

NATIONAL AUTOMOTIVE PARTS ASSOCIATION

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NAME ALL NAPA DIRECTORS

DATE May 7, 1946

[REDACTED]

5. American Brakeblok - Warehouse discount.
American Brakeblok has broached to us for discussion and consideration the matter of reduction of our warehouse discount. I am advised that the Brakeshoe management feels that Brakeblok's cost of distribution is too high and that with increasing volume a substantial reduction in percentage of distribution cost should be effected, but that this is not possible with a fixed warehouse discount.

Our discussions thus far have been only preliminary and very general in character. The Brakeshoe management, however, is disposed to have the matter explored to a conclusion and we must deal with it accordingly.

American Brakeblok suggests that factors that should be taken into consideration are: NAPA warehouse discounts on other lines; factory field sales assistance; rebates; relative in-

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Inventory turnover; relative sales cost to the warehouses compared to other lines; cost of distribution in the brake lining industry in general.

I gather that their thinking is revolving around reduction of our warehouse discount to [REDACTED] on all products. It is now [REDACTED] on brake lining except certain heavy duty material, on which it is [REDACTED], and [REDACTED] on clutch facings, fan belts and radiator hose.

Our purchases for the year 1945 were: brake lining (approx.); thick block, et cetera, (approx.); clutch facings fan belts radiator hose

American Brakeblok has 25 salesmen in the field working on NAPA business. I estimate the salaries and expenses of these men to be about \$100,000 per year. This would be about 1% of American Brakeblok's total sales to NAPA for the year 1945.

I would like, please, to have your counsel and instructions.

6.

[REDACTED]

[REDACTED]