

UNITED PAINT & WALLPAPER CO.

of Lansdale, Pa.

SOUTH BROAD SHOPPING CENTER, LANSDALE, PA. 19446

PHONE 855-4810-5778

August 22nd, 1970.

DISTRIBUTORS FOR —

PAINTS:

DUTCH BOY
FINNAREN & HALEY
COOK & BUNN
CALIBAR
PECORA
McCLOSKEY
MOLETA
MERKIN

Mr. E.J. Faber
Paint Logic
161-19 Jamaica Avenue
Jamaica, New York 11432

Dear Jack:

VINYL WALL COVERINGS:

SAMITAS
WALLTEX
FABRIQUE
GLENDURA
STYLITEX

I'm so upset and appalled that I'm coming to you as a friend and as a leader in an industry that we've both worked so hard to further and improve.

The National Lead Co. has just advised us that they are opening an additional Dutch Boy paint outlet here in the center of Lansdale.

WALLPAPERS:

IMPERIAL
BIRGE
THIASAUT
KATZENBACH & WARREN
WALLCREST

As you know, Ida's first husband passed away around Christmas and we bought his paint and wallpaper business. It was a natural for us and especially Ida. She and Sam started United back in 1938, worked hard and the both of them built it up to a very nice volume. So, being familiar with the business, knowing all the customers (it's a small town) and me being in the paint business — what could be better.

There was originally four bidders including Finnaren & Haley who made no secret of the fact they if they were the successful purchasers would eliminate all lines and make United a company store. Another already had two other stores in our county and also stocked the Dutch Boy line. This bidder naturally concerned us so that before putting our money out, Ida and I both went into Philly to see George Hammond, who you and I know very well. We told him we were interested in buying but only if he assured us we could keep the Dutch Boy line since Ida and Sam had been selling it from the very beginning of United. He was so excited that we might buy it that he said he would do whatever he could to help us. Also he admitted that he was most concerned that if Finnaren & Haley bought the store National would lose a \$26,000 account. He then introduced us to their sales manager, Phil Lanza, and to their credit manager and all three were cooperative, discussed ideas, etc. etc. They positively assured us we could retain the exclusive franchise. When Ida asked for it in writing, George was hurt that we doubted National Lead's integrity and explained to us it was not their policy to put it in writing nor was it in Dutch Boys interest to saturate an area and gave us examples of what they had done in similar circumstances. We left the Dutch Boy offices believing and really excited. For years I have been telling dealers how to "run

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PHONE 855-4310 - 5773

(2(E. J. Faber:

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their business." Now we finally had the chance to put our money "where my mouth was." But I can't stress this too much, Jack; without George Hammond's assurance we would have never bought the store and we completely depended on his expression of loyalty to us and which we fully expected to reciprocate. After all, we were laying out \$35,000 cash plus some notes and now I'm in shock that a company of the size and stature and reputation of National Lead would do anything like this! The center of town where the new dealer is going to open is only 5/10 of a mile from our store.

We took over on April 1st of this year and spent quite a lot of money. The store has been completely renovated and is the talk of the town. We built a beautiful color bar for custom coloring that adjoins one of our picture windows -- passerbys watch us custom mix and it's not unusual to see them standing with their noses literally against the window. We bought a new truck; the roof has a five gallon can mounted, we had an expensive mould made so that it appears that paint is spilling out over the roof and barely touches the windshield. The effect as it drives around is most effective. Then we went to the expense of trimming the lines down to just two and this too was an expensive "bath" but which obviously in the long run should mean more business for the two remaining lines. The store had a full line of Finnaren & Haley (last years purchases almost \$18,000,) a full line of Cook & Dunn (last years purchases \$8500) and some Moleta, Merkin, McCloskey, Calibar. At some expense we have now trimmed it down to just Dutch Boy and Elliott. It is obvious that temporarily both Elliott and Dutch Boy would have to suffer a little until the others were eliminated. But we dropped nothing in the Dutch Boy line (and this I want to emphasize.) It's true we added nothing that the store did not carry but that was only because our opening expensive and rebuilding costs were enormous and we needed breathing room. We do discount all our bills and do have to meet note payments monthly.

Because I am in the paint industry, Ida and I bent over backwards so that Hammond shouldn't feel there was any discrimination. We left their line on the wall and areas where it had been placed for the past 32 years. On the color bar (you can get some idea of what it is like in one of our enclosed ads) the Dutch Boy and not the Elliott color chips face the windows. Our radio commercials were alternated half and half and our newspaper ads were divided between the two lines. Enclosed is three of some of our ads. Note the ad with the two photos (one of such a series.) The

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VINYL WALL COVERINGS:

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WALLQUEST

picture of our manager is to subtly let the public know that Harry is still with us. He's been here 27 years and is very well known and liked. Ida of course is a cracker-jack interior decorator and before buying back her own store held this position with the John Wannamaker department store in downtown Philadelphia. The Dutch Boy and Elliott ads are alternated. In our orange paint sale ad we have again devoted equal space to the two lines and introduced the idea of pricing in color -- most effective and really talked about. In the carload paint sale once again equal space was given the two companies (and in every ad to date.) This ad was placed during the Chicago truck strike and I had been without an Elliott shipment for seven weeks. They finally managed to get a trainload in to us and naturally we took advantage of the situation by hiring a photographer. Even here if you note the placement of the photo many customers believed it was all Dutch Boy especially since we were careful about exposing the Elliott brand on the cartons. There were other ads but this will give you an idea of what and how we were doing it. Our volume was up over our predecessors, the advertising was drawing better than we had hoped (the holiday special drew on a Saturday alone \$1000 worth of cash retail business. We were happy, excited and told Hammond as much.

And then, surprise! Two months ago George called. His sudden complaints was so unexpected, so uncalled for, so persistent that although we attempted to rebut he didn't seem to assimilate anything we said to the point we had the feeling he didn't want to. He started out by complaining bitterly we were not selling enough spray cans, that we were selling much more of Elliott's sprays. I don't know how anyone could possibly know how much of any Elliott was being sold. (I explained later to John Ringhoffer, our Dutch Boy salesman, that we were not reordering spray cans in either line until we had unloaded the five other spray lines we had inherited. John expressed his apology to me that he had misunderstood and thought we would never reorder spray cans.) Such a fuss over spray cans! The conversation then shifted to our newspaper advertising in which he bitterly complained that we had advertised Dutch Boy in conjunction with a competitor and that he couldn't allow it. He had never mentioned this in his office when we had gone over our plans. He didn't accept our explanation that we didn't know this was their policy, and told Ida he would not pay for the ads. She told him that we would take care of it ourselves and for some reason this seemed to make him very angry. George then told us we had a "hell of a nerve" advertising car load sale because in the photo you can see the word "island" which any fool knows is part of Rock Island." I asked him how any layman could

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possibly figure out this had nothing to do with Dutch Boy. He therefore shifted the conversation to an Elliott 400 product in the ad, a low priced house paint we were experimenting with. He wanted to know why we didn't do this with their new Aclaim. The simple explanation is that United in 32 years had never discounted or sold a low priced line and we were afraid to invest money after only 2 months of ownership. It was our feeling that Aclaim was more a painters line than a retail line just as it was our feeling that the 400 was a painters line rather than a consumer line. When we gave this explanation to Elliott, they "loaned" us 24 gallons to play around with but after 3 weeks of selling only 8 gallons our belief was affirmed and Elliott accepted a return of the #400. Not knowing Dutch Boy's feelings on this type of experimenting we didn't ask them to do this as we did not want to put George on a spot. This didn't satisfy George and he insisted that we buy Aclaim at once and every item on their price list otherwise he would have to "consider seriously" an offer to put the line in with another dealer in Lansdale. At first we were flabbergasted, then minimized the threat as "hard selling." In retrospect, it wasn't. I pointed out that to the best of my knowledge such a threat had not been made to any other Dutch Boy account in our general area (and so far as I know, it still hasn't) that we had not dropped any item or intended to do so, that other Dutch Boy dealers did not stock Aclaim and why discriminate against us. And how is it that this too had never been told to us when we were in his office. At this point he suddenly terminated the conversation.

The following day we received a letter from Hammond telling us that an analysis of United purchases for the first five months of the year showed a decrease of 4% and that he felt this was a trend. (Apparently he didn't care or realize that in pushing out Cook & Dunn and Finnaren & Haley he was lucky the drop was only 4%.) He recommended that we establish a meeting to outline a clear policy and reminded us that it was necessary for a Dutch Boy dealer to stock a complete line -- obviously an allusion to Aclaim. I called but George was out so left a message a meeting was agreeable. We both felt such a meeting would help eliminate all possible misunderstandings, especially about stocking 100% of the price list of a line. We already stock about 95% of Dutch Boy and you and I have seen in our travels many a dealer including Dutch Boy accounts that do not carry 100% of any price list. Certainly I don't have it with any of my Elliott accounts. Of the first five months 1970 figures we reminded them that the first three months included purchases made by United when we did not own it and it was being operated by an estate. Hammond advised he had to go South and would contact us on his return.

SERVING THE GREATER NORTH PENN AREA SINCE 1938

NL 000041827

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A month went by without hearing from Hammond and we left on a one week vacation. While away George called and upon learning we were away immediately wrote a letter to us telling us how disappointed he was that we would be unable to meet since he would be out of the town the week we returned and he would therefore have to postpone any meeting until he, his salesmanager and our Dutch Boy salesman all returned from their vacations. I do not really know why in all this time (2 months) we had to wait for so many people if the situation was as serious as he felt it was. After all, we were available from the time we bought the store until today with the exception of just one vacation week. He felt in his letter that "with the rapidly expanding economy and population growth in our area" the situation was "grave" and one that must be resolved immediately. The underlining is mine. He would call us when he was ready to set up a meeting date.

Jack, how naive must one be? I discussed these series of events with four other Dutch Boy dealers and with my accountant and all said separately and in as many words: prepare yourself -- you're being set up for another Lansdale Dutch Boy dealer. Of course we didn't at first want to believe it, but when we reviewed our conversations and letters from Hammond, the apparent badgering from him, the inability to arrange at any time a face to face meeting with him, there seemed no question but that this was what was coming. If it was so all-fired important to outline a clear-cut policy what was the waiting all about? George Hammond is Dutch Boy in the South Atlantic Sales District and he could have resolved all this in less than a days visit with us. The National Lead office is not even 20 driving miles from Lansdale and George lives only about a 20 minute drive from us. We own this store four months and for two of them we have had this hanging over us with no apparent real effort being made to clear anything up. Just 2 phone calls. They knew we were planning to buy Acclaim after Labor Day and that we planned to introduce it at a painters meeting. When I brought this subject up at lunch with Ringhoffer his reaction was who were we going to sell it to, we did so little painter business. My explanation was, just as everything else we did, we would try. Wouldn't you, too, come to the conclusion that Hammond's decision has been made some time ago? Frankly, at this point we stopped bending over backward. We sold Dutch Boy, we didn't push it. We have the most beautiful and one of the largest (25 x 100') paint stores not only in Lansdale but in our general area. This doesn't seem to be enough for them. How can George be so hungry, so shortsighted that his word of honor to us can be so easily discarded.

Another month went by and our suspicions were confirmed. This

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past Thursday George Hammond phoned to tell us our figures were down and that he had sold the line to a new dealer opening very soon in the heart of Lansdale. Furthermore, their opening order was larger than United's entire 1969 purchases (\$26,000)! Until this phone call he had led us to believe that all we had to do was ante up at once, buy Aclain, and everything would be O.K.

We find it hard to believe that anyone in their position could not or would not understand the expense of taking over a business, the loss any dealer must take in unloading two full lines and parts of three others and the time in which we did it. We broke our backs not just renovating but vitalizing this business and we practically bought it on George Hammond's say so. To the very end of his phone conversation, Thursday, he complained about our spray business and of course threw up our loss of volume. Our Elliott volume is below that which was Finnaren & Haley alone but they told us not to worry. At any

rate the gist of George's conversation was that he called to tell us they had sold another dealer and that he didn't want us to hear it from anyone else. He told her Lanza was away and in the near future he would come out and discuss his decision with us. Ida asked if the decision was already made what was the point in coming out to discuss it with us, and why couldn't he come out alone. He said he wouldn't and that terminated the conversation.

So now, Jack, what is there to do? We have so much money and hard work invested on their ~~say so~~ say so. If you have any ideas, please don't hesitate to call me. Our United phone number is listed above. My home number is still 855-4816 and 855-2314.

With kindest personal regards and all our best to you and Sana,

Sincerely,


Lon Snyder

P.S.: Jack, if George Hammond wasn't rude in not coming out to tell us, then he just didn't want to face us from the very first phone call 2 months ago. We spent over a \$1000 remodeling and he still hasn't seen it completed, despite our invitations.

NL 000041829