Annual
Report to Stockholders

of the

ACME WHITE LEAD AND COLOR WORKS

DETROIT, MICHIGAN

1913

Secretary's Report to Stockholders

of the

ACME WHITE LEAD AND COLOR WORKS

DETROIT, MICHIGAN, U. S. A.

at the

Annual Meeting January 9, 1914

With a brief sketch of the progress of the Company from it's organization in 1884 to date.

AMERICA said a Congressman in Washington not long ago, "has now become the 'Paint Pail' of the world, and the material from that pail is coloring a large portion of the earth. The time is coming when the paint industry of the United States will rank with the steel industry in importance."

Even these words, spoken by a man favoring government education of the people in the uses of paint and care of their homes, fall short of describing the actual "paint situation" as it exists in the United States today. The demand for paint has, in reality, only begun—only the surface of the business has been skimmed over, and yet it has developed into one of our most powerful industries.

This is not a statement made at random. There are proofs of it—proofs everywhere one may look; not only statistical proofs, but "proofs of the eye"—proofs that every man must understand and recognize. As one rises from his bed in the morning, the first thing that meets his gaze is color—the color of paint and the lustre of varnish; he sees it at his breakfast table; it is still with him when he leaves for his work, color—color everywhere. Not a step during the day can he take without paints and varnishes in all their hues and in all their combinations, greeting his vision. They are a part of life—an artificial but necessary part; indispensable, ever-present. And they are becoming more and more so. Science in paint making, is not only developing better and better products for the use of the skilled painters and decorators who must be employed by every person who cares properly for his home, but it is, at the same time, manufacturing more and more products in such simple and useful forms, that they may be employed by the home-owners themselves. Thus, there are paints, enamels, varniches, etc., which he, or the housewife, is constantly finding useful, in fact, indispensable, in the care of their household woodwork, floors, tables, chairs, and other furniture. To the millions of home owners in this country these have become money-saving necessities; they play their parts, in a way, as surely as food and clothes; these "house beautifiers," as one clever housewife aptly puts it, "have become almost as necessary as soap and water."

Statistics in themselves are usually uninteresting; but there is a romance to the figures which tell the story of paint. These figures show, more than anything else, the great future in store for the paint and varnish industry. It is estimated that there are over 30,000,000

William

Albert F. F.

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structures of wood and brick in the United States; there are unnumbered millions of other objects, from billboards to our hundreds of thousands of railway cars, upon which paints and varnishes must be used. And these "objects of demand" are increasing so rapidly that for many years to come the paint factories will be kept busy supplying home demand alone, saying nothing of the constantly increasing foreign demand, which is growing because of the recognized superiority of American paints and varnishes over those made in other lands. In America, as in no other place in the world, the making of paint has been reduced to a science, and, for that reason, as the Congressman quoted above, said, "America has become and will remain the Paint Pail of the world."

And it is with pride that we are able to say that the Acme White Lead and Color Works, for the popularity and superiority of its products, the scientific care of its management, and the tremendous increase of its business, leads the van as progressive paint and varnish manufacturers. Few stories of human achievement have been filled with greater interest than the building up of this world's greatest paint institution. Just twenty-nine years ago, when the business was started on a $10,000 capital by

William L. Davies, its president, and Thomas Neal, its secretary and general manager, the first order was for one barrel of paint. At the present time there is always on the books of the Company, orders for hundreds of barrels going out in a steady stream, in carloads and less than carloads, in fulfillment of contracts to consumers in various classes of trades, who use the goods in "bulk" form. Besides this is the immense business in products put up in smaller packages, used in shops and sold from dealers' shelves everywhere, which in the aggregate is many times that of the "bulk" business. These extremes—the extremes of only a little more than two decades—show more graphically than anything else that almost inconceivable increase of growth, and which is constantly being maintained. And during those twenty-nine busy years, the plant has grown from the diminutive building used in 1884 to the immense works at Detroit, occupying more than fourteen acres, with supplemental factories at Boston, Lincoln, Dallas and Los Angeles, as well as direct distributing branches at many of the larger cities, in addition to jobbers in all parts of the country who have a steady demand for "Acme Quality" products. And all this from the little "one-barrel" factory of twenty-nine years ago.

The business of the Company now keeps over 150 traveling salesmen almost constantly on the road, and a better proof of the soundness of the institution and the demand for its products could not be given then the steady progress it has made. Is it any wonder that its officers and employes are enthusiastic? Many of them have been with the Company since its inception and have made its business their life's work. No matter in what department their duties lay, enthusiasm, co-operation, faith and determination to win have been the factors contributing to success.

What is it that makes a business stable, reliable and a boon to the nation? The answer has been given as honesty—honesty and judgment, and the determination *to do the best and make the best that is possible*. Those are the elements which have played vital parts in the making of the Acme White Lead and Color Works—the greatest institution of its kind in the world. Wherever the "Acme Quality" trade mark is seen its merit is known. Those principles, "honesty, judgment, and the determination to *do* the best and *make* the best" have given that trade-mark a franchise value that is very great. It has been advertised to the ends of the earth. There is not a hamlet or town in the United States where it is not familiar. It has been *lived up to* by the men who made it, and it is being "lived up to" now, in ways that would astonish those unacquainted with this institution. In its scientific laboratories the best chemists that money can secure are constantly at work, each day, striving to improve present products, searching for new things, and testing and proving the materials that come into and go out from the factory, that those priceless words, "Acme Quality" may still ring true wherever they are heard. In the business management, in the traveling service, in every department of the vast institution, this same striving—striving for the honest and the best—are the working laws.

As yet, as has been said, the paint business of the country has been but skimmed over the surface. Ten years from now, although the population of the country will have increased probably not more than ten per cent in that time, there will, at the present rate of increase, be four times the quantity of paint used in the United States as now. People are awakening, almost en masse, to the uses and utility of paints and varnishes; they are coming to be recognized as among the greatest benefits of humanity, and this, together with the fact that according to the most careful estimates the country is suffering a loss of $35,000,000 a year by the *non-use of paint* and that a new knowledge of paint is being disseminated more and more, means that during

the next decade the paint industry has before it an era of absolute and unprecedented prosperity.

How the Acme White Lead and Color Works plans to lead the world in the manufacture of paints and varnishes during these years may best be seen by those who make a trip through the great Detroit plant. Before going into the details of manufacture, one will first see that in this vast institution there are splendid human and mechanical mechanisms at work for the making of every conceivable product that enters into the paint business. There is not a field in which the "Acme Quality" banners are not already floating triumphantly, there is not a field, from the making of white lead to that of kalsomine, in which they are not recognized from coast to coast as the signs of that "honesty, judgment and determination to do the best and make the best," which has been said to form the foundation of all solid business. A bird's-eye view of the institution would show one of the world's greatest factories for the making of mixed paints and enamels; a varnish factory that has no rival; a lead plant, where white lead is made and lead oxides produced by the most scientific methods known to paint science; and this same view would show the most up-to-date kalsomine plant in the world.

These are the "working ends"—the actual makers of the Acme Quality products. Each is complete in itself, each is an industry that alone is a profitable corporation business, yet all have been brought together in one family, under one trade-mark banner, and this union is one of the strongest assurances of the solidity and profit-making powers of the industry. This plant, for instance, not only supplies consumers with the best white lead that science can make, but it also supplies *its own white lead* for its huge output of prepared paints. Each "working end" —each individual factory of this splendid mechanism, not only pays dividends on its own account, but *assists* some other factory, or member of the mechanism. In other words, each branch supplies to some other branch, materials at the actual cost of manufacture. This enables the "Acme Quality" products, from varnish to dry colors, to possess the very highest class of materials at the least possible cost—a combination that is the safest guarantee in the world to the stockholders of the Company.

This mechanism as a whole, and each individual branch of it, is in a way under the direct control of the scientific department of the institution. The skilled chemists in this department are not only constantly seeking for new and better things. All classes of material that go into the "working ends" are carefully analyzed by them. In the making of no product will a second-grade material pass. And when a finished "Acme

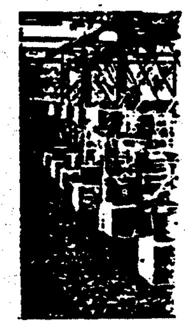
Quality" product is ready to leave a certain factory it must go under their inspection before being turned out upon the market. The materials were good. Was the finished product properly made? Is there a flaw in it? Was it properly combined, or did a moment's carelessness deteriorate a batch of varnish? In fact, is it *perfect?* If it *is not* it never leaves the works. For this reason the trade-mark "Acme Quality" has won for itself a value that many fortunes could not buy.

And this same scientific care is shown in every detail of the works. In the paint-making departments, where scores of mills are constantly at work, the men in command watch with ceaseless vigilance; in the varnish rooms, among the great tanks and beside the huge kettles, the workers have constantly in mind the mark they must live up to. Perfection—Perfection—Perfection—that is the slogan from the president's office to the men who fill the cans; it is the watchword of the dry color department, where all the colors of the rainbow greet the eyes; it is the keynote to success for the trained makers of kalsomine, for the scientifically trained men in the white lead works, for all workers—from those in Boston who are unloading chalk stone from ships and making it into usable shape for the whiting of kalsomine and putty, to the army of loyal, ambitious workers traveling in every state in the Union. It is the word—*the spirit*—that has made Acme Quality products as near perfection as human hands *can* make them, and that has built up the greatest business of its kind in the world today.

And one might go on like this through pages, telling of the why and the wherefore of the success of "Acme Quality."

The men who started the business back in 1884 are still closely identified with it. Mr. W. L. Davies, the original president of the Company still fills this office; Mr. Thomas Neal, originally secretary and general manager, is now chairman of the finance committee; Mr. A. E. F. White, originally treasurer, is now vice-president; Mr. H. K. White has retired from active service, but retains his financial interest in the Acme; the other officers are men who have been connected with the Company from its earliest days and are thoroughly fitted by training and experience for the positions they occupy. Mr. M. W. Neal is treasurer; Mr. A. M. Woodward, secretary; Mr. R. H. Stephens, assistant treasurer.

The story of the success of the Company is perhaps best indicated by figures, and when we reflect that the statement for the year of 1913, shown herein, is built from an original capital stock of $10,000, we cannot but feel some pardonable pride at the progress made.



REPORT OF

ACME WHITE LEAD AND COLOR WORKS

for the

YEAR ENDING NOVEMBER 30, 1913

BOARD OF DIRECTORS

WM. L. DAVIES
F. R. DOUGALL
M. W. NEAL
THOMAS NEAL
M. J. WAUGH
A. E. F. WHITE
A. M. WOODWARD

OFFICERS

WM. L. DAVIES, President
THOMAS NEAL, Vice-President and Chairman Finance Committee
A. E. F. WHITE, Vice-President
M. W. NEAL, Treasurer A. M. WOODWARD, Secretary
R. H. STEPHENS, Assistant Treasurer

DETROIT, MICH., Jan. 6, 1914.

To the Stockholders:

Your directors take pleasure in now presenting the report of the Acme White Lead and Color Works for the year ending November 30th, 1913.

The general curtailment of business throughout the United States, due in part to the important legislation affecting the tariff and currency, has naturally reflected upon the operations of the company. Bearing this condition in mind, your directors feel gratified that the gross sales for the year just closed show an increase of approximately eight per cent

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over the preceding year, and they are confident that under normal conditions, the sales of the year 1913-14 should show a very substantial increase over those of any previous year.

The following is a statement of the operations for the year just closed:

Net profit on operations, after deduction of all expenses of manufacture, including an adequate allowance for depreciation; also all selling, administration and other expenses.	$420,596.85
Deduct: Interest on funded and floating debt....	97,338.20
Net income available for dividends..........	$323,258.65

The net income of $323,258.65 has been applied by your directors as follows:

In payment of dividends:	
On Preferred Stock 6% for one year........	$ 64,536.75
On Common Stock 10% for one year.......	200,000.00
Transferred to Credit of "Reserve Account for General Purposes".......................	40,000.00
Transferred to Credit of Surplus Account.......	18,721.90
Net income for year—as above............	$323,258.65

The policy of your directors has always been to value the inventories on a thoroughly sound and conservative basis. This year the same policy has been continued, and in addition the officers of the company have had a special investigation made to ascertain that all obsolete materials or products have been excluded from the inventories. Only materials and products required for current business have been included in the inventories at November 30th, 1913, and in the judgment of your directors they have been conservatively valued.

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The financial position of the company as at November 30th, 1913, is as follows:

ASSETS

Fixed Assets		
Real Estate, Buildings, Machinery, Factories, Branch Warehouses and Stores, Equipment, Trade Marks, Trade Names, Processes, etc., as valued by Directors at November 30th, 1912, plus subsequent additions less property sold.		$3,005,847.38
Current and Working Assets		
Cash on Hand and in Banks..........	$ 321,493.82	
Accounts and Notes Receivable, less reserve for bad debts..............	826,616.33	
Inventories.......................	1,549,596.53	
Total Current and Working Assets .		2,697,706.68
Charges deferred to future operations.		181,934.48
Total..........................		$5,885,488.54

LIABILITIES

Capital Stock Authorized and Issued			
Preferred 6% Cumulative..........		$1,075,900.00	
Common Stock....................		2,000,000.00	
Total Capital Stock Outstanding..			$3,075,900.00
Bonds—6% First Mortgage		$2,000,000.00	
Less Bonds in Treasury............		300,000.00	1,700,000.00
Current and Accrued Liabilities			
Accounts Payable........		51,771.41	
Notes Payable...........	$929,924.00		
Less due on Bonds outstanding under contract with bankers, proceeds being applied to retire maturing Notes Payable.	825,269.50	104,654.50	
Accrued Liabilities......		47,861.87	
Total Current and Accrued Liabilities			204,287.78
Reserves and Surplus			
Reserve for Development and Extension of Business....................		316,645.47	
Reserve for General Purposes........		40,000.00	
Reserve for Depreciation—year to date..........................		29,758.66	
Surplus subject to Dividends payable December 1st, 1913...............		518,896.63	
Total Reserves and Surplus........			905,300.76
Total....................			$5,885,488.54

During the year and pursuant to the authority granted at a stockholders' meeting held on June 28th, 1913, your directors were authorized to refund the floating obligations of the company by creating a bond issue. This plan was carried out and the bonds were underwritten by responsible banking houses, in the month of July following. The company is now being provided with funds as the occasion demands by the underwriters and the proceeds used to retire maturing obligations. Since November 30th, 1913, $236,024.00 has been so received and an equal amount of floating indebtedness retired and cancelled.

The directors congratulate the stockholders on the successful accomplishment of this step, as it places the company on a permanent financial basis and provides ample working capital and protects them from any unusual money stringency which might force the curtailment of business.

The company operates factories, branch warehouses and stores at the following points:

FACTORIES

Detroit, Michigan	Boston, Massachusetts
Lincoln, Nebraska	Dallas, Texas

Los Angeles, California

BRANCHES AND STORES

Birmingham, Ala.	Pittsburgh, Pa.
Chicago, Ill.	Portland, Ore.
Cincinnati, Ohio	Salt Lake City, Utah
Detroit, Mich. (Store)	San Diego, Calif.
Fort Worth, Texas	San Francisco, Calif.
Jackson, Mich.	Spokane, Wash.
Minneapolis, Minn.	St. Louis, Mo.
Nashville, Tenn.	Toledo, Ohio

Topeka, Kansas

Our factories and branches appear to be adequate to the present requirements of our business and we have no intention of increasing them.

Your directors in conclusion wish to express their high appreciation of the loyalty and efficiency of your officers and employes.

By order of the Board of Directors,

Wm. L. Davies,
President

At the annual Stockholders' Meeting, held January 9, 1914, the following were added to the Board of Directors:

C. Goodloe Edgar
of W. H. Edgar & Son, Detroit

James S. Holden
of James S. Holden Co., Detroit

W. K. Hoagland
of Allerton, Greene and King, Bankers, Chicago