

October 28, 1969

TO: Jim O'Grady - NAPA-Roanoke
FROM: John Aderhold - RAYLOC-Atlanta

I appreciate your calling this morning and indicating to me that Rayloc has an opportunity to tell its "core story." The questions which were asked by Jack Martin are not at all unusual and generally speaking, I have always found, express a genuine desire to understand their business.

First of all, Jim, there are several things that all rebuilders are accused of as far as cores are concerned. They are:

- (a) Giving an incorrect count,
- (b) Identifying erroneously, and
- (c) Fiddling with core prices to their customer's detriment.

I believe this pretty well summarizes the general impression of rebuilders on cores.

Taking these items one at a time, let's look at (a) above. Our whole production process starts with our basic raw material entering the plant. The vast majority of our raw material, as you know, is the cores. Therefore, any miscount would completely throw our production planning and production scheduling off from its inception. We are just too big and our whole process is just too complicated to have this take place.

As to item (b), this is a similar situation in that if cores are mis-identified on our check in sheets and, as is the case, these check in sheets form our basis for scheduling production, then here again we would be off to an incorrect start, the expense of which would be the cost of total chaos in our production facility. Also, Jim, we recognize that employees might like to "help" the Company as far as cores are concerned. Recognizing that this is a possibility, we do not allow any price sheets in our Receiving Department whatsoever. We are not trying to be "holier-than-thou" by this attitude, but from an enlightened, self-interest standpoint, we recognize that if employees can "help" us they can also, if they are so disposed, "hurt" us. We would just rather our entire business not be determined by how the employees in the Receiving Department feel any given day. This is the reason for the safeguards to protect, not only our customers, but also ourselves in this instance.

NOVO16852