

BOARD OF OPERATORS - 1108th MEETING

August 19, 1940

Present:

A. W. Steudel
H. J. Main
F. E. Davis
V. Mills
S. E. Coolidge
W. C. Sieplein
G. H. Griffiths
J. S. Prescott
E. C. Baldwin

Absent:

E. E. Ware
N. E. Van Stone
F. Stanton
T. McDowell

Copies To:

G. A. Martin
H. D. Whittaker
L. W. Wolcott
K. H. Wood
C. A. Campbell
Z. E. Martin
W. H. Stuart
D. A. Kohr
W. A. Gorrell
P. C. Grigsby
D. A. Whittaker
L. C. deMerrill
F. Allen

9126 - REPORT ON FACTORY OPERATIONS:

In spite of a loss of 7% in trade, total sales for the week were 9% ahead of last year and included a gain of 10% in sales of paint, varnish and lacquer and 20% in retail stores.

Orders for heavy liquids amounted to 136,000 gallons as compared with production of 156,000 gallons. Shipments of 176,000 gallons resulted in a reduction in stock of 31,000 gallons.

With the exception of Cleveland and Gibbsboro, factories continued to operate on a forty hour week.

9127 - REPORT ON NUMBER OF HOURS PLANTS HAVE OPERATED:

Plant	P&V	Operated at 40 hour week
Chicago	-	" " 40 " "
Newark	-	" " 35 " "
Cleveland	-	" " 40 " "
Oakland	-	" " 40 " "
Los Angeles	-	" " 40 " "
Dallas	-	" " 43 1/2 " "
Chicago Lacquer	-	" " 41 " "
Dry Color	-	" " 40 " "
Flushed Color	-	" " 40 " "
Acme	-	" " 32 " "
Lowe Brothers Company	-	" " 40 " "
Lucas	-	" " 36 " "
Martin-Senour Company	-	" " 40 " "
Chicago White Lead	-	" " 50% capacity
Tin Can	-	" " 75% "
Coffeyville Lithopone	-	" " 100% "
Leaded Zinc	-	" " 67% "
Cleveland Linseed Oil	-	" " 56% "
Castor Oil	-	" " 28% "

9128 - JULY 31st SHERWIN-WILLIAMS INVENTORIES:

Mr. Mills reported that total inventories at July 31st showed a reduction from June 30th of \$565,000 but that they are \$612,000 over July 31st, 1939, and \$1,335,000 over last August 31st.

Mr. Davis reported that orders for raw materials are being very carefully controlled with a view toward reducing stocks to a minimum on August 31st but having new supplies available immediately after the end of the year.

Mr. Mills advised the Board that any linseed oil in transit from supplier's plants would have to be considered in the inventory at August 31st. Further consideration will be given to this point.

9129 - TOLERANCE ON LEAD AND ARSENIC ON FRUIT:

Mr. Mills reported that the government has revised tolerances on lead and arsenic on fruit as follows:

	<u>Former</u>	<u>Revised</u>
Lead	.025%	.05%
Arsenic	.01	.025

9130 - WALLPAPER STANDARDS:

Mr. Mills reported that the Federal Trade Commission has set up standards on "washable" and "non-fading" wallpaper.

Mr. Steudel pointed out that it would be necessary for United to meet the new government standards on all papers sold as "washable" and "non-fading".

9131 - DURABILITY TESTS—GOLDEN GATE BRIDGE:

Mr. Mills reported that on competitive tests for durability on the Golden Gate Bridge, Kromik Primer #74 has been shown superior to the other brands used.

An effort will be made to obtain a statement from the bridge commission which can be used for publicity.

9132 - DEHYDROL:

Factory consumption of Dehydrol amounted to approximately 62,000 pounds as compared with production of 74,000 pounds.

Mr. Davis reported that an arrangement is being worked out with Baker Castor Oil to assure us of a supply of raw castor at a reasonable cost.

Mr. Mills advised the Board that our own factory requirements for Dehydrol during 1940-41 will amount to about 75 tanks of the present standards but that total requirements will probably be 85 tanks if a satisfactory low-viscosity oil is produced.

A commitment was made for factories to purchase 25 tanks on contract at a price

of 12¢.

Mr. Coolidge reported that two tank cars were sold to the trade during the week.

9133 - CHINA WOOD OIL:

Mr. Davis reported that we would have about eight tank cars of China Wood oil in stock on August 31st.

9134 - PERILLA OIL:

Mr. Davis reported that the stock of perilla oil at all plants amounts to three and one quarter tank cars. Some of the stock at Dallas will be disposed of before the end of the month.

9135 - PIG LEAD:

Mr. Davis reported that our stock of pig lead will be entirely used up by August 31st.

9136 - LITHARGE FOR OAKLAND:

In view of the uncertain lead market, it was decided to buy in the next thirty days only the litharge needed for immediate production at Oakland on the basis of the average market price of pig lead.

9137 - CATALOG ORDER--HALL PRINTING COMPANY:

Mr. Davis reported that as a result of placing an order for catalogs with the Hall Printing Company, we will be given all of their business on yellow which has been going to a competitor during the last year.

9138 - NEW BUILDINGS--CHICAGO:

Mr. Prescott showed the Board the tile block that will be used in new C P and warehouse buildings at Chicago. The contract for the C P building has been let and the contract for the warehouse will be let about the fifteenth of September with the expectation that it will be ready for occupancy by the first of the year.

9139 - ARGENTINE PLANT:

Mr. Prescott reported that the Argentine plant will be turned over to us early in September and that work will be speeded up as much as possible so that we can get into production and avoid losing sales because of the recently imposed quota restrictions.

A check will be made to see how Ford plans to continue getting lacquer into the Argentine in view of the new quota restrictions.

9140 - RAW MATERIAL COSTS:

Mr. Sieplein reported that costs of paint and varnish raw materials for July were 6.7% over the average of all of last year and that year-to-date costs are 6.9% over last year.

Markets for July were 7.3% over last year's average.

Inventory costs will be very close to market prices on August 31st. Mr. Sieplein was asked to work up replacement costs on trade sales lines as of August 31st as

compared with a year ago.

The government index of raw material prices has shown a rather steady decline over the past seven month period.

9141 - COST FIGURING SYSTEM:

Mr. Siegelman reported that revisions are being made in our system of cost figuring which will reflect changes in manufacturing methods and which will make possible better cost control. The changes will probably result in lower costs on industrial materials manufactured in large batches.

9142 - TRANSPORTATION RATES--DALLAS TO HOUSTON:

Mr. Baldwin reported that the Texas Railroad Commission has approved the following rail rates between Dallas and Houston:

30,000 pounds	28¢
20,000 "	35¢
10,000 "	40¢

These lower rates will result in a saving of some four or five thousand dollars on shipments from Dallas to Houston only and should result in a much larger saving when rates to other Texas points have been revised in line with the above.

9143 - JULY SALES:

Mr. Staudel advised the Board that sales for July showed the following gains over last year:

Trade	20%
Retail Store	30%
Opex Jobber	11%
Industrial	19%
Transportation	14%
Insecticides	(13)

9144 - PLEASURE CRAFT FINISHES:

The Board decided that no more Pleasure Craft finishes would be produced and that the line would be discontinued.

9145 - SALES OF LEAD IN OIL:

Mr. Goodridge reported that shipments of lead in oil by all producers for the first six months of 1940 were 31% below the corresponding period of 1939. Our own sales of lead in oil so far this year have been almost the same as last year.

9146 - COPPER SULPHATE:

Mr. Mills reported that purchases of copper sulphate at Bound Brook have been made only for immediate requirements and that no further commitments will be made.

9147 - GIFT SHOPS IN RETAIL STORES:

The Board approved Mr. Stuedel's suggestion that gift shops be installed in twenty-five more of our retail branches. He advised the Board that we have employed a specialist in this phase of retail operation and that volume purchasing would enable us to buy at an extra discount of approximately 20%. Consideration is being given to carrying a warehouse stock at a central location which would entitle us to still further discounts.

9148 - DECORATIVE SERVICE IN RETAIL STORES:

Mr. Stuedel outlined to the Board the plan to extend the decorative service now offered at Cleveland to our retail branches and thus put ourselves in a position to cash in on far more retail business than we are now getting. Experiments will be carried out during this next year which will form the basis of a program for all of our retail outlets. The need for this special service is apparent from the increased competition from mail order houses and from the fact that a continually larger percentage of the paint business is being done through exclusive paint and wallpaper stores rather than hardware stores.

9149 - SIOUX CITY WAREHOUSE:

Consideration will be given to discontinuing the Sioux City warehouse and making shipments to the trade either from the factory or from one of our other warehouse points.

9150 - BID BUSINESS:

Mr. Sieplein reported that we have been awarded the bid on a navy order for 350,000 tin cans. The value of the order is approximately \$15,000.

We have also been awarded the business on white background enamel for the State of New York inasmuch as the material supplied by the low bidder has proved unsatisfactory.

Since September 1, 1939, 2316 invitations to bid have been received. A total of 1946 amounting to \$5,321,043 have been placed and of this total we have received awards on 250 amounting to \$743,368.00.

9123 - FACTORY OPERATIONS, week ending August 13, 1940
HEAVY LIQUIDS - S-W PLANTS

Total orders received	-	136,062	Total production	-	156,280
Total factory stocks	-	650,386	Inventory Dec.		31,359
CHICAGO	-	Orders recd. 55,494 Production 80,883 Stocks 309,223 gals.			
NEWARK	-	Orders recd. 33,135 Production 36,188 Stocks 134,619 "			
CLEVELAND	-	Orders recd. 27,281 Production 23,032 Stocks 146,239 "			
OAKLAND	-	Orders recd. 20,152 Production 16,177 Stocks 60,305 "			

TOTAL PLANT OUTPUT

CHICAGO	P&V	-	124,259 <u>Gals.</u>	Operated at 85%
NEWARK	P&V	-	55,216 "	" " 65%
CLEVELAND	P&V	-	43,568 "	" " 80%
OAKLAND	P&V	-	26,502 "	" " 141%
LOS ANGELES	P&V	-	12,901 "	" " "
DALLAS	P&V	-	15,475 "	" " 200%
CHICAGO LAQUER		-	52,587 "	" " 95%
DRY COLOR		-	59,873 <u>Lbs.</u>	" " 81%
FLUSHED COLOR		-		" " 37%
CHEM. PRODUCTS		-		" " 51%

BOUND BROOK INSECTICIDES

-	Arsenic Acid	81 tons
-	Fungi Bordo	52 "
-	Paris Green	11 "
-	Busi-Dep	6 "

OAKLAND INSECTICIDES

-	5 days--3 eight hour shifts.
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ACME

-	Produced 51,828 gals. Paint Dept. operated at 40%, Enamel & Lacquer at 17%, and Varnish & Trimmer at 16%.
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LOWE BROTHERS COMPANY

-	Manufactured 41,996 gals. with Paint Dept. operated at 69%, Enamel Dept. at 69%, and Varnish Dept. at 41%.
-	Manufactured 30,516 gals. Operated at 33%.

MARTIN-SENGOUR COMPANY

-	Manufactured 15,346 gals. Paint Dept. operated at 43%.
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8-19-40.

#9123 - PLANT REQUISITIONS APPROVED:

RETAIL STORES:

#1511 - Long Beach

Counter platform scale and 2 drum cradles 36.88

#1514 - Detroit-Woodward

Graphic Arts display room, etc. 314.00

#1515 - Quincy

2 Westinghouse fans 54.00

#1519 - Danville

New installation 3,014.38

#1522 - Middletown

Tape machine and hand truck 17.20

#1524 - Middletown

Furniture and fixture account purchased for Atchley Paint Co. 552.20

#1525 - Ann Arbor

Furniture and fixture account purchased from Wenzel's 1,931.75

#1526 - Bristol

Furniture and fixture account purchased from Bristol Decorating Co. 907.54

#1527 - Owensboro

Furniture and fixture account purchased from Norris Paint & wallpaper Co. 1,155.19

#1528 - Miami

1940 Dodge 1/2 ton panel truck 726.75

#1541 - Mattoon

2 four extinguishers 17.00

MISO. VALLEY DIST:

#37 - St. Louis

Royal typewriter 91.06

WESTERN DIST:

#5811 - Chicago

1 - 3-drawer metal filing cabinet 25.00

#5912 - Chicago - Accts. Dept.

Burroughs bookkeeping machine 1,446.38

#5813 - Chicago - Accts.

1 ledger tray and base for bookkeeping machine 36.50

CLEVELAND ADMIN. OFFICES

#1518

1 desk fan for Statistical Dept. 22.80

CHICAGO FACTORY

#551

Stamping machine - "F" 55.88

#564

Electric drinking fountain - 12-gallon 231.19

#571

Install 2 fluorescent l. v. - "F" 113.10

#574

2 fluorescent light fixtures - 12 66.50

#581

New steam return line between B. S. and track 6-Power 186.00

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#581	40 gal. colormeter, complete - Lacquer	301.88
#589	2 - 4 blade Whirl Aire floor model fans - Fact.Off.	96.00
#591	1 steel bin - Stock	775.90

NEWARK FACTORY

#645	Stock office addition	795.50
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WINSTON-SALEM

#4	4 metal transfer files	14.63
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TOTAL PLANT REQUISITIONS APPROVED - - - - - \$ 12,988.26

#9124 - LARGE EXPENSE REQUISITIONS APPROVED:

RETAIL STORES DEPT:

#1512 - Cincinnati

#	Replace sign work on 2 broken windows	37.00
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#1523 - Cincinnati

	Repair awning	16.00
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CLEVELAND LINSEED OIL MILL

#780	Repair vacuum pump crankshaft	55.60
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CHICAGO FACTORY

#561	Experimental equipment for reclaiming paint - "C"	56.00
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#577	Overrun on reqn. 427 - regrinding rolls on Behmann mill	205.60
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#584	Point up walls of Bg. #19 - R & S	432.05
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NEWARK FACTORY

#660	Repairing 10 venetian blinds	65.00
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OAKLAND

#138	Overrun on Reqn. #135 - Roof repairs to 3 buildings	340.00
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TOTAL LARGE EXPENSE REQUISITIONS APPROVED - - - - - \$ 1,257.25

Total Plant requisitions approved to date \$ 1,460,631.43

Total Expense " " " " \$ 209,100.45

Asma - Detroit

ES 1095	Repaint 2nd fl. Bg. #3	290
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ES 1096	Paint 2nd fl. Bg. #13	28
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1097	Paint 1st fl. Bg. #2	48
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	Paint stairway, etc. Bg. 3	
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Chicago

n housing for underground tanks - Varnish Yard