Abex

An IC Industries Company

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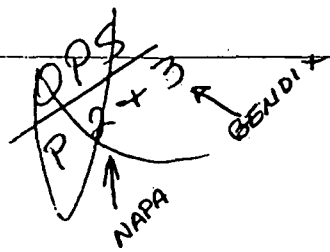

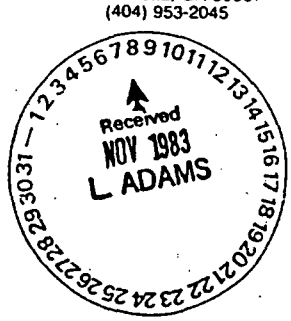

DATE: November 3, 1983

SUBJECT: Staff Manager's Report - October, 1983

FROM: R. V. Bagley

TO: [redacted]

I. Financial

Forecast for October was 1,010 for the passenger car sales group. Our actuals were 1,336 or 326K over forecast (132.3%). This is the fourth month we have exceeded our forecast, and the remainder of the year still is looking strong. Our disc business was outstanding for the month, and this was due to large orders from independent rebuilders as well as NAPA.

II. Marketing

A. Rebuilders

We are still receiving much interest in our new Rebuilder Program. The material (435-5 & 6) fit on the shoes very nicely, plus rebuilders like the hole size for ease of operation.

New Rebuilder customers:

Quality Automotive, Baltimore, Maryland - Called yesterday and requested Mr. Spinney to call on them because he wants to do business.

EPA - Chicago, Illinois - Money a shade tight, but business still going very strong. This account is now going to expand his business down in the South with the purchase of another rebuilding operation in Arkansas.

EIS (Memphis) - EIS is in the process of building a new rebuilding plant in the Memphis area. The plant will be on stream 1st quarter, 1984.

Non-asbestos truck strip - Pricing has been established on the non-asbestos truck strips, and a small program is being developed to get going in this segment with independent rebuilders .

B. N A P A

On Sunday, October 16, 1983, opening day of the NAPA Annual Meeting, American Brakeblok sponsored a dinner honoring Walter Devoe. Walter will retire on February 1, 1984, and will really be missed by us. He was overwhelmed at the affair. Present were L. Adams; S. Conway; Duncan Fulton, V.P. of NAPA; Larry Prince, Sr. V.P., NAPA; and other NAPA dignitaries.

On Monday, October 17, 1983, Jim Cocke of NAPA United/Echlin and I presented the new NAPA Brake Program for 1984. The program went over extremely well and was received with great enthusiasm by the 800 guests present for the presentation. Once again, we are hitting hard on Lifetime Warranty and our Premium line of material--sell up doesn't chase the no profit business.

NAPA Brake News Letter - A news letter concerning NAPA Brake will be created to help all of NAPA understand our program, progress, and success.

RAYLOC - Getting new numbers into our system is causing some problems. Rayloc relies 100% on ABB for information on new numbers, carry over numbers, and any consolidations that should be done. It is apparent that we are not providing this information to their satisfaction.

Cataloging - This years brake catalog supplement has caused a great deal of problems and concerns on NAPA's part. We introduced the catalog this year without advance notice to Rayloc/Genaut resulting in an immediate demand for new numbers with Rayloc/Genaut being unprepared to ship. Since NAPA demands90-95% fill rate, this put the NAPA rebuilders in a very bad light. Competition is doing a much better job with this information to Rayloc/Genaut.

Rivet Hole Problem - NAPA is having problems riveting our strip material due to the drill holes being too small to allow for any variance on the friction material itself, the shoes, and/or the worker. NAPA is asking us to increase the rivet hole size such as Bendix. In a comparison that Rayloc just ran between Abex 261-1 & 2 material and Bendix, Bendix was much easier to work with.

WARNING: In talks with John Ayers of Bendix, I was told that Bendix is going to "do what it takes to get NAPA away from Abex."

Larry, you asked what strategies Bendix will use to attack Abex.

1. Not much can be done on the O.E. side other than what they are doing now.

2. Attack the Aftermarket

   A. Take NAPA over at all costs.

   B. Build an import puck for Rebuilder Program.

   C. Buy or build new plant utilizing modern equipment to lower cost of materials and finished goods.

   D. Go non-asbestos as soon as possible.

   E. Rebuild rebuilder sales organization.

C. National Accounts

Major development in the Midas Program is the selection of United/ Echlin as our total brake parts supplier except for shoes and pads. Echlin has been supportive. They have even agreed to stock the grease seals as well as bearings at no profit to them and thus no added cost to our program. Our hats are off to Bob Seboly of Echlin who has been working with us on the development of this program.

Can Parts Visit - Early this month I visited with Mr. Bill Bartells of Can Parts, Ontario, Canada, requesting pricing on their import brake line. Their response was super, and we have already received their total support for our program.

III. Manufacturing

Our needs for future must include concentration on

Import Material
Non-asbestos Disc and Drum

to name a few.

IV. Human Resources

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R. V. Bagley

cc: L. Boyd
R. Conners
J. Evers
A. Indelicato
A. Martin
B. Santilli