

Division Headquarters,
Toronto, July 21, 1969.

ALL PACKING PERSONNEL

cc:
M.A. Haddon - Toronto
M.N. Reinhart - Toronto
File

COMPRESSED ASBESTOS SHEET
ASTM SPECIFICATION D1170, & SAE SPECIFICATION 90R BOTH GRADE P1161A

I have been asked to clarify our pricing and policy on the several products we sell which meet the above specifications. As you know, these sheets include the following:

Styles 60 & 61, 25 & 25W, 1600GC & 1661GC

When styles 60 & 61 were made at Asbestos, in an attempt to give them all the volume possible, we sold gasket cutters in Eastern Canada at 10 carton list less 50% for any quantity 1 carton or more in full cartons. When our list and discount structure was changed, it was list less 46%. The price request limited this to "sheet made at Asbestos only".

Now that 60 & 61 are no longer made at Asbestos, I believe that all those concerned were notified the above no longer applied. Because we are selling imported 60 & 61, we must adhere to the U.S. price structure and there are no special discounts other than those shown in our price book. We will accept a blanket order at the ten carton price, to be taken at least 2 cartons at a time. Of this you were also advised.

We now have 3 classes of sheets for 3 classes of trade:

1. Styles 60 & 61, our best quality line, which we should push in preference to the others, where our customers will pay our price and who wants the best sheet. We can supply for general service.
2. Styles 25 & 25W to be sold to distributors only, 5 carton minimum, where the competitive situation prevents sale of 60 & 61 sheet.
3. Styles 1600GC & 1661GC for gasket cutters only; The gasket cutter must not resell as sheet.

Why 3 classes of sheet to the same specification? Primarily to protect the price structure of our top line. This type of situation is prevalent in many classes of business. e.g. the tire business, batteries, floor tiles, canned fruit; the examples are so numerous it is ridiculous to have to name any. It is certain that many manufacturers sell identical or almost identical lines under two or more labels at two different prices. Some people will always buy the highest priced product (the "carriage" trade) because they want the best because they can (usually) afford the best. The profit in these lines is usually much better than in the lower-priced lines. Why sacrifice it?

HOWEVER, because all three classes of sheets meet the same specification, it doesn't follow that they are necessarily identical or of the same quality. Note that (for one thing) Styles 60 & 61 also meet MIL-A-17472B. The other styles don't!

It is necessary to understand what compliance with a specification means to appreciate the point I am trying to make. For example, one property subject specification spells out is a minimum tensile strength of 2000 p.s.i. It doesn't matter how much above this figure they run; a sheet having 2000 p.s.i. meets it, as does one having 10,000 p.s.i. Our Data Book shows "typical properties" of styles 60 & 61 as minimum 2500 p.s.i. textile the other styles as 2000 p.s.i. Other properties listed are also different. From this we can assume all these sheets are not of identical quality.

The point of all this is that we should consider style 60 & 61 as our quality sheets and sell them where we can. If our gasket cutter is supplying your customer, he will probably want to supply styles 1600 & 1661, because he can buy them at a lower price. There is little point in making a big issue of this. If the GC sheets are satisfactory to the end user, fine! If the latter insists on the better sheet; you should not attempt to convince him there is no difference; rather you should attempt to have your cutter carry our better sheets also.

I trust this attempt at clarification meets the objective stated at the beginning.

A.J. Gunn

~~M.A. Hutton Toronto.~~

cc

A.J. Gurn - Tor. ✓
File.

Montreal Visiting
July 16/69

MAH also
replied. att.
his copy
when
rec'd

Warehouse location 644 Montreal
Mexico Products.
Sheet Packing Inventory.

At your request Montreal District have placed a warehouse order for 70 sheets $1\frac{1}{16}$ " $\times 60 \times 63$ " and 35 sheets $1\frac{1}{8}$ " $\times 60 \times 63$ Style 60.SS the same amount for style 61, along with 50 sheets $1\frac{1}{8} \times 60 \times 63$ and 20 sheets $1\frac{1}{8}$ Style 78. I understand from Mac that we now have a S.P. warehouse location (644) and that this material will be kept there for his use.

May I ask how you expect to sell this sheet to Mac? Did you discuss with Mac just how much more this sheet is going to cost him, now that we have to import same? Jack can correct me here if I am wrong, however when Asbestos Plant was still manufacturing this sheet, we sold this sheet to Gasket Cutters at the 10 carton price less 50%, ie $\$14.00$ ^{list}/sheet less 50% = approx $47\frac{1}{2}$ ¢/lb based on a yield of 14.6 lbs/sheet.

Now our sheet from the US based on 10 carton lots lists at $\$13.00$ /sheet less the maximum discount set up by Jack which is regular distributor 30% gives a net price of $\$9.10$ /sheet or 62¢/lb.

This is approx a 30% increase in price.

Mac is of the opinion he is still paying the old price of around 47¢/lb.

Now on the other hand we have our styles 1600 and 1661 gasket cutter sheet which has the same ASTM spec. Grade P1161-A as our 60+61 which we can sell to the trade at approx 43¢/lb. at the 24 lb + over bracket. This is the sheet all of our Gasket cutters across the country mainly buy now since Asbestos Plant ceased making 60+61 sheet.

With Garlock peddling their 7821 + 800 sheet at fire sale prices, we are fortunate we sell as little style 60+61 as we do. The US recognized this situation some time ago because we now have our styles 25+25W, same grade ~~P1161~~ 1161-A as 60+61 to combat severe price situations. These styles 25+25W are only sold to Authorized Distributors. Styles 1600+1661 is only sold to gasket cutters.

I am not concerned about moving this sheet if Mac doesn't go for the price, however Mac must be made aware of this price situation before he really wonders what we are trying to do to him. Mac is aware of our styles 1600+1661 as I personally saw to this months ago. I was also surprised to learn that no one in the Mtl District Office knew what prices they were to charge Mac for 60+61 sheet. I can't recall off hand if the District

were notified what prices apply to Gasket Cutters
on 60 & 61 sheet. Perhaps it would be in order
for Jack to send out a letter on this, now that
this sheet is being imported.

I understand you will be back in Montreal
the week of the 21st July. Would you please
discuss this situation with Mac.

I took Claude in to meet Mac as he is
going to service this account and I would
suggest you discuss this material and price
situation with him also.

Mac was embarrassed about the fact
that I knew nothing about this whole
deal. ~~At the time~~. I was inwardly upset.
We certainly displayed a breakdown of
communications on this one.



START, COPY

INITIALS

DATE

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8.1.95

BOX NO./FILE DRAWER NO.

SEGMENT NO.

191865 / gasket material

505-17-02-05

SIGNIFICANT

NOTES

SM Harlock (Asbestos Sheet Gasket)