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PROGRESS REPORT

1929 · 1944

JOHNS-MANVILLE

JOHNS-MANVILLE

PROGRESS REPORT

1929-1944

New York

JOHNS-MANVILLE CORPORATION

MARCH 1944

A RECORD

OF ACCOMPLISHMENTS OF THE

JOHNS-MANVILLE

ORGANIZATION

IN THE YEARS 1929-1944

Lewis H. Brown
Elected President, March 15, 1929

THE CREED OF MANAGEMENT

We who are responsible for the management of business in supplying the needs of the public for goods and services and who recognize our obligations to stockholders and employees, believe

THAT we should constantly seek to provide better values at lower costs so that more of our people can enjoy more of the world's goods.

THAT we should strive to develop the efficiency of industry so as to earn a fair return for the investing public and provide the highest possible reward for the productivity of labor.

THAT we should stimulate the genius of science and utilize the methods of research to improve old products and create new ones so as to continuously provide new fields of employment for the present and the coming generations.

THAT management should encourage fair trade practices in business which, whether effected by competition or cooperation, will be so shaped as to be for the best interest of our customers and of society as a whole.

THAT it is management's duty to be alert to its own shortcomings, to the need for improvement, and to new requirements of society, while always recognizing the responsibility of its trusteeship.

THAT business in this country has never been what it could be and never what it yet will be.

THAT Business, Labor, Government and Agriculture working hand in hand can provide jobs and the opportunity for all to work for security without loss of our liberty and rights as free men.

FROM A SPEECH BY LEWIS H. BROWN, PRESIDENT, JOHNS-MANVILLE CORPORATION, BEFORE THE SEVENTH INTERNATIONAL MANAGEMENT CONGRESS, AT WASHINGTON, D.C.

JOHNS-MANVILLE DIRECTORS

WALTER H. ALDRIDGE
President
Texas Gulf Sulphur Company

LEWIS H. BROWN
President
Johns-Manville Corporation

ENDERS M. VOORHEES
Chairman, Finance Committee
United States Steel Corporation

JOHN W. HANES
Chairman, Executive Committee
United States Lines Company

ROBERT W. LEA
Vice President
Johns-Manville Corporation

*WILLIAM R. SEIGLE
Chairman of the Board
Johns-Manville Corporation

FRANCIS D. BARTOW
Partner
J. P. Morgan & Company

GEORGE WHITNEY
Partner
J. P. Morgan & Company

*Deceased

IN THE YEARS SINCE 1929

WALTER A. JESSUP
President
Carnegie Corporation of New York

E. T. STANNARD
President
Kennecott Copper Corporation

HENRY C. ALEXANDER
Vice President
J. P. Morgan & Co., Incorporated

H. EDWARD MANVILLE, JR.
1st Lieutenant
in the United States Army

H. EDWARD MANVILLE
Chairman of the Board
Johns-Manville Corporation

GEORGE B. EVERITT
President
Montgomery Ward & Company

ALFRED P. SLOAN, JR.
Chairman
General Motors Corporation

CLARENCE M. WOOLLEY
Chairman, American Radiator
& Standard Sanitary Corporation

MEMBERS OF THE OFFICERS BOAR

LEWIS H. BROWN
President
Johns-Manville Corporation

LOUIS R. HOFF
Vice President
Johns-Manville Corporation

ROBERT W. LEA
Vice President
Johns-Manville Corporation

CLIFFORD F. RASSWEILEI
Vice President
Johns-Manville Corporation

MYRON J. BOEDEKER
Comptroller
Johns-Manville Corporation

ALVIN BROWN
Assistant to Vice President
Johns-Manville Corporation

VANDIVER BROWN
Secretary
Johns-Manville Corporation

LESLIE M. CASSIDY
Vice President
Johns-Manville
Sales Corporation

ROGER HACKNEY
Treasurer
Johns-Manville Corporation

JOHN P. KOTTCAMP
Vice President
Johns-Manville
Products Corporation

THOMAS K. MIAL
Vice President
Johns-Manville
Sales Corporation

HARRY M. SHACKELFORI
Vice President
Johns-Manville
Sales Corporation

IN THE YEARS SINCE 1929

SAMUEL A. WILLIAMS
Vice President
Johns-Manville Corporation

*JAMES S. ADAMS
Vice President
Johns-Manville Corporation

†WILLIAM R. SEIGLE
Chairman of Board
Johns-Manville Corporation

‡ENDERS M. VOORHEES
Vice President
Johns-Manville Corporation

EDWIN S. CROSBY
Vice President
Johns-Manville
Sales Corporation

ARTHUR S. ELSENBAST
Vice President
Johns-Manville
Sales Corporation

ADRAIN R. FISHER
Vice President
Johns-Manville
Prodncts Corporation

JOHN P. SYME
Director of
Industrial Relations

JOHN H. TRENT
Vice President
Johns-Manville
Sales Corporation

†PHILLIP A. ANDREWS
Vice President
Johns-Manville
Sales Corporation

†CHARLES H. ROBERTS
Treasurer
Johns-Manville Corporation

*Now President, Standard Brands, Inc. †Deceased while in company service ‡Now Chairman, Finance Committee, United States Steel Corporation

1938 ~

AFTER THE EXPERIENCE OF THE LONG DEPRESSION, IT took little to undermine confidence. Renewed depression, succeeding so swiftly upon gradual recovery, was devastating. From 139 at its highest, durable goods production fell to 65 in 10 months. This was a descent which, in the long depression, had consumed more than two years. The decline in general production was equally precipitate. At the end of six months the company's operations showed a loss of $25,000 with no evidence of interruption of the downward trend.

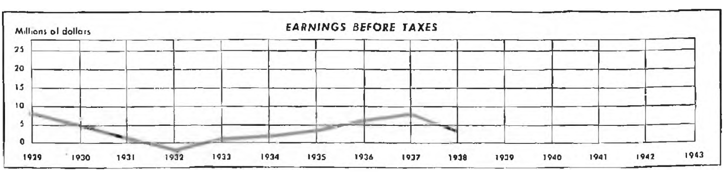
Prudence demanded retrenchment. Dividends on the common stock were suspended from the beginning of the year. Attack upon costs and expenses was renewed. Salaries were reduced by 5% to 12% at the beginning of July. But there were many increases in costs of operation which could not be controlled.

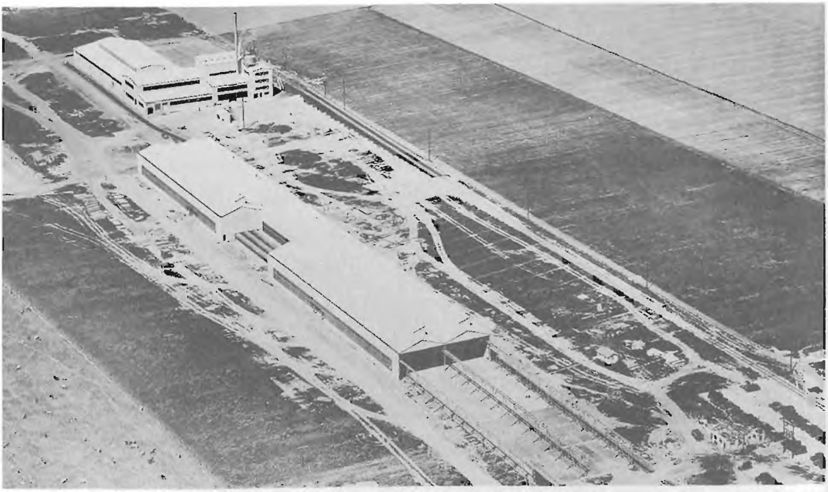
Expansion of productive facilities went steadily forward, however, and the major program was largely completed. Watson began operation in October and Richmond in December. The power plant at Manville was completed. Dust elimination equipment costing $135,000 was installed in the Asbestos mills. Nearly $200,000 was devoted to ovens for the manufacture of superfelt, the improved rock wool batt. The effect of the program upon the distribution of investment in fixed assets was notable. The aggregate net value was little changed from 1929. But, whereas in 1929 the value of mineral properties exceeded $10 million and machinery and equipment was less than $6 million, now the former was reduced $3½ million by depletion provisions while the latter was increased by nearly $3 million. Thus, the materials of production were being replaced by the more dynamic tools of production.

This steady devotion to the foundations of enduring progress despite the tremors of economic disruption was evidence of the wisdom of the financing of the previous year. Capital expenditures again exceeded $4 million, reaching a total of $12 million for the three years. Working capital was drawn upon to the extent of $2 million, but at over $17 million it remained ample.

With the provision of a fund of $235,000, later to reach and be stabilized at about $425,000, the company now became a self-insurer of its workmen's compensation risk at all but three of the smaller plants. It insured itself against extraordinary hazards, moreover, at a modest cost.

The first annual jobholders' report was rendered, dealing with operations in 1937 and with the affairs of the company in general. In introducing this report, Mr. Brown said: "It has long been the custom for business firms to issue annual reports to their *stockholders* – the persons whose money invested in a company makes it possible to build factories, buy materials, create employment, sell to customers on credit, and provide for future expansion. I propose this year to make a report to the *jobholders* – the persons whose time and labor invested in Johns-Manville make it possible to manufacture, distribute, and sell our products. . . . The united efforts of all have made possible this year of





FACTORY AT WATSON, CALIFORNIA

progress and achievement in spite of bad times which reduced business during the latter part of 1937." It was a step in industrial relationship which many companies were to follow.

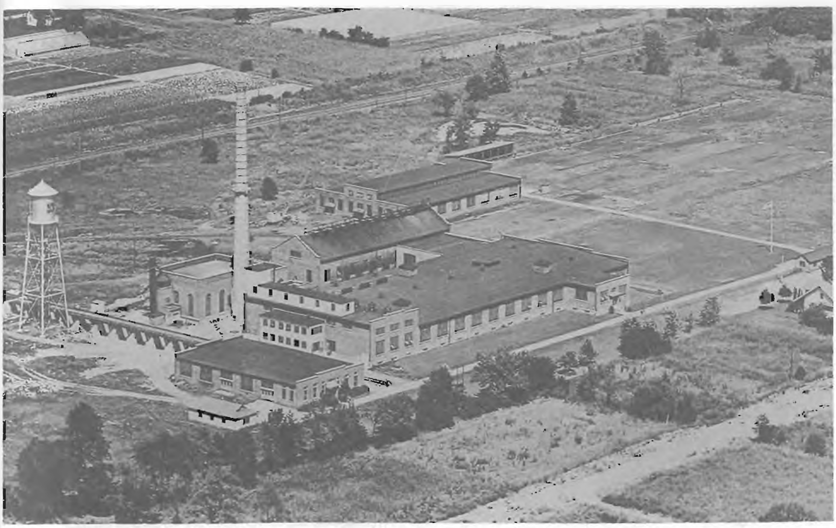
This year brought an unusual number of changes in the management group. W. R. Seigle, chairman of the board and director of research, 39 years in the company's service, died after a brief illness. He had long believed that research is the touchstone of industrial progress. So devoted was he to this belief that beginning in 1916 he had devoted his own funds to research; the facilities thus created had been purchased by the company in 1930 and research activities centralized at Manville under his direction. Alfred P. Sloan, Jr., and Clarence Woolley retired as directors after serving nine and eight years respectively. E. T. Stannard, president of Kennecott Corporation, and Dr. Walter A. Jessup, president of the Carnegie Foundation for the

Advancement of Teaching, were elected to these places. C. H. Roberts succeeded Arthur Olsen as treasurer.

The close of the year brought reassurance to industry. The duration of the recurrent depression was to be brief in proportion as its onset had been rapid. There was to be another year before complete recovery from its effects, but the beginning of that recovery was under way. Sales were so far improved in the latter part that they amounted to $47 million for the year, not much lower than in 1936. At this level, in the face of increased production costs, the cost ratio could not but suffer; but expenses were well controlled, and the year afforded earnings of $1½ million. These amounted to $1.09 per share of common. A dividend of 50 cents per share was paid at the close of the year.

In an address to the Seventh International Management Congress

FACTORY AT RICHMOND, INDIANA



in Washington, Mr. Brown proposed a creed of management. In seven beliefs Mr. Brown expressed his ideals of increasing utility of production, efficiency in industry, research, fair business practices, cooperation between business, labor, government, and agriculture, and, in his own words: "That it is management's duty to be alert to its own shortcomings, to the need for improvement, and to new requirements of society, while always recognizing the responsibility of its trusteeship. That business in this country has never been what it could be and never what it will yet be."

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