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Insulation Distributor-Contractors National Association, Inc.

1964

Annual Meeting Report

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CONVENTION REPORT

NINTH ANNUAL NATIONAL MEETING OF IDCNA

FAIRMONT HOTEL, SAN FRANCISCO

OCTOBER 26-29, 1964

The NINTH ANNUAL NATIONAL MEETING OF IDCNA was called to order by President Charles T. Vaughn at 9:15 AM in the Terrace Room of the Fairmont Hotel, San Francisco. Dr. Howard F. Newman, Pastor of the Calvary Presbyterian Church of San Francisco gave the invocation.

Mr. Vaughn, then relinquished the podium to the Executive Secretary, Ellwood F. Jones. Mr. Jones remarked that "When I.D.C.N.A. decided to come to San Francisco, I knew we would have no trouble in getting the Mayor of San Francisco to welcome us, because Mayor Jack Shelly and I served together as officers in the Coast Guard during the war. However, the Mayor is ill with laryngitis, so he has sent us his right-hand man at City Hall. It is my pleasure to introduce to you Mr. Virgil Elliott, Director of Finance and Records, representing the Honorable John Shelly, Mayor of San Francisco. Mr. Elliott":

"Thank you, Mr. Jones; President Vaughn and members of IDCNA;

It is indeed a pleasure to represent the Honorable John Shelly, Mayor of San Francisco, and to bring you the greetings of the City. We are very happy to have your convention in our beautiful city. We, at City Hall, feel that we know you, because of the close personal connection between Mayor Shelly and your Executive Secretary, Mr. Jones. They served as brother officers in the U. S. Coast Guard during the war, and worked together in the Coast Guard League after, when they were both National Vice-Commanders. Mayor Shelly regrets that because of a bad case of laryngitis, he can't be here to greet you personally.

However, as his representative, I hope you have a pleasant and fruitful convention here in this beautiful Fairmont Hotel, and that you will have some time from your sessions to visit the many civic places of interest.

We invite you back to San Francisco, when your annual schedule permits, and, if during your stay here, there is anything that we at City Hall can do, please do not hesitate to call upon us. Thank you very much for this opportunity of extending to you the very cordial greetings of the City of San Francisco."

Mr. Vaughn, then introduced the officers and members of the Board of Directors of IDCNA, and asked them to rise and be recognized. He accepted a motion, which was approved, to instruct the Executive Secretary to count Directors Ben Bullough and Treasurer Leon Butler present, even tho they were not in attendance. Both are ill and have sent their regrets.

Mr. Vaughn, then, called for the Report of the Executive Secretary. Mr. Jones read his Annual Report, a copy of which is attached hereto, and marked Exhibit I. This report was approved and ordered filed.

Mr. Vaughn called for the Treasurer's Report, which was read by Mr. Jones. This report was approved as read. A copy is attached hereto and marked Exhibit II.

Mr. Vaughn read his President's Report. This report was approved as read to be kept in the association permanent files as part of these convention records. A copy is attached hereto, and marked Exhibit III.

Mr. Vaughn called upon Vice-President Dillard Breeding, Chairman of the Annual Meeting Committee, to make his report. Mr. Breeding spoke of the many details necessary in producing a good convention, and expressed his pleasure at the attendance, which at this first session, was within two people of exceeding the Eighth Annual Meeting in Hot Springs. He said that in view of the higher expense to the members in coming to San Francisco than to Hot Springs, that this Ninth Annual Meeting should be regarded as being our best attended convention.

Mr. Vaughn asked Mr. J. Kenneth Dixon, Chairman of the Committee on Membership and Regional Affiliations to give his report. His glowing report of the increase in membership and the affiliation of five of the regional associations, who have sent us ten men to our Board of Directors, was enthusiastically accepted, and ordered filed. A copy of this report is attached herewith, and marked Exhibit IV.

Mr. Dixon asked all ten of the Regional Representatives to the IDCNA Board to rise and be recognized. He also asked all of the new members present to rise, and asked all of the older members to note that the new members wore red ribbons on their I.D. badges, and asked the older members to be sure to seek out these new people often during the convention.

Mr. Vaughn asked Mrs. Hazeline Wiegers of Greensboro, N. C. to come to the platform and read the IDCNA Code of Ethics. Mrs. Wiegers read the Code in her usual sincere manner. A copy is attached and marked Exhibit V.

Mr. Vaughn introduced Mr. Merlyn E. Doleman, Vice-President of Corporate Finance of the Bank of America, San Francisco, as the first featured speaker of the Annual Meeting. Mr. Doleman's address is attached herewith, and marked Exhibit VI.

After the morning coffee break, Mr. Vaughn called Mr. Duane C. Luse, Chairman of the Committee on Manufacturers Relations to the platform. Mr. Luse spoke of the activities of his committee during the past twelve months, and referred to his editorial in the IDCNA NEWSLETTER which covered the committee program.

He introduced Mr. P. D. Kaley, President of NIMA (National Insulation Manufacturers Association) who brought the greetings of the manufacturers. Mr. Kaley's talk is attached herewith, and marked Exhibit VII.

Mr. Vaughn asked the Chairman of the Nominating Committee, Mr. Frank O. Rutherford to make his report. Mr. Rutherford, offered as the choice of the Nominating Committee the following names of men to be elected as Directors At-Large for three year terms, or until their successors are elected and qualified:

Dillard Breeding	Nashville, Tennessee
Conrad L. Wiegers	Charleston, W. Va.
Theodore H. Brodie	Boston, Mass.
Benj. M. Bullough	Salt Lake City, Utah
Aertsen P. Keasbey, Jr.	New York, N. Y.

Mr. Rutherford reported that five directors were to be elected and Mr. Vaughn called for other nominations from the floor. There were none. Nominations were closed, and the Executive Secretary was instructed to cast the ballot. Mr. Vaughn asked the newly elected directors to rise, and welcomed them to the Board.

Mr. Vaughn announced that a meeting of the new Board of Directors would be held in the Vanderbilt Room in the afternoon at 2 PM October 27, 1964.

Mr. Vaughn asked the members to refer to the program, which indicated that a meeting of the Regional Officers was held in the Hunt Room of the Fairmont yesterday, Monday October 26, 1964.

He said that Mr. Theodore H. Brodie was elected Chairman of that meeting, and that Mr. Brodie would act as moderator of the panel discussion on the subject: "What can IDCNA do for the Regional Associations?"

Mr. Brodie brought his panel of regional officers to the platform. They were:

Ray Ashmore, President of MAICA	(Middle Atlantic Ins.Con.Assn.)
Dillard Breeding, Past Pres. AACSS	(Associated Asbestos Contrs. of SE)
Gordon Harrison, President CSICA	(Central States Ins.Cont.Assn.)
Frank Rutherford, Past Pres. MICA	(Midwest Insulation Cont.Assn.)
Roy Coffer, President SWICA	(Southwest Insul.Contrs.Assn.)
Ian Dewar, President TIAC	(Thermal Insul. Assn. of Canada)

Mr. Brodie summarized the ideas of the meeting of the Regional Officers on Monday, and introduced observers from two unaffiliated regional associations who attended that meeting. He asked Mr. Ted Spania and Mr. Ray Wopperer of NYSICA the New York State Association, and Mr. Tom Douglass and Mr. Bert Realini of AICWS, the Western Association to rise and be recognized. These observers from these two regional associations expressed their hopes that their associations will affiliate in 1965. Mr. Dewar of TIAC - Canada - said that he would like to see the Canadian National Association join also on a regional affiliated basis.

Mr. Brodie began the panel discussion with general remarks about the work that IDCNA is already doing to assist the regionals. He complimented the IDCNA Executive Secretary, who also has the same position with MAICA, for passing on to all of the regionals, affiliated or unaffiliated, all of the data that was sent out from the Philadelphia office during the past year. He then gave some general thoughts to implement this part of IDCNA's work, and called upon his panel to speak in more detail on these ideas.

Mr. Ashmore of MAICA - spoke on the topic of the transmission of labor information.

Mr. Breeding of AACSS - spoke of the need of increased communications from the regionals to IDCNA, and of the elimination of duplication of effort.

Mr. Harrison of CSICA - spoke of the three tier program of work by the local, regional, and national associations.

Mr. Rutherford of MICA - spoke of the need for standardization of definitions.

Mr. Coffer of SWICA - spoke of the need for a negotiating manual.

Mr. Brodie summarized the ideas, and asked for questions from the floor which he answered in his usual good manner. He, then, asked Mr. Spania of MYSICA and Mr. Realini of AICWS, and Mr. Dewar of TIAC to comment on the work of IDCNA in improving the liaison between the regionals. They all felt that their associations would gain much by the planned improvement in communications in 1965.

Shortly after 1 PM, Mr. Brodie returned the podium to Mr. Vaughn, who recessed the meeting until 9 AM, Wednesday, October 28, 1964.

SECOND SESSION, WEDNESDAY, OCTOBER 28, 1964

Mr. Vaughn called the second session to order at 9:10 AM, and introduced the newly elected officers for 1965-1966, who had been elected at the meeting of the Board of Directors in the Vanderbilt Room, Tuesday afternoon, October 27, 1964.

The Officers elected by the Board to serve two year terms are:

President	Mr. Dillard Breeding
Vice-President	Mr. J. Kenneth Dixon
Vice-President	Mr. A. Marvin Gibbons
Secretary	Mr. Conrad L. Wiegers
Treasurer	Mr. E. Raymond Ashmore, Jr.

Mr. Vaughn asked the new officers to rise, congratulated them on their election, and charged them with their responsibilities. He asked Mr. Breeding to respond for himself and his staff. Mr. Breeding replied briefly and sincerely. A copy of his remarks is attached herewith, and marked Exhibit VIII.

Mr. Vaughn called on Mr. Conrad L. Wiegers, Chairman of the Committee on Standards, Education and Safety. Mr. Wiegers gave a comprehensive report for this committee, a copy of which is attached herewith, and marked Exhibit IX.

Mr. Vaughn introduced Dr. Kenneth W. Smith, MD., Medical Director of Johns-Manville, who gave an informative address on the subject: "ASBESTOSIS". Dr. Smith also answered questions at the close of his talk. The questions are summarized and attached herewith as Exhibit X.

After the morning coffee break, Mr. Vaughn introduced Mr. John R. Hundley, Vice-President - Industrial Relations - Granite City Steel Company of Granite City, Illinois. Mr. Hundley spoke on the subject: "Let's Face Facts". A copy of his address is hereto attached, and marked Exhibit XI.

Mr. Vaughn called Vice-President Drowns, Chairman of the Committee on Labor Relations, to the platform. Mr. Drowns remarked that his committee did not feel that a formal report would be advantageous at this time; that the entire industry was aware of the labor conditions that prevailed over the past year, and that the committee felt that a Labor Forum should be convened at once to answer the many questions that are in the minds of IDCNA Members. Thereupon, he asked his committee to come to the platform and constitute a Labor Forum. These men were Messrs. Drowns, Donahoe, Coffer, Gibbons, Saxby, Vaughn and Brown.

After the forum members were seated, Mr. Drowns reported in general on the activities of the committee since the last meeting, and called upon Mr. Donahoe to continue the presentation.

Mr. Donahoe talked about the manpower shortage in the locals, and urged that efforts be pushed to change the ratio from 1 to 4 to 1 to 3.

Mr. Drowns talked about the huge accumulation of Welfare and Pension Funds, and urged that they be wisely used.

Mr. Drowns talked about the Check-off systems that are appearing around the country in this industry, and about the Apprentice Programs that are getting underway.

Mr. Coffer spoke of the need of training of the negotiating committees.

Mr. Saxby spoke of Trade Boards and the future of the National Joint Board.

Mr. Drowns spoke about Non-discrimination Clauses, as a final topic, and then opened the meeting to a question and answer period.

First question - "Why isn't Mr. Carl Sickles here?"

Answer — Mr. Vaughn read his letter of August 13, 1964 addressed to Mr. Sickles, inviting him to attend, a copy of which was mailed to Executive Secretary Jones with instructions to contact Mr. Sickles by telephone.

Mr. Jones said: "Mr. Vaughn's letter was dated 8/13/64. After waiting about a month for Mr. Sickles' reply, and none was received, I telephoned him, and told him that I had to take our formal program to the printer about 9/15/64, in order to have it printed and shipped to San Francisco in time for the meeting here.

I asked him what date he would prefer to come and talk to us. He replied that he did not feel that he had anything to say to our members at the present time. I urged him to reconsider, and said that he had always attended our meetings, but he still declined, so I ended our conversation on a friendly note, talking about one of his cases before the National Joint Board."

Question - "Give some suggestions how to check jobs and improve workmanship."

Answer — Mr. Gibbons told of the methods used in Washington. There were also suggestions from the floor.

Question - Discuss hiring hall practices.

Answer — Mr. Drowns replied to some questions from the floor on this subject.

Question - "How can local practices be made known?"

Answer — Mr. Ashmore told of the work in the PICA Bid Depository in getting information from and to the mechanicals.

Question - "How can we get more duct lining work?"

Answer — Mr. Douglass told of the good volume enjoyed by insulation contractors in the San Francisco area.

Mr. Drowns then read a current newspaper clipping as follows: "The Bureau of Apprenticeship and Training in the Labor Department will unveil a study early in 1965 recommending tax credits for employers with training programs. It might take form similar to the 7% investment credit on purchases of machinery and equipment." A general discussion followed.

Mr. Drowns concluded the Labor Forum, which had lasted over two hours, amid enthusiastic applause. This down to earth discussion between the panel members and the floor was conceded to be the best in the history of IDCNA conventions.

At 1:45 PM, Mr. Vaughn recessed the meeting to reconvene on Thursday, October 29, 1964 at 9 AM.

THIRD SESSION - THURSDAY, OCTOBER 29, 1964

Mr. Vaughn called the meeting to order at 9:15 AM, and introduced Dr. Emol A. Fails, Professor of Economics, North Carolina State College, as the featured speaker of both the Third and Fourth Sessions.

Dr. Fails' address "In Contracting Management Earns or Loses Money" is attached hereto, and marked Exhibit XII.

Mr. Vaughn recessed the meeting for luncheon at 12 Noon, to reconvene at 2 PM.

Mr. Vaughn called the meeting to order a 2 PM, and called upon Mr. E. Raymond Ashmore, Jr., Chairman of the Committee on Finances and Budgets. Mr. Ashmore presented the budget for 1965 as approved by the Board of Directors at the two Board meetings, October 26 and 27, 1964.

A copy of this budget is attached herewith, and marked Exhibit XIII.

A motion was passed accepting the budget as approved by the Board. Mr. Vaughn asked Mr. Ashmore to present a motion suggested by the Board, and approved by council as follows:

WHEREAS The Board of Directors of IDCNA deems it necessary to increase the Budget of the Association in order to expand its services to the Regional Associations,

NOW, THEREFORE, BE IT RESOLVED that the dues for 1965 as to the five affiliated Regionals be increased not to exceed 20% over the 1964 dues and that the dues for 1965 for the two prospective new Regionals, AICWS and NYSICA, be the same as the regional dues for 1964.

This motion was passed by the general membership. Mr. Vaughn commented on the wisdom of the meeting in providing increased income to IDCNA so that the plans and programs for 1965 can be carried out.

Mr. Vaughn asked Mr. Breeding, Newly Elected President, to give his summation of the Ninth Annual Meeting and to present the general plans of the new administration for 1965.

Mr. Vaughn's and Mr. Breeding's remarks are attached hereto, and marked Exhibit XIV.

Dr. Fails then returned to the platform.

Dr. Fails congratulated the organization. He stated that men in the insulation industry have the same problems as other firms and businesses and that it was thrilling to see the members of this organization accept and understand what should be done in plans for next year. There are a number of things that associations learn to do as they get older and he sincerely hoped that before long this association would do something relative to a physical survey of the industry; it would be informative if reported correctly. He would be satisfied if they followed this advice.

Dr. Fails said he would talk on facts and figures this afternoon. Excerpts from his address on: "You Can't Earn A Profit If You Don't Know The Cost" is attached herewith and marked Exhibit XV.

Mr. Breeding thanked Dr. Fails for his excellent presentations, at both the morning and afternoon sessions, and mentioned that as much of Dr. Fails' talks as could be transcribed would be included in the formal record of this meeting.

Mr. Breeding, for the record, recalled the Social Side of the Annual Meeting:

on Monday evening, The IDCNA Welcome Hour
on Tuesday evening, The Manufacturers Reception
and on Wednesday evening, the Dinner Dance.

He expressly thanked the manufacturers for their reception, and the Association for the fficient planning and supervision of this Ninth Annual Meeting by the Executive Secretary.

At 3:40 PM, Mr. Breeding said: "I now declare this very successful, informative, useful and entertaining meeting adjourned."

Respectfully submitted,

ELLWOOD F. JONES,
Executive Secretary

EFJ/vjc

EXHIBIT I

REPORT OF THE EXECUTIVE SECRETARY
October 27, 1964

Mr. President and Members of IDCNA:

To say that the last twelve months activity in the Philadelphia office was the busiest of the past five years, would be the understatement of the day.

Immediately upon my return from Hot Springs last September, I wrote the 1963 convention report, had it approved for legality by our attorney, and mailed copies to all IDCNA Members.

In late October, I made a survey of the hotels here in San Francisco, and then reported to our convention committee in Phoenix where they were visiting the Western States regional association. The Fairmont was selected as the hotel for this meeting, and we hope that you agree that it was a good choice.

The membership post card vote on the city for the 1965 Annual Meeting indicated that New York City was the choice by a large majority, so during December and January, I visited eleven hotels there on week-ends. A report of my survey was presented to the IDCNA Board of Directors, who met in Houston on February 14th. The Board selected the Waldorf-Astoria for our Tenth Annual National Meeting, which will be held during the second week of October 1965. This coincides with the last week of the New York World's Fair next year.

Mr. Vaughn and others will comment on the other decisions of the Houston meeting, but, generally, as it applied to the Philadelphia office, it required a large increase in office work and mailing.

On April 30, I completed our term on the NJB. This assignment had necessitated my spending every Thursday in Washington, D. C. During IDCNA's two-year term, every case involving Asbestos Workers, that was heard by the Board, was won in favor of our trade.

May gave us a little respite, but when June came, the industry got involved in strikes, and we began compiling and mailing a series of FLASH BULLETINS on the labor situations throuthout the country. In most cases, it was necessary to gather information on strike situations by telephone. When the Financial Statement is presented, you will note a small increase in our telephone expense.

During the summer, we had about thirty-six cities on strike, but as time and negotiations progressed, these work stoppages were halted, and the men went back to work. These strike settlements just did not happen. We developed good liaison between the regions and national to the point, that we were able to quickly report information and make suggestions that went to the heart of the problems.

Thru all this, we were able to increase our advertising and to publish our monthly NEWSLETTERS on time every month. Our Financial Report shows a surplus of $1704.32 from advertising over the cost of printing and mailing. Of course, we have to pay for three remaining issues this year - October, November, December - but even after these bills are paid, I still expect to have a $1,000.00 profit from the fifteen issues - October 63 to December 64.

Please take a minute to look at the last twelve issues that have been posted on the Bulletin board. You will also see the booklets from our committee on SES, which were mailed to all IDCNA members from Philadelphia.

In connection with our NEWSLETTERS, I would like to report that we have been invited to enter them in the ASAE Key Awards program in the category for a small National Association with a budget less than $100,000.00. We certainly qualify budget-wise, but I simply did not have the time to handle the detail of the contest by the deadline for entering on August 15th.

As you know, we are changing our business year from a fiscal year ending September 30th to a calendar year ending December 31st. Here, I might remark that I take care of the filing of all of our Social Security, Unemployment, and City Wage Tax returns, as well as Federal Return #990, which is required of all corporations exempt from Federal income taxes.

In addition to my trip to San Francisco last October to investigate the hotel situation here, and my week-end trips to New York for the same purpose there, I flew out to Dayton to speak to CSICA, down to Houston to speak to SWICA, and to San Diego last week to talk to AICWS. As you will see from the Financial Report, my total traveling expenses for general purposes, including going to Washington every week for the NJB, was only $776.24.

IDCNA has tried to live within its meager annual budget of $21,000.00. For the fifteen month period we are limited to $28,853.00. To fit the expanded operations of our office into this small amount has required careful financial handling. In addition to my time, our only other employee is a part time typist. With this help, we have answered our mail usually the same day it was received. We have supplied contractors and other associations with copies of Bid Depository systems, copies of legally approved Industry Funds and various Forms of Collective Bargaining Agreements.

Our membership has increased to 142; the largest increase from the Central States, where by affiliation of the CSICA on July 1st, we gained ten new members. In addition to getting a vote at a regional meeting to approve affiliation, it is another thing to collect the $3,000.00. This has been a problem in more than one regional; and I modestly suggest that I had more than a little to do in getting the $3,000.00 from the MAICA CONTRACTORS.

All of the previously mentioned things are administrative in nature. Probably the most important, and I hope beneficial jobs this year was the gathering and dissemination of information about the thirty-six strikes that we had this summer. In Middle Atlantic we made a comparative study of the results of the new contracts there, and many people were appalled at the amount of the wage and fringe increases.

In a commercial advertisement for a checkwriter, I came across this question and answer. The question was: "Where's the best place to give your employees a good talking to?" ... The answer was: "On their pay checks. It's the one communication they never throw away unread."

This industry has simply got to give a very careful look at further wage increases.

Finally, I want to say that I feel that your office staff has done a more comprehensive job this year, and I made the same statement last year. IDCNA is growing. It's growing in number of members and in stature around the country. We now have formal recognition in governmental agencies, with the other unions, as well as in the other construction associations, especially those on the NJB.

There has been a lot of work done that doesn't show, and some of this is in the fine advice and suggestions from the officers and directors to whom I want to express my thanks. We're moving ahead, regardless of problems. Oliver Wendell Holmes once said: "The great thing in the world is not so much where we stand, as in what direction we are moving."

Thank you.

EXHIBIT II

I. D. C. N. A.

FINANCIAL REPORT 12 MONTHS ENDED 9/30/64

Cash Balance in Banks 10/1/63			$21,126.01
Receipts:			
Dues Paid		$15,375.00	
Interest Received		543.59	
Advertising Income	$6,566.64		
NEWSLETTER Printing & Mailing (12)	4,862.32		
NEWSLETTER Surplus		1,704.32	
San Francisco Advance Registrations	4,200.00		
San Francisco Meeting Expenses	661.38		
San Francisco Surplus		3,538.62	
Total Receipts:			21,161.53
			$42,287.54
Disbursements:			
Salaries - Executive Secretary		$ 8,600.00	
Clerical		2,880.40	
Taxes, net		455.74	
Insurance		181.03	
Travel - Executive Secretary		776.24	
Attorney		514.52	
Director's Meeting 2/14/64		117.20	
Office Rent		1,800.00	
Telephone & Telegraph		275.67	
Printing, Misc.		463.93	
Office Expense & Postage		599.14	
Dues & Subscriptions		1,793.00	
Auditing		150.00	
Legal Expense		2,000.00	
Committee Expense		1,908.79	
1963 Convention Expense - Hot Springs		214.45	
1965 Convention Expense - New York		91.06	
Total			22,821.17
Cash Balance in Banks 9/30/64			$19,466.37
Checking Account - Broad Street Trust Company		6,832.78	
Savings Account - Phila. Savings Fund Society 4%		12,633.59	
			19,466.37

Respectfully submitted

(s) Ellwood F. Jones

ELLWOOD F. JONES
Executive Secretary

EFJ/vjc

EXHIBIT III

PRESIDENT'S MESSAGE
TO THE GENERAL MEMBERSHIP
SAN FRANCISCO

Being President of IDCNA is a unique experience. Certainly it is an honor and it is also a great responsibility. It is a source of satisfaction and a source of frustration. It has given me much pleasure and conversely, it has given me much pain. I have made many new and wonderful friends and unfortunately, there are those who at least figuratively "Cross the Street" when I appear.

It is that kind of a job -- my predecessor found it so, and so will my successor.

I would be remiss in the performance of the office if I did not recapitulate for you the policies, objectives, successes and failures of this administration. I hope, with my remarks as a guideline and the detailed reports of the committeemen as a background you will be able to participate actively in the affairs of this meeting, and give wise counsel and active support to the next administration.

Infringing as little as possible upon the committee reports which will follow during the course of this meeting let us quickly review the policies set out for IDCNA in the early days of this administration. They are briefly as follows:

1. IDCNA should be a democratic organization.

2. The Officers and Directors should direct and manage the affairs of the Association during their terms of office in a vigorous and intelligent manner.

3. We believe that our program and efforts should be such that benefit will accrue to all segments of the insulation industry, i.e., Labor, Manufacturers, Contractors, and the Public.

4. We believe that IDCNA should be the contractors' voice and that it should represent all industrial insulation contractors, large or small, independent, or manufacturer-owned.

5. We believe that we officers and directors working in a democratic organization with the rest of the members have an obligation to provide tangible benefits in return for dues and support.

6. - - - -

7. We believe that to be effective IDCNA must have the largest possible membership.

8. We believe that we should work strictly within the frame-work of our Charter and By-Laws as amended from time to time; that our program should be carried out by our legally appointed officers, directors and committees; and within this legal and ethical frame-work we should dedicate ourselves to the job of promoting the best interests of our members and customers.

With those objectives in mind our Board and committees went to work. Never before, to my knowledge, have so many officers, directors, committeemen and members worked so hard and given so unsparingly of themselves to implement the goals of each committee. Let us take a brief look at each committee.

A. While your President and probably also the much maligned but highly respected Granny Drowns, Chairman of the Labor Committee, are now persona non grata at the Machinist Building in Washington, D. C., I think there is no question but what there is an awareness that IDCNA is a potent factor in matters affecting our labor. I believe the show of solidarity by contractors recently evidenced, will ultimately result in much better and closer relations with the International Association of Heat and Frost Insulators.

B. Manufacturers' relations on a personal basis, at least, have never been warmer as is evidenced by the attendance of so many representatives of the manufacturers here today. Our good will ambassador to the manufacturers, Mr. Duane Luse, has formal programs for the good of the industry in process.

C. The membership and regional affiliations committee have done an outstanding service to the industry -- just how well -- I am going to let "bashful" Kenny Dixon tell you later in the program.

D. The standards, education and safety committee under the direction of IDCNA "Dean" Con Wiegers have kept information on a variety of topics flowing to us and has programs prepared which can be implemented when there is money and manpower available.

E. Some of you may think that Philadelphian Ben Franklin was frugal. Our Budget Director, Ray Ashmore, also from Philadelphia, makes Ben look like a "Sailor with six months back pay and 24 hour shore leave". We are solvent!

F. The Meeting Committee under the able direction of our enthusiastic and dedicated Vice President, Dillard Breeding, broke attendance at Hot Springs last year and has for us this year - a truly outstanding, informative, and entertaining program.

G. Of the Executive Secretary, I can only say "it was a lucky day for IDCNA when he came along". Without his efficiency, good humor and common sense, the President of IDCNA would find his task most difficult if not impossible. Just as a side-line he has brought the NEWSLETTER from a little two page affair, which was in the red, to its present size and it is financially in the black. In addition, he served for a year as our representative on the National Joint Board for settlement of jurisdictional disputes and we didn't lose a case!

H. For the first time in the history of IDCNA we have had full-time legal counsel. At the beginning of our term in office, Mr. James Brown of the firm of Fitzgerald, Brown, Leahy, Strom & McGill made his services available to us. He was retained not to act as a legal aide bureau for all the members of IDCNA (as some members have mistakenly thought) but to attend the meetings of the Board and of the general membership, to review our plans and policies and to insure as much as one man is humanly possible that the affairs of IDCNA are conducted in a legal manner. Like many others, he became enthused with the problems and prospects of IDCNA and has given advice and counsel far and beyond that warranted by the terms of his contract or the size of his retainer.

It is true that we did not accomplish all of our aims and that many serious problems beset us. For our failures I am sorry, but I do not apologize or offer excuses. I do simply wish to point out that IDCNA is limited in the things it can do - primarily by lack of finances. Experience has taught that no matter how dedicated committeemen are, there is simply not time enough to run a business of your own and - to name a few:

(A) Solve labor problems all over the United States

(B) Carry out a National Membership Campaign

(C) Create an Industry-wide Program of improved manufacturers relations

(D) Prepare a manual of standards, specifications, develop a safety program for all contractors and make the industry surveys that are constantly being requested of us.

The things that a trade association can do to improve our industry are legion. I say to you, if you want a trade association to do these things for you -- and you can't do them alone -- you are going to have to give it money as well as effort. You must do more than read the NEWSLETTER, come to the Conventions, and pat a hard working committeeman on the back. You must give of your time and YOUR MONEY.

Our Trade Association, IDCNA, must have the guidance and direction of a dedicated volunteer Board and Officers, but it must also have some well qualified professionals to represent it full time in technical, labor, legal and financial matters and to feed back to the members the beneficial results of their efforts.

Ladies and Gentlemen, while I will be President for a few more days and will preside at these meetings, I wanted to make my final report and remarks at the beginning of this meeting so that you could consider them for what they be worth in your deliberations here in San Francisco.

I thank you all for coming, I thank you for bringing your lovely wives, and I thank you sincerely for your help and cooperation during the past two years. We have a growing organization - we have a going organization -- come on, LET'S GO -- TOGETHER!

THANK YOU.

EXHIBIT IV

REPORT - MEMBERSHIP AND REGIONAL AFFILIATION COMMITTEE

A big portion of this report is a repetition of the editorial which I wrote for the July Newsletter, but I feel that it is important enough to repeat several of the items and I would appreciate your giving this a lot of thought. I feel the future of IDCNA depends on the type of dues which we decide on here at this convention.

In January 1963, the new officers and directors met in Philadelphia to discuss the program for IDCNA for the next two years. At that time our President, Mr. Charlie Vaughn, gave each committee a goal that he would like to see reached by the fall of '63, and then again by the fall of '64. At that time the Membership and Affiliation Committee had a goal of having four regional associations affiliated with IDCNA by our fall convention of 1964. Today, at this convention, we have five regional affiliated associations. At the time we had our director's meeting in Philadelphia in '63, we had ninety members. By our convention time last year in Hot Springs we had increased this membership to 125. Today, we have 142 members. This is an increase of 58% in 2 years. Several months ago I had set a goal of 200 members by convention time this year, but we have fallen short several members from that goal.

In the Southwest our slogan for SWICA for the past several years has been "There is strength in Unity". I think in IDCNA that all of us agree that there is strength in unity. In my estimation, we have more strength in the IDCNA organization and more unity today than we have ever had. Now, to go along with that strength and that unity and to increase our strength, we need finances.

In February 1964, the directors of IDCNA had a meeting in Houston. At that time the Membership and Affiliation Committee submitted a new dues structure to the directors that was approved unanimously.

This new dues structure was based on a cent an hour which you all read in the July editorial of our Newsletter. Due to the time element, it is the Membership Committee's opinion that we will need additional money before we can set up the procedure of collecting these dues on an hourly basis. For this reason, we are recommending, later on in this report, a flat percentage increase of dues for the regions who are affiliated with IDCNA.

Assuming that we have an adequate increased budget, then what can we expect from IDCNA that we are not now getting? We can have more legal assistance in the fields of labor relations, which, as all of us know is badly needed. This past year in the Southwest we have had two suits with the Union with the attorney fees for each suit costing the contractors in the neighborhood of $5500.00. We will always have a considerable amount of legal fees in our own association, but with the proper type of legal advice, several of these suits could be avoided if we had the answers before the questions came up. We also need more money to be on a comparable basis with other associations of specialty contractors. We also need engineering assistance in the fields of standards, education and safety, which we do not have today. Another reason that we need more money is, I feel, it is time for IDCNA to grow up and stand on its own feet. By this I mean that the officers and directors over the past several years have been using money out of their own pockets to make trips across the United States to enable IDCNA to get started and grow. I know in the past two years that Mr. Vaughn has visited practically every region in the United States at his own expense. The other officers and directors here have had similar expenses. To my knowledge no one who has worked in IDCNA as an officer or director has ever objected to spending his own money to help IDCNA get started and to progress, but I feel that, after ten years, we cannot continue to elect officers and directors and expect them to make the trips that they have been expected to make out of their own pockets.

Now, let's stop and think what IDCNA has cost us in the past and what it has accomplished for the contractor across the United States. We all know that there have been organizational difficulties and growing pains from the day that IDCNA was started ten years ago. But I feel that this past year, IDCNA was brought closer together because of Article XI, and also that the news flashes and the Newsletters that went out regarding our labor helped every independent contractor organization in reaching a better agreement. We all remember the days when the Union used to whipsaw us because of what other areas were doing. They have always had communications, but we have not. This is one of the most important functions of IDCNA, getting the communications to the members to help them in their daily tasks with the unions. I feel that the money that we have spent on IDCNA has been well spent if we accomplish nothing except this communications system.

It's real easy for each of us to sit back and criticize the Labor Committee for the way they handled a certain problem, or the Membership Committee for not having enough members, or the Standards Committee for not having a book of standards for each of us to work with. But I think we have accomplished a lot with practically no funds. I feel that the membership of IDCNA is a closer knit organization today than it has ever been, and I would like to see you take the bold step of increasing the dues as the Membership and Affiliation Committee has recommended and start from here to make this a strong national organization that each of you will be proud to say that you are a member.

I thank you.

EXHIBIT V

CODE OF ETHICS

As a member in good standing of IDCNA, I sincerely and solemnly promise and swear to uphold the industry rules of fair play by subscribing to the following code of Ethical Conduct:

My business dealings, objectives and relations shall always compel me to take into consideration my highest duties as a member of this industry.

I will not make false and misleading statements concerning my competitors.

I will sell my company instead of buying the customer.

I will live up to my contractual obligations, both morally and legally.

I will base my bid solely upon my own figures and computations.

I will not violate the intended insulation performance through specification changes.

I will honor all terms and conditions of my signed labor contract.

I will not offer any undue inducements to secure any employee.

I will promote and take active part in all legal trade activities for the improvement of the entire Insulation Industry.

Sponsored by Insulation Distributor-Contractors National Association, Inc.

EXHIBIT VI

IDCNA'S NATIONAL MEETING
Tuesday, October 27, 1964
First Session

10:10 A.M. Featured Address-
Mr. Merlyn E. Doleman, Vice-Pres. Corporate Finance Dept., Bank of America, San Francisco.

It is a great pleasure to be here this morning. We are happy to see both ladies as well as gentlemen in the audience which is not always customary at conventions. I hope you will enjoy your stay in San Francisco.

Your industry seems to us to have some remarkable opportunities facing it and this morning I would like to cover a few basic economic facts to bear on that. First, our population is growing, and the economic activity at present is likely to prevail in our nation over the twelve month period. The most recent report at the beginning of summer stated that the outlook of the economy was good and that it was likely to continue until 1965, and that the gross national product was expected to hit a seasonally adjusted annual rate of 6-1/2 billion - up 6 1/2% from last year. We expect this overall expansion to be without effect on price or costs. The outlook is that business plans for expenditure on plant equipment are likely to increase to 12% above 1964 level. Most of the additional funds will be spent on modernization. We can expect to see a lot of new factories and more modern techniques. Employment will increase more rapidly from now through 1965 than it has in recent years and unemployment, now 5-1/2 million for two years, is expected to show more improvement, and improvement in areas of the consumer spending and new houses also appears to be rather good. I think another important aspect of this general favorable economic outlook is that in our society we appear to have adequate capital for this expansion. In other countries the standard of living is low. In the United States we have both an increasing demand and the ability of purchasing power and high savings rate that allows our business to expand.

Another important aspect to our basic posture is that we are in a great technological change. For example, atomic energy is becoming a reality in the field of electric generation. In the west you have seen major plants that have gone beyond the test period. We are building plants that are designed for the basic electric load. These things are moving along at the present time at a rapid rate. In addition, there has been a technical development in aero space. One of the principal things in aero space is materials of which many are insulation of a plastic type. Also, aero space work has caused a high temperature design and extremely low temperatures for propellants and your suppliers for these materials are going to be introducing new products for the development of this aero space activity. Particularly important are the chemical industry and plastics which have taken such an important place in our present day modern standard of living as a material growth and we do not see any change in those products as new processes develop. It is a continuing process of change of plants and changes are likely to be profound. There is a plain increasing demand for chemical industry output on the whole combined with technical changes. You are going to see a lot of improvement in this area - up over 12% from 1964 - and research in development is high in this industry. I repeat they have the money to do it with few exceptions, and amortize a new plant generally in three to five years and they seem to be successful in rebuilding these plants.

The petroleum industry seems to be riding on a tide with automobile use. I want to add what my assumption was of prospects in this area. I feel there is a new design face coming through the petroleum industry. There are various techniques - cracking processes - and these are variously named. Most of these cracking processes are very important but there is a process now which appears to be in the east and successfully operating. They are able to crack hydrogen through the heaviest part of the crude and it controls the output according to the need. With this improvement I think the industry will be reinforced and there will be plans for rebuilding in the industry. The present trend in revising is good and if we get into a change using turbine instead of combustion you can balance the output by going down to the less heavier type of petroleum. Closely related to this is construction of new fertilizer plants in which most people (other than Krushev) are interested. We all know about the use of natural gas and we in California, being very close to agriculture noted this use. There have been a number of gas plants built but most are in smaller places. They are doing very good in design and projects. This is now a way to open up gas wells some of which are closed because of no supply and others have a very large supply. They can transport gas in the form of nitrogen, such as in the Galveston area, and can ship this gas by ship. This business in Galveston is so great that they almost obliterate most of the smaller plants. Their cost scale was impressive. This is important not only because of the increase in demand but because design and technology will put some plants out of business because it is now economically feasible.

California economics work out that way. Electrical generation is very interesting out here as we are large consumers and generators are constructed by some companies because of their use. Generating expenditures did decline by 2.5 billion in 1958. They were building at a fantastic rate but with the surge of population increasing meant they were a long time catching up. There has been a long time slump but now is progressing and I estimate it will reach 2.90 billion in 1970. This is of some interest to you as my assumption is that you have been busy installing insulation in these steam plants. I assume that it is important to you that the insulation techniques increased by plants to 4,000 degrees, or certainly over 3,000 degrees causes a tremendous loss of energy.

I understand the building boom in New York is over. In our town it is going pretty well. Our bank is planning to build a new building, 55 stories; looks like a 60 plus million dollar building. Wells-Fargo is planning a new building but I do not know the number of stories. There has been a great deal of bank building in Los Angeles. The projects which are big are going to be bigger in the future in generating capacity in the electrical field. Units running now 600 megawatts is large compared to megawatts years ago, about 150 in size. As size of projects increase, the size of insulation is a larger one and the contractor has to be organized to handle this task.

Management skills to us seem to be undergoing a sharp increase. It is more apparent with some customers than with others but this seems to be the thing in construction today. Contractors are applying to their industries the skill of accounting, also job planning, how you get the task done, has been submitted to corporations or computerized. Contractors in some cases are given every method of technique. The job must be planned. It sort of seems like it is here and you have to live with it. Contractors, by and large, seem to be convinced that this is very helpful to them and that it builds better savings and management into their job. I have also heard - "if you put garbage in, you get garbage out". One of other things is to insist on labor saving devices which hold costs down. The fact remains that labor saving devices are sweeping over the industry and are very important. We have seen in the subcontracting trades an extremely large number of small contractors go into business, which is not terribly difficult, and out of this group there are successful contractors who show their skill in management. I have spoken to dozens of contractors in an effort to convince them about their management techniques. Out of these groups there are subcontractors who have done very well. The present industry has some pricing problems. There are two factors in this - a fair amount of poor bidding done and a fair number of your competitors who are pretty well financed and who are successful in controlling this growing task without increasing the profit very much and that is a shame. The industry really has many members who are under-capitalized and could perform more volume if they had capital. After all, over a number of years you have done pretty well and it has been a pretty rewarding industry. There are many strong competitors among you. I hope you enjoy good profit margins on what you take. Bid the work and expect to make a profit on it. If everyone cuts down and takes a modest profit this will be wise.

In answer to my question: "Where Do We Go From Here?" which is my title, I would say "forward to greater success."

EXHIBIT VII

Remarks Presented
by
P. D. Kaley, President
National Insulation Manufacturers Association

at 9th Annual National Meeting
of the
Insulation Distributor-Contractors National Association, Inc.

October 27, 1964 The Fairmont Hotel
San Francisco, California

The purposes of NIMA, as set down in the NIMA Constitution are:

(a) To disseminate accurate information regarding insulation products for industrial and commercial use.

(b) To promote and publicize the sale and use of insulation for industrial and commercial use.

(c) To collect and disseminate statistical information relating to production, distribution and use of commercial and industrial insulation.

(d) To assist to the extent legally permissable in the development of standards for insulation products for industrial and commercial use.

(e) To develop through research and other means new uses and markets for the products of the industry.

(f) To engage in lawful cooperation with government agencies and other industries in matters affecting the industry.

(g) In general, to engage in any legal and proper activities which will be of benefit to the industry and to the improving of all products of the industry and the serviceability of its products to all users.

The underlying purpose of both NIMA and IDCNA is to further the welfare, growth and development of the industrial and commercial insulation industries. Before our groups can implement a program for joint action, consideration has to be given to the legal implications of the anti-trust laws. There are many areas open to question and our legal counsel has advised us that any formal liaison between the two groups is necessarily limited. Even in matters where joint effort can be considered, primarily technical in nature, they also must be carefully scrutinized by counsel since they lie in the area of law that requires a well defined understanding of the relationship between the two associations.

As manufacturers, we recognize and appreciate the importance of your group in the marketing of our products. As such, we propose to do everything possible to be of assistance to the distributor-contractor in the sound development and growth of our industry. NIMA has, and will continue to do many things that benefit you. Our efforts to date have fallen in the areas where there are no legal problems, i.e.; technical work with government agencies and in the area of promotion and publicity.

Perhaps the most impressive undertaking of NIMA has been our promotion of the concept of "Economic Thickness of Insulation". Thousands of dollars have been spent in publicizing this. This new method of determining the proper thickness of insulation is now being used on many major construction projects. Over 4,000 "Economic Thickness Manuals" have been published and distributed to principle companies and engineering firms. The manual has also been distributed to insulation distributors and contractors by manufacturers. Many of the manufacturers have conducted training and promotional programs to help the contractor utilize this new concept to develop more business. The Executive Secretary of NIMA has presented the "Economic Thickness" story to your membership. Our promotion of this new concept can result in an increase of 20% to 30% in volume of insulation installed and thus contribute materially to the welfare of our industry.

It is entirely possible that there are other areas in which the two organizations can work co-operatively toward the growth of our industry. The Board of Directors of NIMA are willing to consider any other possibilities that can be helpful to you providing such liaison can be handled in a way that will resolve the legal problems necessary to insure the safety of your members and the members of NIMA.

You have our best wishes for the continued success of your association and we join you in looking forward to the healthy growth of the industry.

EXHIBIT VIII

IDNCA'S NATIONAL MEETING

Wednesday, October 28, 1964

Second Session

Presentation of Mr. Dillard Breeding, President for 1965-66 -

I am as humble as I am proud of your decision to confer upon me the leadership of this organization. Let me say without hesitation, I accept with pride and gratitude and a full heart.

I am fully aware of the magnitude of this office and will do my utmost to discharge my duties with credit to you who have confidence in me.

With the help of God and the cooperation of the members of this association, I shall devote myself unswervingly to the attainment of your objective. Today I thank you in words, after today I hope to translate my appreciation into deeds and conduct.

EXHIBIT IX

REPORT OF THE COMMITTEE ON STANDARDS, EDUCATION & SAFETY

STANDARDS:

Your Standards Committee has an engineering problem of long standing.

We have long been working towards the development of an Insulation Standards Manual. The Manufacturers individually and through N.I.M.A., the National Insulation Manufacturers Association, have so far done the most work on this, with many special publications.

Some Local and Regional Associations have also made a good beginning in the development of a Standards Manual. Even these manuals have resulted in much better specifications, particularly in the commercial and institutional fields.

It is our opinion that the Thermal Insulation Industry, through their top trade organizations, should develop and publish a manual so good and so complete that it would be used as a reference manual by Design Engineers, Consulting Engineers and Architects everywhere. It should be so good it would be used as a guide to better workmanship and to upgrade our entire industry. Does any one here doubt that we need it?

It should contain standards for materials and the application of them, it should be a specification authority.

It should also contain all data and technical information useful in design and application of thermal insulation including the new plastic materials in industry, commercial and institutional work, covering the highest to the lowest temperatures.

It should also contain a Trade dictionary of Terms to specifically define what is generally specified as fittings.

We think that this could be accomplished by a joint committee of manufacturers and contractors formed to study and guide the production of such a manual. It might be called "The Insulation Standards, Specification and Data Manual". Much reference data has been collected and much more is available. It must be checked, re-written and correlated.

This top level effort would require the services of an engineer and a joint budget to provide funds to pay for services to produce, publish and distribute such a manual.

EDUCATION:

The proposed Insulation Standards, Specification and Data Manual would be invaluable toward the education of our engineers and salesmen. It should be used as a text book in an Apprenticeship Training Program, where one is so sorely needed.

Education is a continuing process. We should assist our estimators, supervisors, foremen, sales engineers and purchasing personnel in the ever necessary job of keeping abreast of developments in the trade.

This includes new materials, new methods of application, estimating techniques, better cost accounting, and the use of office machines where volume warrants their use. We should produce and distribute a negotiating manual that would also inform Members of their Legal rights.

During the past year we have mailed you various booklets on general subjects of interest to business men. We trust you read and liked them.

Now let us summarize.

1. We need an engineer or a firm of specialists who are experts in Thermal Insulations to correlate and produce standards for national use.

2. We need the services of a construction safety consultant to implement our safety program.

3. We should carefully consider an Educational Program for the benefit of employees below the business management level.

How much will this cost? Not too much for what it would accomplish, but it cannot be done on a $21,000.00 budget.

These will help us retain national leadership in this trade, to go forward, along with other national associations of contractors in their related construction industries.

In conclusion, we urge you to give full consideration of these proposals, and the new dues structure suggested by Ken Dixon, on the agendas of your Regional Associations. These programs should be developed on a national level, supported by similar regional action. The future of our industry will be assured through our joint efforts.

SAFETY:

Webster's Dictionary defines an accident as, "A happening that is not expected, forseen or intended." Preventing accidents then is our job for we must agree there are few accidents that cannot be prevented.

The initial goal of the Associated General Contractors of America, last year, was to cut the disabling injury rate by one third which would mean the savings of about 750 lives and the prevention of 65,000 disabling injuries each year.

To quote A.G.C. further, "A reduction of one third would also mean a corresponding savings in the economic loss from construction accidents whose direct costs now total more than $2 billion a year. One third of that amount would mean more than $677 million a year saved in construction costs."

We can be pretty sure we share proportionately in this $2 billion per year cost both directly and indirectly.

That is a very strong incentive to do all we can in the interest of safety.

In this connection, management is charged with the responsibility of initialing a safety program and keeping it going.

Management has the responsibility to enforce measures to prevent accidents on its construction projects. Only then does an effective safety program get out of the talking stage into the practical execution of it.

Realistic job requirements should be established. Field supervisors should be assigned the responsibility of coordinating the safety program with company policy.

All job supervisors should have the responsibility of planning the job for safety--seeing to it that foremen do not require or permit their men to take unnecessary chances, issue adequate safety instruction, and make continuing inspections to be sure that operations and conditions constantly meet safety requirements and practices.

Supervisors and foremen should be encouraged to attend safety meetings. Then foremen should discuss and explain specific safety problems, in tool box or change house meetings.

There is a woeful lack of safety communication among the trades. This is probably the largest contributory factor to accidents. Union apprenticeship programs should include more accident prevention training, thereby, establishing safe operating procedures by trade.

How can this be accomplished? Your committee is of the opinion that we have no right to ask busy contractors to spend so much valuable time on this. We should retain the services of a professional or use the facilities of one of the many professioned firms in this field. We believe that the results gained by our contractors through improved safety measures would make the cost of membership in IDCNA and the Regional Associations to the individual members almost nothing.

Wednesday, October 28, 1964

Second Session

9:45 A.M. Featured Address -- Dr. Kenneth W. Smith, M.D.
Medical Director, Johns-Manville Corp.,
"ASBESTOSIS" Discussion

22 E 40th

Q. I would like to ask you if you could give us an up-to-date report on the work Dr. Silicoff has been doing on the asbestosis situation?

Q. What is the minimum examination made annually to try and spot this asbestosis?

Q. Isn't the reading of the X-ray by the doctor very important?

Q. If somebody did make a claim like this would the X-rays be able to discern what amount of damage came from smoking and what came from dust atmosphere?

Q. If a man had bronchitis, would an X-ray show it?

Q. You indicated in your opinion some of the diseases are mis-named as asbestosis in our business today. I think we use a great deal less asbestos than we did years ago. What other dusts would show a pulmonary disease?

Q. We have newer products like plastic; have any checks been made on these products?

Q. Is there a hazard with glass fibers? Are people allergic to it?

Q. What is the European cold?

Q. I believe you said the minimum time working on asbestos is 14 years, can X-rays pick up signs of this?

Q. Are there state controls to handle dinamatious earth?

EXHIBIT XI

DO THE INSULATION CONTRACTORS NEED A NEW IMAGE?

By John R. Hundley
Vice President - Industrial Relations
Granite City Steel Company
Granite City, Illinois

Thank you . . .

This is no easy assignment. I have been asked to comment on the kind of job being done by your part of the construction industry. What do I think of the performance of the insulation contractors?

I could give a polite answer and change the subject ... or I can be blunt. I have been told you want a direct, down-to-earth presentation. The most direct answer I know is to say that, in my experience, your part of the construction industry has a reputation for two unfortunate characteristics:

The unusually low productivity of your journeymen, and

Their unusually bad working habits.

I do not want to exaggerate. My knowledge of your performance is limited to a few big industrial districts. Perhaps elsewhere in the United States everything is in tip top shape -- although I doubt it and you must have your own doubts or I would not have been asked to speak this morning. My invitation arrived after I had covered this same general subject at a meeting of your Midwest members last May.

Further, you are no more immune than any of us to what people <u>think</u> you are. A few years ago the St. Louis Construction Industry Joint Conference commissioned a thorough review of its market and future prospects in both new construction and maintenance. The study was done by top men from Harvard, Washington and St. Louis Universities. One of their conclusions is worth repeating.

Discussing the behavior of plant management in regard to contracting out, they observed that it was too complex to explain by a simple formula. Decisions were often made on the basis of estimates or guesses as to the comparative costs involved. Like it or not, they said, the construction trades were up against the following, and I quote from their report:

> Of basic importance as a decision-making criterion, but impossible to assess because of its subtle psychological impact upon the decision maker, were the attitudes held about the construction industry's practices <u>in the area of quality and productivity</u>. Frequently the decision makers

> were unaware of the extent to which their decisions were affected by certain nonobjective and nonquantifiable beliefs which can be summarized as an image.

In other words, true or false or only partly true, you have to accept the fact that the image of your industry is a major influence on the people you deal with.

I came to San Francisco to suggest a way by which you can improve that image. This will require an explanation of four main points:

> First, why a man in industrial labor relations -- a much different field -- has any right or reason to be talking to men who deal with the building trades.
>
> Second, why the insulation contractors as well as other specialty and general contractors are up against a serious threat to their normal share of the industrial market.
>
> Third, what led me to form my image of your industry.
>
> And, finally, what you can do to either overcome an unfavorable image, if your area has that problem, or keep a favorable image from being tarnished.

I am here this morning because of a lesson I learned seven or eight years ago about your business and mine too. Granite City Steel Company spends anywhere from 10 to 30 million dollars a year on new construction. And there was a time when, like most industries, we took only a sideline interest in how the contractors handled their work in our plant. Sure, we had to be satisfied that the job was up to specifications. We wanted it finished on time, too, especially when mill equipment was involved.

However, we had no curiosity about the contractor's costs. That was his business . . . or so we thought in those days. We did not question manning or use of overtime or area working practices. We complained about jurisdictional strikes, but we took the contractor's word that it was just those crazy building trades fighting again and there was nothing anyone could do about that.

This bland attitude disappeared in the mid-1950's after our costs on a big expansion program with massive use of contract construction got completely out of line. Much the same thing happened to several other big industries in our industrial district which is right across the Mississippi River from St. Louis.

What's more, the word was spreading to other cities. Several new plants which would have been located in St. Louis . . . and would have bought our flat rolled steel . . . were built in some other steel mill's market area instead.

We were not sure why all this had come about although we suspected the answer could be found in the cost of construction labor. We set out to get the facts. Executives from our company and several others personally interviewed 15 national contractors and 30 local contractors and sub-contractors who had done substantial amounts of work in our area. We assembled the actual construction costs on comparable jobs performed in our area and in others . . . talked to companies that had changed their minds about moving into our district . . . compared contracts negotiated between our contractors and their local unions with contracts negotiated in other industrial districts . . . studied reports by the National Contractors Association on featherbedding practices and jurisdictional troubles.

We got our facts all right. Construction labor costs in our area were brutally high. However, the most useful thing we learned from our entire investigation was that the blame for the situation could not be laid at labor's door alone. The high costs reflected past failures on the part of all three groups -- the industries paying for the construction . . . the contractors they paid . . . the building trades unions whose members did the work.

Our own lack of interest in contract work at our plants had certainly contributed. You could trace the origin of some of the most costly working practices and work restrictions right back to the owners. Intent on getting a job finished, we had failed to take a firm stand against wasteful practices when they first developed. We had not supervised contract construction at our plants. We had too often been unwilling to back up the contractors when they wanted to take a firm stand. We had not protected when jobs were obviously overmanned. We had tolerated the unnecessary use of overtime.

Somehow or other we had forgotten that in the last analysis we, the owners, were paying for all that waste and inefficiency.

We have not forgotten it since, I can tell you, and that's why I agreed to speak today. You may be wondering what my interest is. I represent a company that, on occasion, makes extensive use of contract construction . . . not because we love the contractors but because it is to our advantage to keep our permanent payroll from becoming inflated and keep our capital expenditures and investment down. Our own self-interest is involved. We do not want to see any part of your industry price itself out of our market.

My second point was that you are up against a serious threat as far as your long-term prospects in the industrial construction field are concerned. This is no exaggeration. Given the very best of performance, you may still lose ground in the industrial market simply because contracting out is steadily becoming more difficult. There are two broad trends at work today and neither is favorable to the construction industry.

One is the way in which an increasing number of professional arbitrators and judges are interpreting collective bargaining agreements between labor unions and manufacturing companies. In effect, their decisions are adding conditions to those agreements that management certainly did not intend when they were written. Their decisions are restricting the right of management to contract out for construction.

Industrial management has always considered itself free to decide, on the basis of costs, between making a product or providing a service itself and buying or contracting for it. However, this freedom on what are sometimes called make or buy decisions is not as inviolate as you might thank and recent arbitration and judicial decisions seem to be working against it.

The second adverse influence you face is the reaction of the industrial unions to automation and technical advances. With in-plant jobs being reduced, or, at least, not expanding at their former rate, the production unions have intensified their efforts to obtain all available work within the control of the firm with which they have labor agreements. And that includes construction as well as production.

The steel industry and the United Steelworkers included an experimental agreement on contracting out in their basic contract last year. Although the agreement has not received much outside attention, we are now required to notify the union when (a) we have a significant item of work and (b) we propose to assign that work to outside contractors.

The experimental agreement requires us to follow several "principles" in determining whether work will be performed with our own employees or contracted out. Let me quote two of those "principles". We must:

1. "Consider the effect on the morale of the Company's employees of contracting out the job." and

2. "Make the decision on the basis that insofar as it is reasonable to do so, the Company will do the work using its own employees."

The broad problem facing the entire construction industry today is that you have two strikes against you to start with when it comes to contracting out by your industrial customers. The conditions responsible are no more of our making than yours, but we are being forced to adjust to them.

That being the case, will anyone argue when I say that it is of prime importance to every segment of the construction industry to maintain the tightest control possible over costs . . . to make your services as efficient and competitive as is humanly possible. Otherwise, you may start down the same road that the brick and plastering contractors took some year ago . . . and you know what happened to them.

I don't have to tell any of you people about the shop prefabrication of insulated pipes and about designs that run exposed pipes through heated buildings to avoid the extra cost of insulation. These are fairly small items, I know, but they are not just straws in the wind.

I promised to tell you what led me to form my unfavorable image of your particular part of the construction industry. It is based on what I have seen at my own company where your specialty trade has worked on our coke ovens . . . what I have heard from other companies in the St. Louis area . . . and what I have learned from industrial contacts in Chicago and two big industrial districts in Texas. None of those sources gives the insulation contractors or the Asbestos Workers Union a gold star.

You do not even rate an E for effort.

This is not surprising to me in view of what I have seen at our own plant. As I have said, we keep in close touch these days with every contractor and subcontractor. We know that your costs on one job will influence your bids on the next. We want you to make a reasonable profit this time so your bid won't be up next time. And we believe we have every right to expect you as contractors to run your jobs efficiently.

I wish I had a tape recording to play this morning of remarks by our engineering staff as they watched the initiative with which the asbestos workers on one coke oven job availed themselves of long lunch hours and early quits and, one day, of a lunch hour which began at noon and ended the next morning. To be fair, one man out of the entire group did return in mid-afternoon. He walked -- or, more accurately, staggered -- back to the job site to pick up his tools.

It's not funny when you look at the situation from the standpoint of Granite City Steel. It is really our money which pays for that kind of waste. If the contractor can make a profit with conditions like that, then his bid was way out of line. Further, we do not intend to tolerate that sort of conduct because we will not tolerate it from other construction trades or from our own production workers.

To correct that particular situation, we set up a hurried meeting with the contractor and union business agent. To be frank, we were more favorably impressed with the reaction of the business agent. The contractor said, in effect, that this sort of thing went on all the time. His idea was that nothing could be done about it ... so relax. The business agent said that what the men were doing was news to him. He agreed to step in and try to straighten things out.

At our urging, the contractor did too and the asbestos workers settled down and finished our job without further incident. The meeting illustrates one of the ways in which contractors, unions and owners can work together effectively to meet their individual responsibilities for the efficient performance of a contract job.

Now that was just one incident. However, we have many contacts with other industries and with general contractors in the St. Louis area and elsewhere. We checked around and learned that our experience was by no means unique. Nor is the matter of excessive travel allowances in Asbestos Worker contracts. They also exist in the Houston, Galveston, Beaumont and Port Arthur areas and, for all I know, in many others too.

We cannot see any reason why the local union claiming jurisdiction over a metropolitan area cannot supply its men on the job site at 8 a.m. at the base rate of pay and with no travel allowance. Very few of the locals in the St. Louis area have an allowance for subsistence, transportation and travel. But the members of Heat and Frost Insulators, Local No. 1, receive 75¢ a day extra for every job that is 10 to 15 miles from the center of the area and their daily extra goes up, with distance, to $5. We think it is inexcusable.

However, I did not come here to complain about local problems, but to suggest ways by which you can give your industry a better image or keep it from getting a bad one. That requires improving your performance and, I can tell you, it won't help to dismiss your problems by saying it's all the fault of the Asbestos Workers Union and they should discipline their members. Perhaps . . . but saying it won't serve any useful purpose.

The approach I suggest for your consideration is based on the experience of industries, contractors and building trades unions in our industrial district. Some of you will know that the Building and Construction Trades Department of the AFL-CIO, of which the International Association of Heat and Frost Insulators and Asbestor Workers is a member, has a 10-point Statement of Policy. It was written in 1958.

What we did in our area was to take that document, which was then nothing but a statement of construction trades policy, and put it to work at the local level as, in effect, a contractual commitment. This was achieved because the Statement was signed by the officers of our major contractor associations and building trades union. It has not been signed, I should add, by the insulation contractors or by the Asbestos Workers Union which has its headquarters on the other side of the Mississippi River.

And the insulation contractors are one of the few whose efficiency has not improved. We know of a number of large jobs which were started in our district as a direct result of the general reduction in construction costs which followed the signing of this Statement of Policy. Featherbedding is much less prevalent. Jurisdictional strikes are all but eliminated. Construction costs are definitely lower than in the 1950's despite the rise in the construction cost index.

Let me read you the 10 points even though some do not apply to your kind of work:

1. The selection of craft foremen or craft general foremen over workmen of their respective crafts shall be entirely the responsibility of the employer.

2. The welding torch is a tool of the trade having jurisdiction over the work being welded. Craftsmen using the welding torch shall perform any of the work of the trade, and shall work under the supervision of the craft foreman.

3. Workmen shall be at their regular place of work at the starting time and shall remain at their place of work until the regular quitting time.

4. There shall be no limit on production of workmen nor restriction on the full use of proper tools or equipment and there shall not be any task or piece work.

5. Payment of excessive daily travel allowances or subsistence shall be discouraged.

6. Jurisdictional disputes shall be settled in accordance with the procedure established by the Building Trades Department of the AFL-CIO or in special cases as agreed and established by two or more international unions, without interruption of work or delay to the job.

7. So-called area practices, not a part of collective bargaining agreements, should not be recognized nor should they be enforced.

8. Slowdowns, forcing of overtime, spread work tactics, standby crews and featherbedding practices have been and are condemned.

9. Stewards shall be qualified workmen performing work of their craft. There shall be no non-working stewards.

10. There shall be no strikes, work stoppages or lock-outs during the processing of any grievances or disputes in accordance with the manner prescribed in the local or national agreement.

Many of us would be happy if the asbestos workers would simply abide by this 10-point Statement of Policy. The worker attitude towards early quits and long lunch hours, for example, indicates a deeper problem that we . . . and I mean we the owners; we the contractors; we the union . . . have allowed to develop. We are not talking to each other when we should be. We have not created an atmosphere of mutual confidence and good faith.

Such an atmosphere can be created. Use the 10-point Statement of Policy as a springboard. Once you and the unions have signed those 10 points, you have formalized a joint determination to make your part of the construction industry more efficient, less costly . . . and more attractive to industry. You have a form of commitment. Both the union and you can understand it.

The union can understand it, too, when you insist on a reasonable amount of work for a reasonable wage. Hourly wage rates as such won't price the building industry out of a market. You can remain competitive as long as your wage dollars buy high productivity and reasonable cooperation on the part of the building trades. But you run into trouble when they buy only low productivity, make work rules, featherbedding and jurisdictional disputes.

Some areas may benefit, too, from a Council of Contractor Associations. We formed an organization of that kind in our area to help general and specialty contractors coordinate once-separate approaches to mutual problems. One of the reasons that construction costs had gotten out of hand was that there was no such coordination. The Council also works for further improvement in construction efficiency and in labor relations between contractors and building trades unions. We have obtained consistent cooperation from most of the building trades locals in our area although, again, I cannot include the Asbestos Workers.

What I am suggesting is in the direct self interest of everyone of us. Your men will certainly not benefit from your losing a market. Obviously, you won't either. Nor will we in the market you lose. We want to continue to go outside for construction and maintenance work on the only sound basis for contracting out . . . that you can do the work cheaper and better.

Let's Face Facts. The facts indicate that you need a new image but the facts also indicate that you have a way to achieve it.

Thursday, October 29, 1964

Third Session

9:15 A.M. Featured Address - Dr. Emol A. Fails, Professor of Economics, North Carolina State College
"In Contracting Management Earns or Loses Money

Dr. Fails stated that in addition to teaching Economics at North Carolina Statė College, he gives from 150 to 175 addresses a year at seminars held by different businesses.

In contracting, management earns or loses money. We are not going to be talking about the gross national product nor concerning ourselves with what other businesses are doing but mostly about contracts and insulation. He would rather talk as a businessman than as either a consultant or professor. At North Carolina State College, which is a university, they are interested in industrial development both regional and national. He is interested in management. One can become a consultant but he does not visualize himself as any type of specialist and would not call himself an expert. Some people who call themselves experts are not, such as some tax experts. As a matter of fact, all of us are comparatively ignorant because so much progress is being made. He thinks that high school and college graduates today are more ignorant of knowledge today than students were 35 years ago because there is so much more available knowledge to be known now, such as in science, and because of the rapid strides that have been made in all fields.

A lot of money cannot be made today as it was made by Dad 20 years ago. A man who is doing well today is the one who is sensitive to change and who adjusts himself to the new ways of doing business. He does not admit that everything new that comes out is best. Some things are tried and proven wrong. There is no age limit in adjusting to changes; some young men 25 to 29 years old are has beens because they can't change, whereas, older men and women do. For example, he knows Harold Benjamin, 80 years old, who is a consultant to the Brazilian government, helping out with their problems, and he even flew down to Brazil in his own plane by himself and still rolls his cigarettes.

In speaking on the topic of today - In Contracting Management Earns or Loses Money - Dr. Fails pointed out as an example that he has often asked a contractor around tax time, in April, if he had made any money during the year and got the reply that the auditor and accountant had his books, that he did not know but felt he did not do so well. When he asked what the trouble was, the man answered that he did not have the volume, and when asked how much volume it would take to make a profit, he replied that he did not know as he did not know the cost and also complained about too much competition. On the other hand, there are contractors who say they know their cost down the line. He does not agree with this - one might have known their costs yesterday but does not know them today. For instance, an employee could take some of the metal out of the shop for himself. We can get close to costs and predict what they are likely to be but we don't know exactly and it is hard to estimate losses. Contractors complain about cut-throat competition which will not allow them to do certain things and also complain about not being able to get production out of employees. The reason the contractors do not do well is not everybody else's fault. Everything that happens in business depends on management and responsibility.

Management should assume responsibility for every subordinate and delegate responsibility to each subordinate. There is always competition in free enterprise. Industrial education is very important. It is impossible to get businessmen to agree on a price standard - human nature is not that way. He doubts that anyone at the meeting is making as much money as he wants to. There are always unexpected costs that are not figured on. He was present, for instance, at a sale on bedroom suites at the Furniture Mart and they found that 25 pulls for the drawers were missing, the pulls costing about 15¢ each, and they had to fly a man back to Chicago to get them. This added cost was unexpected and had not been added to the cost of the bedroom suites; therefore, the bedroom suites had been sold too cheap, and the volume was very high. Estimating a job correctly is very important.

At this point Dr. Fails showed slides, and explained them.
He stated that "management is getting things done through others."
There is more to management than just things. A business has to have good capital, a good product and good people involved to be successful. Costs, mistakes, etc., are always attached to people. It is important that employees earn their salaries. It is better to hire one educated man than three who are not educated. It is very important also to make a large profit on sales to help cover expenses for employees, suppliers, bank loans and other people. The gross national economy is at an all time high. Contracting is 60% of it. It is important to know how many hours a week a man puts into running his business. For example, if he figures 5 days, 40 hours a week at $5.00 an hour, or $200.00 a week, and then works 20 hours overtime, he should figure that he should make $400.00 a week - double time for overtime, as he would have to pay an employee.

He then referred to competition in prices and gave as an example the different charges made by people who claim to be tax experts. He further stated that Accounts Receivable in business can be a serious situation - nobody will pay their bills. He has heard this in many groups he has talked to. It is also important to plan prompt deliveries of material from the supplier and manufacturer.

He thinks management training is one of the problems in the insulation and contracting business. It is the same problem to develop a good manager as it is to develop a good insulation man or a good estimator. We should not think that if a man is good in one thing he should be good in something else. A salesman cannot become a sales manager if he is not the type. For example, a preacher cannot talk on economics as he has no training on the subject, and we could not talk religion because we do not know anything about it. Also, a man could not crash land bombers unless he was taught how. There is a systematic way of doing things. A man should do the job he is hired to do and not need help to do it. Some employees only work when the boss is watching them. He does not know whether this loss of time should be put under Cost of Estimating or Cost of Labor. The cost that is missed by miles is Overhead. It runs up to about 50% over the actual overhead. He has found in talking to contractors that in bidding jobs they estimate material, labor, what they have to pay a subcontractor and other costs, but do not figure their overhead and profit correctly so that on some jobs the profit amounts to as little as 1-1/2%. Different jobs have different costs. It is dangerous to put an average cost on an average job. Another problem is lack of capital. Some men have no idea of the capital required to start in business, and others think they can do twice the business but do not figure that it requires twice as much help and equipment and capital. Some firms have trouble on cost and selling price; some do a good job on getting credit but do a lesser job on collections.

Most businesses are not large enough to have specialists so the manager has to be a salesman as well as a personnel man, etc. A manager should plan far ahead on the functions in management. He has read that it should be done five years ahead but he does not agree with that. In planning, we estimate a job - how much material to be used - how much labor - overhead cost during that time - and profit. In planning ahead, a manager must figure that labor will cost more and that the job will not be completed in the time planned. The best way to manage a job is to beat the labor cost. A manager would always be happy if he could estimate the cost of labor on all jobs. Hours of labor varies with the type of employee; one employee may do the job in 90 hours whereas it would take another employee 100 hours to do the same job. Today, it is fashionable to be behind in your work and rush and hustle; it is all wheels and deals. There is an old saying: "if you don't know where you are going, you are there." If you don't have a plan it is obvious that what we have in mind will not be accomplished. To make money, the best plan is to increase volume 10% and costs 5%. He knows a contractor in Atlanta, Georgia, Zig Kos, who has a very good system. He will not see anyone who happens to be waiting in the office and will not take telephone calls for at least 30 or 40 minutes after he arrives at the office. During this time he makes his plans for the day. He also limits the time of talking to the people waiting in the office to 15 minutes each. He is a very successful businessman and does about $2-1/2 million business a year. He is now 58 years old and wants to retire. He has 8 young men working for him including his brother. In answer to his question, Mr. Kos told him that he would not put his brother in the management group because his brother could not be a manager as he was a technician and would be better in insulation work. It is important to plan on what each employee is best in because of cost. A person who will write down specifically what he is going to accomplish is more likely to accomplish it than the man who says: "I will do what I can do." There is something magic about planning a goal in profit, volume and labor cost even though you may have to alter your plans to do it. It is also important to watch men on the job and speed them up as sometimes labor cost can be twice as much as it should be. It is also a good plan to refer to your financial statement of the previous year to find out how well you are doing during the present year. For good management control, a manager should have the jobs in process on a job cost sheet so that he knows if he is ahead or behind on the estimate. He can refer to this estimate when figuring a job the following years when competition is keener and he will have to increase his estimate.

The weather also should be considered in planning jobs in certain locations. There is such a thing as seasonal activity and seasonal difficulties, which cause delays in completing a job. Probably the biggest factor in management is how to make money off labor. One of the best places to make money is to get less labor and do the job quicker. Good supervision may be the answer. Also, overtime labor costs go up and overhead costs go up. When labor is cut, overhead goes down.

At this point Dr. Fails illustrated on the blackboard the best way to figure labor costs which included time out for sick leave, jury duty, coffee breaks, sending out letters, telephone calls, etc. There is another thing that costs money and that is capital which is borrowed from the bank and money lost on the interest. There are many people who do not know what return they get on their capital. Bank interest rates are determined by the risks in the industry. Working capital is equal to current assets minus current liabilities (illustrated on blackboard by Dr. Fails).

EXHIBIT XIII

IDCNA

1965 Budget to be presented to the Board of Directors Meeting 10/27/64 Afternoon, for APPROVAL, and to the General Membership 10/29/64 for ACCEPTANCE.

Salaries:			
Executive Secretary	12 months @ $700.00		$ 8,400.00
Clerical	52 weeks @ 75.00		3,900.00
Payroll Taxes:			
	$5,600.00		
	3,900.00		
SS	$9,500.00 @ .052%	494.00	
Unempl.	6,000.00 @ .071%	102.00	596.00
Bond		12.50	
Workmen's Comp.		16.53	
Accident		8.00	
Group Life		144.00	
		181.03	
Salary		231.00	412.00
			$13,308.00
Legal:			
Retainer		2,000.00	
Analyses		1,000.00	3,000.00
Travel & Meeting Expense:			
Exec. Sec. & Attorney to Conv.		1,000.00	
Officers to 5 Regional Meetings		1,000.00	
Small Expense Travel Fund		200.00	2,200.00
Office Rent			1,800.00
Office Expense (incl. printing & Postage, Tel. & Tel.)			1,400.00
Dues and Subscriptions			2,425.00
Auditing			150.00
Editorial Service			500.00
Expenses of Committee Programs			4,000.00
Office Equipment			400.00
			$29,183.00

To be financed by 1965 dues from 5 regions @ $3,000.00 -	$15,000.00
1965 dues from At-Large members	3,000.00
	$18,000.00
Existing Surplus of Funds 12/31/64	11,000.00
	$29,000.00

1965 NEWSLETTER is expected to earn a small surplus

EXHIBIT XIV

Mr. Vaughn:

"At this time I want to express my appreciation to the Officers, Board of Directors and Members for the encouragement given me during my term of office. If we have made some progress, I am glad to have been able to participate. I know Mr. Breeding will advance the IDCNA. Now, Mr. Breeding, it is my pleasure to place this business and honor in your hands."

Mr. Breeding:

"Now that I have got it, what will I do with it? I am fortunate in one respect. We have to make room for Dr. Fails but, first, let me summarize our meetings. On Monday, October 26th we had Meetings of the Board of Directors, the National Committees and Regional Officers. On Tuesday, October 27th, we had our First General Session. It was good, and next year it will be better. On Wednesday, October 28th, we had our second meeting and we have that marked very good. For 1965 I have it marked much better. On Thursday, October 29th, the best meeting we have had. Our speakers were really good. I cannot say they will be better next year but we want more of the same. This has really been the best meeting that IDCNA has ever had. We might say that our attendance has been the best we have ever had although I think we had two more in Hot Springs.

How did you like the caliber of the speakers? First, we had Mr. Doleman, then Dr. Smith and Mr. Hundley and Dr. Fails.

Now, I would like to recognize the record. The Regional Associations Directors that are affiliated with this organization, I think are very enthusiastic workers and will do a very good job. From Middle Atlantic States, Ray Ashmore and Marvin Gibbons; from Central States, Pat Yount and Bill Lickert; From Southwest, Roy Coffer and Ken Dixon; from Southeast, Herb Mullenix and Jim Ennis; from Midwest, Duane Luse and Frank Rutherford. If you don't know them personally, you don't know what enthusiasm these fellow have. These fellows were sent to us by their Regionals. They are the voice of the Regionals, and they are our pipelines to the regions."

Mr. Breeding called Mrs. Dixie Jones, who served the meeting as registrar, to the platform and said: "It is amazing what some women can do and keep their amateur standing. You do a perfect job for the IDCNA and for that, here is a little token of our appreciation." Mrs. Jones accepted the gift and expressed her appreciation and thanks.

Mr. Breeding then presented a placque to Mr. Vaughn for his outstanding service to IDCNA in 1963 and 1964, which he said was easy to do, and that he sincerely hoped that the Almighty God would give him the strength and wisdom to go on from where Mr. Vaughn left off. Mr. Vaughn: "I can only say thank you from the bottom of my heart."

Mr. Breeding: "I would like to say these words: One point I want to make clear is that you people selected me to lead this organization without my asking for one vote from anyone, and I thank you. I am not obligated to anyone and my resolve is to attempt to lead this organization for the good of the insulation industry even at a sacrifice of personal profit. Now, I think it is time we turn this session over to Dr. Fails."

EXHIBIT XV

Thursday, October 29, 1964

Fourth Session

2:00 P.M. Featured Address - Dr. Emol Fails: "You Can't Earn A Profit If You Don't Know The Cost"

People should learn how to read a financial statement made out by their auditors; they don't have to be accountants to do so. He thinks that any man operating a business should know how to make out a financial statement as it shows what the business is doing. Some businesses do not operate because they have a statement one way and report it another way. At this point the following summary was exhibited by slides:

1. Materials
2. Direct Labor
3. Sub Contract
4. Other Direct Costs
5. Overhead

Dr. Fails stated that Profit and Selling Price should be added to this summary. (He then explained this summary on the blackboard.)

Dr. Fails stated that it is very important to keep a detailed statement of losses as well as profits and also to know what your income tax is going to be. At this point Dr. Fails exhibited by slide the following items which he considered important to keep a record of:

1. Permits
2. Scaffolding
3. Rental
4. Certain Personnel
5. Truck Expenses

The following is an example of several Profit & Loss Statements Dr. Fails showed by slides and illustrated on the blackboard:

Insulators, Inc.
Industrial Division
Profit & Loss Statement

		Per Cent
Net Sales	800,000.00	100.
Less Cost of Sales		
Cost of Materials Used	210,000.00	26.2
Direct Labor	440,000.00	55.0
Sub Contracts	8,000.00	1.0
Other Direct Costs	4,400.00	.6
Total Cost of Sales	662,400.00	82.8
Gross Profit	137,600.00	17.2
Overhead	115,200.00	14.4
Net Profit Before Taxes	22,400.00	2.8

Dr. Fails stated that the biggest financial cost is the cost of sales and that prices vary with the cost of materials and what is sold.

Controls is very important in this industry. There are very sensitive areas in contracting. He does not know exactly where they are in the insulation business. The man who works with his business, and watches everything closely and controls it, will make money.

Dr. Fails concluded by stating that he appreciated how intently the members of the IDCNA listened to him.