers. *So Item 14 in cost is Old Age and Unemployment Tax.*

There are different methods of allocating the costs of operating a manufacturing business, but, regardless of the method used, all 14 of the items listed above must be paid out of the income received from the sale of the finished goods.



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In '37 the government withdrew \$700 a day in taxes from the productive work of the Staley organization. In '38, over \$1400 a day in taxes were obtained from this source. Evidently, what helps business helps the government too.

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The hard part about building castles in the air is getting the foundations under them.

* * *

While we get itchy for a new car about every three years, and a new pair of shoes every year, and maybe a new rug once every 15 years, pity the tools, and machines and buildings we use. The rate of depreciation allowed by the government only provides for them to be replaced, on the average, once every 21 years.

* * *

When it comes to mistakes, you have probably noticed the supply exceeds the demand.



The Staley basketball team played itself into the finals of the St. James Independent tourney in easy fashion only to lose the services of Cox via the sprained ankle route just before the big test against Hammond in the championship tilt. In the Hammond game, the boys made a splendid showing despite their 40-29 loss, largely due to lack of ability to contact the rebounds under the basket.

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In the Industrial League the following night, U. S. Mfg. won a heart breaking 32-26 victory over Staley's. Their victory was assured by a last quarter rally after trailing up to the last ten minutes of the game and made a play-off for the city championship necessary.

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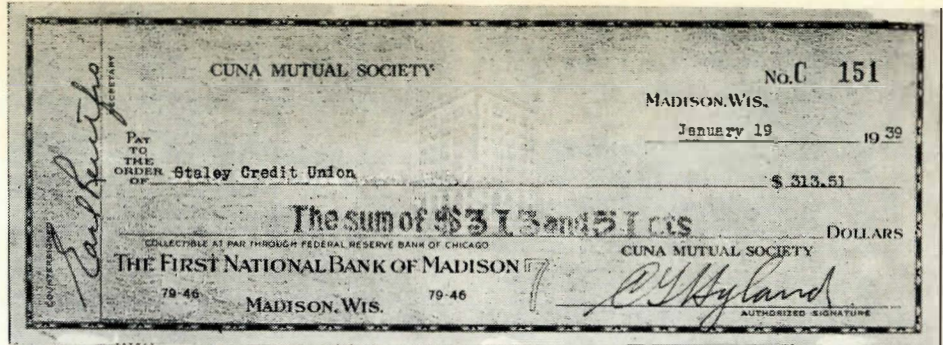
As the "News" went to press, one game of that series had taken place. Staley's copped that one from Oakes after a brilliant fourth quarter rally. They had trailed the first three quarters and it appeared that Staley's were going to be obliged to take a back seat when city honors were distributed but the much needed 30-25 victory gave them a chance at U. S. Mfg. for the title.

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The results of that game were known too late for this Grits cast but a few observations of the handicap under which the boys played in that game are in order. Staley's won 1 and lost 4 against the U. S. Mfg. team in regular season's play. The splendid showing of the U. S. boys has been due to the effectiveness of their zone defense. The zone is, by all odds, the most difficult to overcome in the limited space in the "Y" gym and gives the team using it a tremendous advantage over their opponents. This year the Staley boys have been hard put to overcome that advantage.

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It is understood, however, that Staley's got their heads together before the championship game.



ENGINEERS DISCOVER ERROR

Louie Doxie, Andy Neureuther, et al, pointed out an error in the February 15, Kernel column which gave the average amount of money required to meet each hour's operation during 1938.

The bone of contention was the placing of the decimal point in the answer obtained. You just can't beat those Engineers. The amount required should have called for over 2 thousand dollars an hour instead of over 20 thousand.

Yours truly hated the Kernel error but in these days of large scale expenditures, his error is just small change. In the last annual U. S. Treasury report someone made a mistake of 100 million dollars which had to be corrected by an erratum slip, to square them. Thanks for your help, boys, maybe this squares us.

ATTENTION GARDENERS

Many who desire to garden Staley plots have signed up for them and have received their plans and instructions, and, also, their identification cards which call for a very substantial discount on all garden seeds, garden tools, and lawn grass seed at the Harner Hardware store, 1102 East Eldorado.

This card will entitle any Staley employee the same discount for supplies for their home gardens.

Those who wish Staley plots or identification cards should see me soon.

I will be at the main office building, as usual, until good weather arrives.

J. E. UNDERWOOD,
Garden Supervisor.

STALEY CREDIT UNION RECEIVES FIRST LOAN INSURANCE CHECK

By L. Hiser, Treas.

A check amounting to \$313.51 was recently received from the Cuna Mutual Society by the Staley Credit Union. This amount represented the unpaid balance of a deceased member and satisfied the obligation of his family and co-signers to the Credit Union. While the first premium payment on Cuna Mutual Insurance was not due until the 31st of January, the insurance had been effective since the 1st when the purchase of loan insurance took place after a majority of members voted for this protection.

As stated at that time, the insurance is effective in the case of the permanent disability or death of a member with a loan balance at the time of his disability or death. This accounts for the low monthly rate of 7.5 cents per hundred dollars of borrowed money being charged.

All Staley Credit Union members with loan balances are now receiving this protection under the terms of the Cuna Mutual policy which is being paid for by a slight increase in interest rate. No cost, direct or otherwise, is being charged to members with share balances so the insurance will in no way affect the earnings of the Credit Union or the amount of money available for dividends.



FOR RENT:

Nice front modern sleeping room for two; gentlemen preferred. Garage, telephone, private entrance, on bus line. 1004 W. Decatur St. Jonas W. Orrell.

FOR SALE:

1930 Ford Panel Whippet truck. Good running condition. New tires and battery. Cheap. Mosher Road. Third house north.

FOR SALE:

'36 Tudor Ford. Radio in it. Fair rubber, good finish and motor in good shape. \$265.00. Can be seen at 2576 E. William any time after 4 p. m.