

# STALEY NEWS

Vol. 4—Page 9

October 1, 1940

## THE STALEY SALES PICTURE

For three months we have been saying that sales were off because of our normal seasonal slump, but that when September came around everything would be all right.

### *Syrup Business Slow To Start*

At this time last year we were making and shipping package syrups at a furious rate and had been doing so since the middle of August. This year we have thousands of cases on the floor in the Syrup House. We were well braced for the seasonal rush that overwhelmed us last year but, so far, it has not shown up. Hot weather during September has set the opening of the pancake eating season back a bit and inventories in the hands of our jobbers and retailers have not yet been depleted.

### *Industrial Sales Up*

Industrial sales still furnish the bright spot in our sales picture. Their strength has been due to the fact that industry generally, and particularly the textile industry, has been enjoying a good year. Our normal summer slump in industrial goods did not come off this year, but our fall pickup seems to be as good as usual. In addition, the confectionery business is beginning to order for winter candies and prospects look good.

### *Oil Sales Normal*

Much of our corn and soybean oil goes to the manufacturers of mayonnaise, salad dressing and sandwich spreads. Because these are foods that are eaten mostly during the summer months, autumn always sees a shrinkage of that market. Oil sales, as usual at this time of the year, are down a bit and probably will go lower, but the large quantity of fats which have overhung the market in recent months are now being reduced, and we intend to get our share of the available business.

### *Soybean Meal*

The soybean meal business has had a rough time this summer. Last year's big cotton crop put a larger than average amount of cottonseed oil on the market. We could probably have put up with that in reasonably good shape had it not been for the amount of linseed oil meal on the market.

This country does not normally produce enough flax to fill its own needs for linseed oil and, therefore, it imports additional flaxseed from the Argentine to supply the demand. Because importers pay a heavy duty on flaxseed they express the oil and export the cake in order to get a rebate on their tariff payments. This year's domestic flaxseed crop was the best the country has ever had but it still was not enough to fill the demands which our defense program has created for linseed oil. So flaxseed, in larger amounts than usual, was imported from Argentina. But this year, because of the same war that necessitated our defense program, there is no foreign market for linseed meal and the crusher, rather than take a complete loss,

dumped his meal on the domestic market for whatever it would bring. The price it has commanded this summer amounted to less than the cost of meal produced from high priced soybeans. We have sold meal at a loss for three months.

If we are losing money on soybean meal, why not shut the plant down and stop producing it? Well, strictly aside from the fact that about seventy-five men would be thrown out of jobs and that some of them might have other jobs by the time we needed them again, we couldn't afford to shut down the plant. Our fixed overhead charges, which go right on whether we are producing or not, would amount to a greater loss per bushel, figured on the rated capacity of our plant, than the loss we would take by producing and selling meal. And there were other considerations. We had a market for soybean oil. We have a number of regular bean meal customers who have come to depend on us to supply their needs at any and all times. If we quit producing for a while they would have to buy somewhere else to supply those needs. When we started producing again they might say, "Sorry, too unreliable."

We feel that, over the long pull, we will make money by losing it now.

### *Soyflour Waits For Adequate Test*

Before we get back any large portion of our soyflour business we, or someone, will have to perfect a test which will show the amount of soyflour in sausage and other prepared meats. The government does not contend that soyflour is unwholesome, but it does feel, and we agree, that the public must be protected from the few unscrupulous meat packers who put too much soyflour in their product. The original intent of soyflour was not to cheapen but to improve the quality of prepared meats and our own interests are best served when that aim is followed.

### *The British Prepare To Tighten Their Belts Again*

We are still shipping goods to the British Isles under the export quotas which their government set sometime ago and will continue on that basis through October. What happens after October is somewhat problematical at this point. We are now negotiating with the English authorities in regard to future quotas and there seems to be some indication that England will have to do further belt tightening in order to conserve her foreign exchange for the purchase of war materials.

### *? The Future ?*


So what happens next? With the present international situation your guess is probably as good as anyone else's. As to the immediate future, we will probably make money during the last quarter of this year. Whether our profit is large or small, however, depends upon a number of unknowables which have changed shape and size pretty rapidly in the past and may do so again.

## YOUR GROUP INSURANCE POLICY

Staley people who did not already have the limit on their group insurance were recently given an opportunity to take out more insurance without the necessity of submitting to a physical examination. If, for one reason or another, you did not see fit at that time to take out more insurance and now, for the aforementioned one reason or another, wish you had, don't get the impression that you are barred just because the campaign has been closed. You may still take out any amount up to the limit of \$3000.00 by getting a medical examination from your own doctor and submitting it to the Personnel Department who will, in turn, submit it to our insurance company for their approval.

There is no selling talk necessary on group insurance. If you have anyone at all who is dependent on you you simply cannot afford to pass up insurance that can be purchased for 2c per day per thousand dollars of insurance. If you were not impressed with the bargain at the time we made the medical examination waiver offer, think it over now. You need the insurance and you can't beat the price. Call the Personnel Department if you have any questions.

**THE  
BULLETIN  
BOARD**



**AN ANNUAL  
EXAMINATION  
WILL HELP YOU  
KEEP FIT**

ATIONAL SAFETY COUNCIL

## FELLOWSHIP CLUB NOTES

By DAN DAYTON, Secretary

On September 19th the Fellowship Club Board of Governors held their regular meeting for the month.

Mr. Bass presented the treasurer's report and there was some discussion concerning the sharp rise encountered so far this year in the amount of money paid by the Club for sick benefits and hospitalization. Mr. Bass reported that during the first four months of this fiscal year the Club has paid an average of \$1.02 per member per month for sick benefits as compared to an average of \$.92 per member per month during the fiscal year 1939-40. Hospitalization claims were up to 21c per member per month from last year's average of 15c. It was pointed out that the first four months of the year are summer months and that much more illness might be expected during the winter.

Four claims for sickness benefits and hospitalization were examined by the Board. Of these one was accepted, one tabled for further investigation, and two rejected.

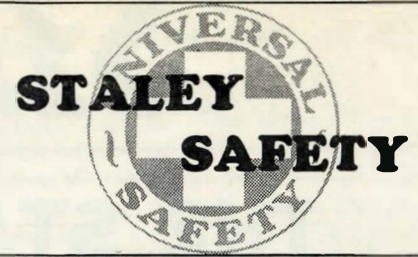
The names of seven applicants for membership in the Club and one person seeking reinstatement were presented, and the Board accepted them for membership.

It was moved and carried that all claims for hospitalization covered by our by-laws shall be paid directly to the hospital and not in cash to the member unless the member has already paid his hospital bill in full.

It was reported that the Social Committee had met two days before to discuss fall social activities. A committee has been appointed to investigate the cost of a roller skating party, and it has been decided to have two shows besides the Christmas party.

A discussion was held concerning the lending of Clubhouse equipment. It was moved and carried that the equipment was bought and placed in the Clubhouse for the use of all Club members and that it should not be loaned to anyone for use outside the Club premises.

Meeting adjourned.



By Phillip Wills  
Foreman No. 16 Bldg.

Ten or twelve years ago we used to think that accidents just happened and we didn't do very much about them. Now if we have an accident we know that there is a cause and that there *are* things we can do to keep that kind of accident from happening again. The sooner we get rid of the cause the less chance there will be of that accident occurring again.

New men coming to work in a department should be informed as to where accidents have happened in the department and shown how they could be prevented. I believe that each foreman should take as much time as possible to instruct his Extra Board men in the safe ways to do their jobs and then should follow up to be sure that they understand.

I know that our regular men pride themselves and their department on their Safety Record. (Editor's note: No. 16 Bldg. has had only one lost time accident since May 1, 1937. That was a strained back which caused 6 days of lost time). The longer a department goes without a lost time accident the more Safety conscious they become. No one likes to break a good record.

All of us should try to correct the unsafe practices of our fellow workers. To at least that extent we can be our brother's keepers. None of us want to do our jobs the wrong way and maybe the fellow whom you see doing a job unsafely does it that way because he has never been properly instructed.

Due to the increased number of accidents lately each of us who operate a department wonder if we have overlooked unsafe conditions or unsafe practices on the part of our men which may cause accidents. Not only foremen but every man who works in the plant needs to do more of that kind of thinking. That is the only way that we can reduce accidents and keep them down.

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  
Roy L. Rollins, Editor

**EXPERIENCE RATING  
FOR COMPENSATION  
INSURANCE**

In order to set the premium rates for Workmen's Compensation insurance for a given industry, all of the insurance companies which insure companies in that industry pool their experience and make up a manual which shows losses in the industry over the past several years. This manual then becomes their common property and when Smith & Company, which manufactures machine tools, asks the Surety Insurance Company to bid on its compensation insurance, the Surety Company gets out its manual and turns to the section on the machine-tool industry. It finds that accidents have been severe enough in that industry to demand a premium rate of \$2.60 per \$100.00 of payroll and bids on the business at that rate.

Let's say that Smith & Company buys a policy and pays premiums totalling \$30,000.00 per year for two years. At the end of that time Smith's insurance department finds that the Surety company has paid out in claims only \$17,000.00 for the first year and \$15,000.00 for the second. Even after adding the percentage with which the insurance company pays its own expenses it is found that the insurer has made a profit in excess of \$3,500.00 per year.

Smith & Company feels that the profit is excessive and it says to the insurance company, "Here, you are charging us the average rate for this whole industry but we are doing so good a job of accident prevention that our losses are consistently below the average. You are making too much money on our present premium rate and it must be reduced."

If the insurance company feels that the claim is just and that

Smith's experience has not been merely good luck, it will either reduce the rate or lose the business to another insurer who will, so from there on, *so long as it keeps its losses down*, Smith & Company goes on what is known as "experience rating". This simply means that if the losses were considerably smaller than the premiums paid in any given year, the premium rate for the next year will be lower. If losses were large the premium, of course, will increase.

For companies that pay an annual premium larger than \$5,000.00, this means that if they do a good job of accident prevention, they will not be forced to pay for their competitor's lack of interest in safety. This fact is important to the employees of companies large enough to operate under such a plan for two reasons.

First, it puts the job of accident prevention squarely up to the management of the company and rewards or penalizes them for a good or poor job of accident prevention. It provides an extra incentive to prevent accidents through safe working conditions, safe work methods and safe workmen. If accidents are reduced, costs will be reduced.

The second reason is that the increased premiums increase the cost of producing goods and shave

the margin of profit, thus leaving a smaller amount of money to be divided between stockholders and employees and reinvested in expanding the business and providing more jobs.

For several years before July 1, 1938 the Staley Company operated under the experience rating plan. At that time it changed over to what is known as the retrospective rating plan because it believed that such a plan would allow even further savings in workmen's compensation insurance premiums. That plan will be discussed later.



If you have a used outboard motor which you would like to place in a good home, see John Anderson or Ed Rentfrow. Motor should be very good but very cheap.

**FLASH**

Just before going to press we learned that the period for medical waiver on group insurance had been extended to October 4th. You still have time to dash over and get more insurance without submitting to an examination at your own expense.



It takes a little better than a half ton of coal every minute to keep our plant going.

\* \* \*

A detour is the roughest distance between two points.

\* \* \*

A Chinese Emperor wrote a book describing the food value of soybeans 4800 years ago and you'd think our advertising department would be a little more prompt and not allow themselves to be scooped in that fashion.

\* \* \*

So you'd like to learn to speak American? All right, let's start with the word "strain". It may mean: stock or lineage, tune or melody, manner of speech or action, violent effort, injury, to draw out or stretch, to make uneasy or unnatural, to filter. Who said Japanese was difficult?

\* \* \*

In an average year we will grind about 2% of the amount of corn that Illinois grows.



By Tony Romano

The Staley Hardball Team wound up its season with two victories and both were necessary to get it over the 500 mark for the season in games won and lost.

★ ★ ★

Effingham appeared at Staley field on September 8th and lost 13 to 6. Joe Hilberling struck out thirteen and walked only two while his mates were making the modest total of nine errors in the field. Important hitters in the game were winning pitcher Hilberling, who got 3 for 6, Irv Smith, also 3 for 6 and Carl Grant who got the magnificent total of 5 for 6 including a home run, two triples and two singles.

★ ★ ★

On September 15th the boys wound up the season by beating the Rosenberg Loaners 5 to 4. Winning pitcher Hilberling struck out 17 (Editor's note: Ties American League record) and walked but one. The Rosenbergs got 9 hits but had great difficulty getting across fourth base. Staley fielders were not quite as relaxed as they had been against Effingham and piled up only a third as many errors. Staley's got seven hits, three by winning pitcher Hilberling who had a perfect night at the plate and two by Norm Schultz who only failed to hit once.

★ ★ ★

Now that the season is over, let's look at the record book. The team wound up the season, as indicated above, just over the 500 mark with 13 games won and 12 lost. Not a great record but, considering the class of the opposition, good enough. As to pitching, Chet Boyle has the best record. As a matter of fact, his record is perfect. He pitched one game and won. Of those who had a little more exercise on the mound, Joe Hilberling was the toughest. Joe won nine of his team's thirteen victories and lost only three. As to the hitters, the leader, with a 409 average, was, that's right, Hilberling. Next in line was Carl Grant with a 358 average. Irv Smith, strong silent man of the diamond, followed with 337.

## Starch Versus Gluten

Tom Kingsford was working in Colgate's wheat starch mill in 1842 when he got the idea that a better starch could be made from corn. His company paid no attention. They were making money and couldn't be bothered. But Tom could. He worked on the idea at home and finally had a process almost doped out. Only one problem remained. How could you separate starch from gluten? That looked like a sticker and was. Tom worked until he was completely disgusted and then he took the whole mess and threw it in the garbage tub. Next day his wife threw in some lye after scrubbing and a few days later when Tom emptied the tub he found a layer of pure corn starch stuck to the bottom. So *that* was how?

He went back to work and found that if alkali was added to steeped and ground corn and allowed to stand a few days the starch would separate from the gluten and settle to the bottom. Oswego had a new industry. Tom Kingsford was in the corn starch business and if the rotting corn and alkali mixture stunk to high heaven he was sorry, but that was the way the job had to be done.

Kingsford thought he had whipped the problem of starch versus gluten by using alkali. He hadn't. It has gone right on plaguing the industry ever since and is in a healthy condition today. But we know more about it now.

We started finding out in 1880 when an American in Italy saw corn steeped in cold dilute sulphurous acid, cracked between metal rollers and run through a revolving sieve or reel which passed only the starch and gluten. The starch was then separated from the gluten by running the mixture over tables. Tabling, incidentally, seems to be a very old idea. The method had definite advantages over the alkali process. It allowed a better starch yield. It prevented the fermentation which had been a part of the former method and got rid of the starch factory stench. It was sanitary and faster. A. L. Matthiesen acquired the American patents and the corn starch business started to grow but — the starch vs. gluten problem stayed

right with it. The separation was not very complete. It was slow. It cost too much.

Someone found that warming the steep water helped. The Staley Company made a big contribution when it started washing tabled starch on American Filters. Until then glucose was yellow because mineral salts and soluble proteins remained in the starch. Washing took them out and we made clear glucose. We soon found that washed starch was better for every purpose and now we wash all of our starch. Because filters had to have starch in liquid form there was no longer a reason for shoveling starch off the tables in solid form so we quit shoveling and started flushing it off the tables.

One of the problems in tabling was the fact that the starch, as it settled, tended to build islands and the speed of flow around them kept more starch from settling. So we paddled starch to even the flow. It wasn't necessary to paddle, though, until there was about 1½ inches of starch on the table and we finally saw that if you put only that much on you wouldn't need to paddle at all. We reduced the layer from 8 inches to 1½, stopped paddling and produced a better starch.

But table houses are expensive to maintain and the separation job they do is none too good. Everyone was aware of that and a thousand devices have been invented to replace them. Many were ingenious but none were practical until the Merco centrifugal separator was developed to handle the job. It worked and we know it will do a better and cheaper job than tables, but the saving wouldn't be enough to justify tearing down the table house and doing the whole job with Mercos. We did find, however, that a few Mercos would strip from the gluten enough of the starch the tables had missed to increase our starch yield about ½ lb. per bushel of corn.

We'll never build another table house, but as long as we have this one, maybe even afterward, we are going to be bothered by the 98 year old problem of how to get the starch out of the gluten and the gluten out of the starch.