CC: Mr. A. L. Meyer - Ardmore
Mr. R. Smith - Legal Dept. ← THIS COPY FOR
Mr. O. F. Grieve - Paoli
Mr. J. V. Mannino - Ardmore

B21416

PLAINTIFF'S EXHIBIT

GP-2094

May 18, 1962

Mr. J. A. Marian
Gypsum Products Manager
Johns-Manville Sales Corp.
22 East 40th Street
New York 16, New York

Dear Joe:

We receive summaries of shipments from the plants monthly and have been watching the J-M performance carefully for several reasons.

We want to be sure the Manufacturing Plants are continually adjusting their inventory to reflect the change in marketing conditions and also are able to ship orders received. We are anxious to see successful performance on the part of J-M under the contract.

After analyzing the figures to date, it appears that from a slow start in January there has been a gradual improvement and that overall J-M shipments are just under 90% of the total minimum footage covered in the contract. However, by plants the performance at Acme, Akron and Bestwall need a great deal of improvement in that during April, J-M placed orders less than half the minimum, while at Fort Dodge and Grand Rapids about two-thirds of the minimum.

New Orleans shipments were about 90% of the minimum and very probably with the normal increase in business as good construction weather develops, Johns-Manville should be taking the minimum footage or more in May and for the rest of the summer.

The picture is much brighter at Sigurd and Wilmington where in April Johns-Manville placed orders for almost the maximum footage available under the contract.

In comparing the performance of Johns-Manville statistically with that of Bestwall, it appears that the J-M efforts could be improved on many of the speciality items and very generally on lath. Furthermore, the performance on plaster is very poor and in fact at several plants is practically non-existent. The sale of joint system products no where near matches the performance of Bestwall or of the Gypsum Industry. Based on the sale of joint system to cover the footage of board involved, Johns-Manville sales of

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New York, N.Y.

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joint system amount to less than 20% of the material that could be sold. Bestwall's terrific increase in the sale of joint system materials by tonnage during the past five years attests to the present character of the material and their vast improvement.

As the contract has been discussed here, the sales effort on the part of Johns-Manville would be balanced and many of the specialties and bag good items would move as a result of the sale of the high profit standard board items. In analyzing the sales weekly, monthly, or for longer periods of time, it can very generally be shown that about 90% of John-Manville sales are in four items, with about half in 1/2" gypsum wallboard, 12% in 3/8" lath, 5% to 10% in Firetard and the rest in 3/8" board. All of the many other items represent less than 10% of the J-M sales. The F.O.B. prices on the heavy movers in comparison with the published mill base price provide a very substantial margin of profit for Johns-Manville. It was understood this would compensate for the lower profit on the higher cost items in the specialty and bag goods lines.

The very poor sales performance on bag goods including joint system material and on the specialties, creates warehousing problems at every Bestwall gypsum plant, and results in costly inventory of packaging material and finished goods which must be available in order to give service on J-M orders.

We trust that everything possible is being done to improve Johns-Manville sales efforts on these items. You have been advised that each of the Bestwall gypsum plant manager along with their quality supervisors are very eager to assist Johns-Manville sales people in the field by appearing at sales meetings, making calls where there maybe quality problems with large potential Johns-Manville customers and by other means you feel desirable to bring about an improvement in Johns-Manville sales.

If there is anything that can be done to assist you, particularly on some of these slow moving and specialty items, please advise us.

Very truly yours,

BESTWALL GYPSUM-FIRED SALES CORPORATION

C. E. Abbey
Merchandise Manager, Gypsum

CEA:mm