

A. J. GUNN - TORONTO OFFICE ←

August 8, 1969

cc:
R. M. Billings
B. J. Chernak
R. L. Foote - Waukegan
H. E. Blechar - Manville
M. N. Reinhart - Toronto
J. G. Frost - Toronto
N. Hardie - Toronto
C. J. DeBiase - Manville
file

COMPRESSED ASBESTOS SHEET
Your July 31, 1969 letter

I've read your subject letter, sympathize with your problem and wish I could offer immediate help and guarantee that similar treatment would not happen again. Unfortunately, I can't.

Everything Bud Chernak and others told you was done in good faith but unforeseen problems came up that prevented us from doing what was promised. You were treated no different than any other business that came in under these trying times.

Cost figures do show Waukegan to be lower than Manville. However, under the pressure of increased orders, a slowdown in production, etc., we were forced to balance all orders (including yours) between both plants in order to give the optimum service to all.

The pressure still continues but we expect to see some relief within a month. How significant this is we are not sure and based on past history outlined in your letter I know you should have reservations.

I would be glad to start working on the possibility of shipping less costly full carloads of product when our production becomes more normal. This would take lead time, etc. but could offer you some relief I assume.

In order to hold your customers and still produce the proper profit for your division I assume you have considered selling the Canadian unbranded Garlock sheet?



E. A. Schuman

/p

Division Headquarters,
Toronto, July 31, 1969.

E.A. SCHUMAN - NEW YORK

cc:

R.M. Billings - New York
B.J. Chernack - New York
R.L. Foote - Waukegan
H.E. Blechar - Manville PFM
L.M. Reinhart - Toronto
J.G. Frost - Toronto
N. Hardie - Toronto
File

 COMPRESSED ASBESTOS SHEET - 3.6 *we have file*

You probably know that our Asbestos plant closed down their sheeter early this year. We had been making styles 60, 61, 71 & 73 at that location. At one time, we also made our styles 50 & 70 but stopped due to lack of volume. Then we tapered off on 71 & 73 for the same reason and finally closed it completely.

Consideration of such a step was not made before we had assured ourselves of an adequate supply from your division plants. B.J. Chernack will confirm to you that during 1967 we had talks and in 1968 considerable correspondence, in which we were assured you had more than ample capacity to handle our needs. In fact, Bud indicated he was anxious to have this extra volume to help lower costs. Forecasts were supplied, etc.

Our controller's department had obtained representative costs from both Waukegan and Manville which showed clearly to us that Waukegan costs were substantially lower than those at Manville. In addition to this, because of location, Waukegan is closer to 75% of our market than is Manville. In fact, it would appear ridiculous to consider shipping from Manville to points west of the Great Lakes. On a product which sells down to and below 0.50 lb. and on which freight is allowed, transportation costs are very significant. Freight rates from Waukegan to Vancouver are 3 cts. a lb. This can amount to 20% of the selling price!!!

We had no sooner started placing orders for sheet on Waukegan earlier this year, when we learned (after some delays of course) that our orders were being forwarded to Manville. Due to a "slow-down" or something of that nature at Waukegan. Manville was overloaded and deliveries were running 3 to 10 weeks on our bread & butter line, most of which is supposed to be stock.

A couple of months ago, B.J. Chernack told me this problem had been corrected and that Waukegan could supply us. Again two weeks ago, I was told our orders were again being switched and you said you did not

know when this situation would be ironed out. Had we known we were going to get into these problems, we may not have been so anxious to close down our sheeter.

Within the past couple of years Garlock has started up a new sheeter right here in Toronto. To give it some volume they are selling as low as 0.32 lb. Canadian prices are normally 25% higher than U.S. prices, due to the duty & exchange curtain we hide behind. The only way we can compete, even with our own distributors, is to be able to give service. With your present deliveries, we are out of luck on one of our basic product lines.

Order K22299 was placed 6/9, promised 8/8.

Order K23142 was placed 6/26, promised 8/1, repromised, 8/15.

Order K70224 was placed 7/9, sent from WPF to PFM and now promised 8/30.

Order K70231 was placed 6/8, promised 8/15, repromised 8/29.

These are some examples. We are completely out of stock on some items. How can we run a business this way?

A.J. Gunn

START, COPY

INITIALS

DATE

AS

8.1.95

BOX NO./FILE DRAWER NO.

SEGMENT NO.

191865 / gasket material

505-17-02-05

SIGNIFICANT

NOTES

SM Harlock (Asbestos Sheet Gasket)