MINUTES OF SPRING SALES CONFERENCE
OFFICE OF PRESIDENT COTTINGHAM
JUNE 15, 1921

W. H. Cottingham, Chairman. A. H. Burt, Secretary.

In attendance:

Executive Officers
District Sales Managers
Executive Sales Department Managers
Executive Department Managers
Auxiliary Department Managers
Manufacturing Department Managers
Sales Managers of Affiliated Companies.

1. REVIEW OF REPORTS

(a) Mr. Cottingham announced that the meeting had been called for the purpose of talking over plans for the re-adjustment of our business to present-day conditions, inorder that it may be directed in the most profitable way during the present period of business depression, and to so plan for the future, that when business conditions begin to pick up, this Company will be in a position to seize each opportunity as it presents itself, and thus carry the business on to greater records.

(b) Mr. Cottingham discussed the sales figures for the year to date most comprehensively, and commented upon the showing of each district. Particular mention was made of the showing of the Pacific Coast District, which has the best record of any district in the Company. Mr. Cottingham congratulated Mr. Wolcott upon the showing. The sales figures of the Acme White Lead & Color Works, Martin-Senour Company and the Detroit White Lead Works, were also commented upon.

(c) In reviewing expense reports for the present year up to May 31st, Mr. Cottingham announced that each district will be expected to limit their percentage of expense to sales to 20%, and that anything over 22% would be considered unsatisfactory. Each district is expected to work out its own individual problems to attain this end.

Mr. Ballow brought up the point that since the increase in transportation expense for Texas is approximately 5%, he suggests the expense for the Texas District be figured minus the transportation caption. This suggestion will receive due consideration.

Mr. Cannon suggested that a higher percentage of profit be figured on all products to take care of increased expenses of all kinds, including transportation. This matter has received careful consideration in the past, but the suggestion will again be taken under advisement.

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Mr. Quinn brought out the point that due to unsettled market conditions, our agents are carrying lower stocks than ever before, making it necessary for us to carry larger stocks in our warehouses. He stated however, that he was confident that business in Western District could be conducted on a 20% to 21% to sales basis.

Mr. Kydd put himself on record to the effect that the reduction in expenses which he was accomplishing in North Central District, would result in a percentage of expense to sales of not more than 22% for this year.

Mr. Stout stated that his percentage of expense to sales will be reduced to 20% by August 31st.

Mr. Haynes asked that the district managers be supplied with an estimate of definite percentages under each caption of expense, to guide them in their efforts to conform with the management's idea of the proper percentages under each caption. He was informed by Mr. Whittlesey that these figures would be supplied.

(d) Mr. Cottingham brought up the matter of the increased number of warehouses, and asked the district managers if they felt that we are justified in maintaining all of them.

Mr. Kydd stated he did not feel that the elimination of the Detroit and Saginaw warehouses would cut down the North Central District expenses in any way.

Mr. Quinn stated that the situation in connection with the Indianapolis and Minneapolis warehouses would be adjusted immediately as far as expense is concerned.

Mr. Jarden stated that while the showing of the Atlanta and Savannah warehouses is not good at the present time, in normal times these two warehouses are indispensible. Mr. Jarden is to use his own judgment in continuing the operation of these warehouses.

Mr. Kurtz stated that he felt that all of the warehouse facilities in Southwestern District are required, and that he is confident the percentage of expense to sales can be kept below 22% in his district without the elimination of any present facilities.

Mr. Cottingham stated that the Portland warehouse had the worst showing of any in the Company, having a percentage to sales of 45%. Mr. Wolcott assured him that the situation was receiving his careful consideration, and asked that the matter be left in his hands.

The matter of centralization of invoicing and billing at headquarters points was discussed. Mr. Cottingham stated that it was his desire that everything be centralized as much as possible in the districts. The district managers promised to give this matter most careful attention.

(e) Mr. Cottingham announced that our percentage of expense to sales for the year to date is 28%, and brought out the necessity for still further effort to reduce expenses for the remainder of the year in order to improve this record. Special estimate figures on sales and expense for the months of June, July and August, covering the entire Company were read. By fulfilling these estimates, it will make it possible for the Company to reduce the percentage of expense to sales to 25.12%. Definite figures will be furnished to each district manager for his district.

2. ANNOUNCEMENT OF PRICE REDUCTIONS

Mr. Cottingham brought up for consideration, the matter of announcement to be sent to the retailer in the form of a circular letter over his signature, announcing the reduction of prices on certain products of our manufacture, effective July 1st. He stated that the management had been cognizant of the fact that the trade has been expecting a reduction in prices effective July 1st, and that we have wanted to reduce our prices, but that when we made a survey of our costs we could not see an opportunity for a reduction in prices on anything with the exception of varnishes. He brought out the fact that we are bound to take into consideration the fact that there are many items included in the cost of our products, other than the cost of raw materials. These items include increased taxes, increased transportation expense and increased labor costs.

Mr. Cottingham then read the draft of the announcement to go to the trade, and requested suggestions for its revision. Several suggestions were made which were favorably considered and Mr. Cottingham announced that the letter would be revised in accordance therewith, and that the re-draft would be presented for further consideration at the afternoon session.

There was considerable discussion regarding the various products on which our prices should be reduced. The consensus of opinion appeared to be that prices should be reduced on all lines on which varnish manufacturers have already reduced prices, namely, clear varnishes, Floorlac, Old Dutch Enamel and Auto Enamel.

Mr. Martin made some special remarks regarding the proposed plan of reducing prices on certain products, with which those in attendance concurred. Mr. Cottingham therefore asked Mr. Martin to take special action as outlined by him, and to submit further recommendations.

3. INVENTORIES

(a) Mr. Cottingham fully explained the necessity for the reduction of inventories and the advantages to be derived therefrom. The district managers expressed themselves as fully in accord with the plan outlined by the management.

(b) Mr. Weber stated that approximately $500,000. of our present inventory is of MSD products, and brought out the fact that we have been lax in permitting this condition, as these MSD stocks are carried at the expense of Trade Sales stocks, and are jeopardizing the service which we should render to our established agent and dealer trade.

Mr. Quinn stated that he has given this problem his careful attention, and as a result is decreasing the stocks of MSD products in his district.

Mr. B. B. Cannon stated that the problem is also receiving his careful attention in his district.

4. LEAD BUSINESS

(a) The matter of White Lead sales was discussed by Mr. Cottingham, who brought out the fact that the demand for White Lead is one of the bright spots in the paint industry at the present time, and that the Company should take advantage of present conditions. He announced that our increased facilities for the production of White Lead at Chicago will practically double the amount of that product available for sale.

(b) Mr. Martin announced that it is the Company's intention to supply a lead consisting of 75% Old Dutch Process White Lead and 25% Carter White Lead to be sold to the trade in the the future under the name of Old Dutch White Lead, in place of our present Old Dutch Process White Lead. He further stated that where there is a demand for same, Old Dutch Process White Lead can probably be supplied, as well as the straight Carter White Lead for which Mr. Kydd assured him that there is a definite demand in his district. The details regarding the new lead will be definitely announced later.

Mr. Martin further announced that the Company has decided to undertake the manufacture of red lead, which will be added to our regular line of products. Definite announcement regarding this product will be forthcoming at a later date.

THE MEETING ADJOURNED AT 12:30 TO BE RE-CONVENED AT 2 P.M.