BIRD & SON Volume 68 Number 2 Fall 1980

newsreview

Donald R. Suva Appointed Vice President, Marketing

On July 1, 1980, Donald R. Suva assumed the duties and responsibilities of Vice President, Marketing, Building Materials Group. The position was created in order to consolidate and strengthen the marketing staff functions of sales, advertising, and market planning and development, according to Executive Vice President John A. Hixon.

Mr. Suva comes to his new post after having served as General Manager of the Pacific Division since 1974.

Mr. Suva joined Bird & Son as Pacific Division Credit Manager and subsequently became Division Controller. In 1971, he was appointed Central District Sales Manager of the Pacific Division, the post he held until his appointment to General Manager.

He has served as Chairman of the Western States Committee of the Asphalt Roofing Manufacturers Association, and as a Trustee of the Warehousemen's Pension Trust Fund and the Warehousemen's Pensioner Medical Fund.

Donald R Suva

Building Materials Group

SALES MANAGERS CONVENE IN LOUISVILLE

During the last week in July, the Building Materials Group held its 1980 Sales Management Conference in Louisville, Kentucky Attending were the seventeen District Sales Managers and eight General Managers of the Building Materials Group, plus personnel from East Walpole providing updated industry and Corporate information

Vice President Conrad's opening remarks introduced the three-day concentrated interchange and called for a "Focus on Fundamentals" as the theme. Then, Executive Vice President Babcock presented a review of the operating results for the first six months, including a commentary on the impact of the economy on the Company's business. He showed

Continued on Page 2

The State of the Economy

Recovery Will Be Slow

Never before has the American public been subjected to such an onslaught of economic data, facts, and figures. In a bewildering fashion, the media intensively covers, highlights, produces programs on, and indeed has made entire series based on the domestic and even the international economy.

While this may seem somewhat confusing, one thing is for certain. It has greatly improved the general "Economic I.Q" of the American public. A decade ago, phrases such as the Consumer Price Index, the price of gold, or the prime rate were not the subject of the early news and the front page of the daily paper.

The most often described trends of the domestic economy are related in terms of the gross national product or GNP. The GNP might be best defined as the total market value of all goods and services produced in the nation by all companies, individuals, and governments. With this single number, however, the differences among various industries and regions are lost. The individual who wishes to probe beyond the aggregate figures will find a wealth of data on each major industry, and also broken down by region, state, or city.

The many elements which go into making up the economy or the GNP can be measured by a series of "business indicators." Everyone is familiar with such indicators as "unemployment statistics," "con-

Continued on Page 6

IN THIS ISSUE

PLAINTIFF'S EXHIBIT

BIR-1171

Paperboard Mill And Shoe Carton Plants Closed

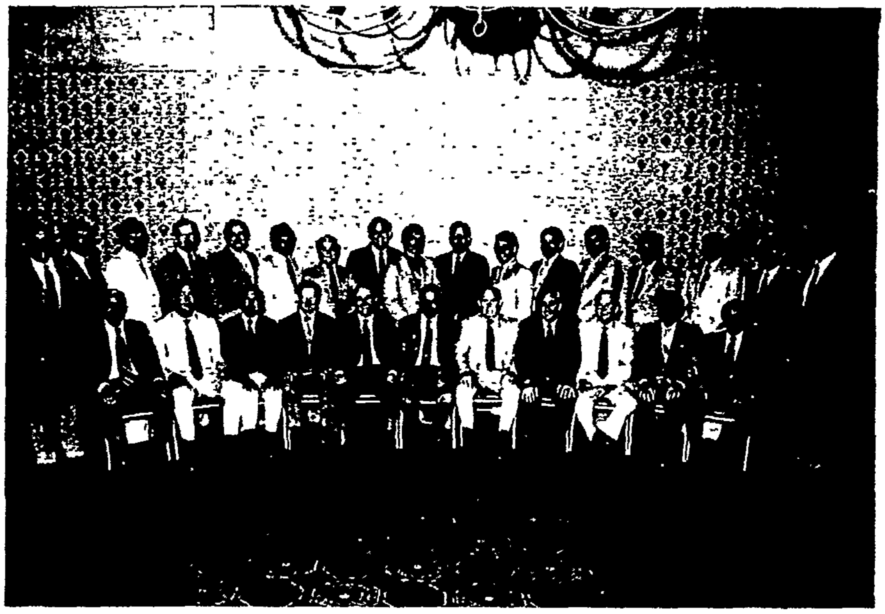
The following statement has been reprinted from the August 13th News Release announcing the closing of the Company's Paperboard operations:

"Bird & Son, inc., a nationwide leader in the building materials industry, especially well known for its roofing and vinyl siding and accessories and for specialized machinery manufactured through a subsidiary, announced today that it is contemplating the discontinuance of its paperboard operations, including the closing on approximately September 19, 1980, of its Paperboard Mill and Shoe Carton Plants and ancillary facilities at East Walpole, Massachusetts, and Lewiston, Maine. It was indicated that, although specific plans are not presently developed, the buildings devoted to those operations would probably be razed and the land devoted to other uses.

"Founded in 1795 as a paper mill, the Company has over the years divested or closed other operations based on paper and paperboard, to the point where those remaining had become a relatively insignificant part of the total operations It was stated that management found the return on the remaining paperboard operations unsatisfactory and felt the assets could more effectively be utilized by reallocation to the other segments of the business."

The planned closing took place as scheduled on September 19th, and the work of cleaning out the buildings is now underway.

Attending the 1980 Sales Management Conference



"Focusing on Fundamentals" was the theme of this Conference held in Louisville, Kentucky, in July. (Seated, left to right) Group Executive T.E. Miller, Jr.; General Managers J.J. Chamberlin, Perth Amboy; D.R. Clay, Norwood; and A.G. Marsh, Charleston; Vice President, Marketing, D R. Suva; Executive Vice President J.A. Hixon; Vice President, Sales, J.D. Conrad; and General Managers G.A Sayres, Jr., Franklin; J.K. Colvin, Shreveport; R.L. Kalte, San Mateo; and R.A. Popp, Chicago. (Standing, left to right) District Sales Managers M.L Wilson, Franklin; R.S. Hammond, Pacific Southern; R.N. Pike, Lake; D.S. Rice, New England; W.N. Hackney, Dixie; R.J. Kanc, Metropolitan; E.P Farley, Empire, J.D Walker, Mid-Atlantic; D.W. Maddux, Pacific Central; T.J. Pikes; Pacific Northwest; J.M. Licciardello, Chicago; C.C. Futrell, Gulf; J.D. Cook, South Central; A.G. Harper, Mid-South; R.S. Whitney, South Atlantic; J.E. Saunders, Coastal; and J.D. Powell, St. Louis. In attendance, but missing from photograph, General Manager, Distribution Centers, M.A Linkous.

SALES MANAGERS MEET
Continued From Page 1

how soaring interest rates and credit restraints instituted by the Federal Reserve Board in the earlier part of the year adversely affected sales. These factors, he said, contributed to a net loss for the Company for that period, the first in many years

Mr. Jenkins then addressed the Conference, and offered a three-point plan that he said must be implemented at all Divisions and Sales Districts, if the Company is to compete effectively in this sagging economy. Point One was for all Districts to institute strict cost control procedures, watching expenses meticulously; Point Two, for the Company to improve its operating efficiency and maximize machine use; and lastly, for all District Managers to initiate more aggressive selling programs into their selling activity for the remaining five months. Mr. Jenkins stressed the need for increased sales volume for the remainder of the year.

In an effort to enable the District Managers to focus in on areas requiring greater concentration, reports were presented by Merchandising Manager W.E. Smith, Jr.; Manufacturing Manager B.E. Moody; Bardstown's Plant Superintendent R.G. Hines; National Vinyl Product Sales Manager T.J. Hartnett; and Director of Advertising L.C. Niese.

Following luncheon on the first day, the group heard from John J. Lindsay, NEWSWEEK Washington Correspondent. In his remarks, he voiced concern over the lack by either major political party to develop a broad-based energy policy He also brought the group up-to-date on current political news

Afternoon presentations were given by Advertising Manager H M

Continued on Next Page →

CHAMBERLIN ASSIGNED NEW POST, KALTE AND POPP APPOINTED GENERAL MANAGERS

John J Chamberlin has been assigned to the position of General Manager for the Eastern Division at Perth Amboy, New Jersey; Robert L. Kalte to the position of General Manager for the Pacific Division with Headquarters at San Mateo, California; and Robert A. Popp to the position of General Manager for the Chicago Division, according to Executive Vice President John A. Hixon.

Mr Chamberlin leaves his post as General Manager of the Chicago Division to assume his new responsibilities. He joined the Company in 1964 as a salesman and has held a number of positions in sales management, including the Eastern Division's Vinyl Products Sales Manager, and later as National Vinyl Product Sales Manager. In 1977, he was named National Manager for Sales of Vinyl and Selected Products, and in 1979, was appointed General Manager for the Chicago Division

John Chamberlin

Robert Kalte

Mr. Kalte leaves his position as Southern District Sales Manager for the Pacific Division, to which he was appointed in 1971. Prior to that time, he was Sales Manager for the Northwest District in Portland, Oregon.

Robert Popp

Mr. Popp joined the Company in 1965 and became a leading salesman and a charter member of the Company's Golden Eagle Club for seven years before becoming District Sales Manager for the Chicago area in 1977, the position he leaves as he takes his new assignment.

Continued From Preceding Page

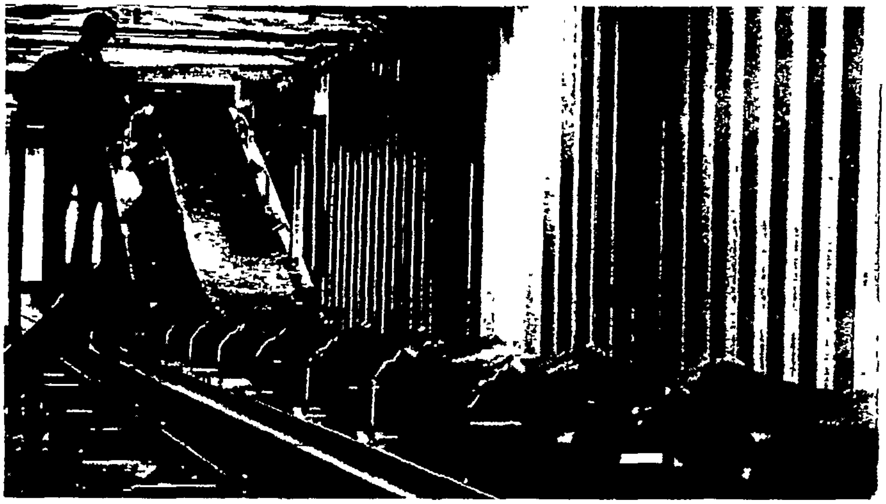
Ounanian, Manufacturing Vice President F.W Wood, Building Materials Group Controller H.W. Batchelder, Quality Control Manager Forrest Clark, Distribution Centers General Manager M.A Linkous, and Technical Center Manager L.W. Weaver.

Wednesday's agenda included presentations dealing with Time and Territory Management, Zero Base Budgeting, Selecting and Obtaining Effective Distribution, Utilization of Company Sales Aids and Merchandising Programs, followed by workshops on Asphalt Shingle and Built-Up Roofing Products, and Plastic Building Materials.

Marketing Vice President D R. Suva addressed the Conference at noon the second day, calling for a revitalized team effort to bring about the desired year-end results. He suggested that each Manager carefully prepare a self-evaluation in analyzing his own potential.

On the last day, Building Materials Group Executive Vice President J.A. Hixon gave his closing remarks and thoughts before adjourning the meeting. He called for positive thinking and optimism on the part of the entire sales organization in maintaining our current business, as well as in obtaining new business. In "Focusing on Fundamentals" in creative selling, he said, we must have a clear understanding of our products, their competitive advantages, and knowledge of their application techniques. And, he added, we must sell the entire line, including vinyl siding, shutters, and the fiberglass shingle. He also called for a continued expansion of distribution outlets He suggested that the reorganization of the marketing function under the new direction of Vice President D.R. Suva will allow greater concentration on and coordination of all aspects of marketing, and should strengthen our market position.

Franklin Division Takes on New Vitality



Manufacturing Management Assistant John Hardy, from the Chicago Division, assisting Franklin in the installation of the new granule-moving system, inspects the special tripper device in the housing that sits on top of the eight granule storing silos.

Continued From Preceding Page

Inasmuch as talc is in powder form, a screw conveyor is used to move the talc along to a bucket elevator. From the top of the elevator, the material is conveyed into a storage tank, or to either of the two roofing machines, depending upon the need at the time.

In addition to these major changes, there has been a concerted effort by plant personnel to create a better working environment. The grounds have taken on a new orderliness. Machines and equipment have been painted. A careful program of machine maintenance is paying off. New production records are being set Stricter quality control measures have been implemented that surpass the industry product standards.

The Franklin Plant manufactures the Woodscape, "Jet," Wind Seal shingles, and a wide range of roll roofing.

Plant Superintendent William Billett suggests it is not just because there have been several major changes that the Franklin Plant is experiencing this revitalization. He claims that all the changes collectively, internally and externally, in all departments, have contributed toward this new work environment.

With all of the new changes and efficiencies, the Plant has been able to upgrade the quality of its products and compete more favorably in the market area it covers. The old plant has undergone major rebuilding and refurbishing. It has taken on a new vitality, as an active community industry.

The 1976 acquisition of Logan-Long included the roofing plants in Chicago and Franklin, as well as the felt mills It gave the Company an important opportunity to reenter the critical Midwest market area, from which the Company withdrew in 1971 when it shut down its original Chicago roofing plant. With the Company's reentry into the Midwest market and its intent on gaining a significant share of that market, it was evident that there was need to make the investment necessary in order to produce the Bird product line at a quality level equal to that of the other regions of the country.

With improved changes comes a new spirit, a lift that creates a feeling of pride. What once was The Franklin Paper Co. over a century ago, and surviving the times, including several management and name changes, the Plant again thrives as a major employer and producer for the area. This Plant manufactures quality roofing products for homes and industry in mid-America, and Franklin is now recognized as the home of this vital Division of Bird & Son, inc.

R.S. HAMMOND AND J.M. LICCIARDELLO APPOINTED DISTRICT SALES MANAGERS

Reed Hammond

Reed S. Hammond has been appointed Southern District Sales Manager for the Pacific Division. He will have his office headquarters located at the Wilmington, California, Roofing Plant. He will report to the Pacific Division General Manager.

Mr. Hammond joined the Company in January 1977 as a sales representative in the Southern District. He is a graduate of Arizona State University, Tempe, Arizona.

Joseph Licciardello

Joseph M. Licciardello has been appointed Chicago District Sales Manager for the Chicago Division. He will make his headquarters at the Chicago Roofing Plant and will report to the Chicago Division General Manager.

Mr. Licciardello joined the Company in December 1970 as a Sales Promotion Supervisor. In 1971 he was assigned to a Sales Territory in Central New Jersey, including Staten Island and two counties in Pennsylvania. He is a graduate of Villanova University, Villanova, Pennsylvania.

AMERICAN CONSUMER BECOMES TARGET FOR FEDERAL RESERVE ACTION

ECONOMY

Continued From Page 1

sumer prices," and the "Dow-Jones stock averages" There are many more, some better—some worse—than others.

The key to making this data meaningful to running a household or even running a business is to determine what factors impact one's situation and what indicators might shed some light on those factors.

In the case of Bird & Son and its activity in the building materials industry, some indicators are particularly valuable. Obviously, the level of housing starts can be a major factor in a given year's activity. Because housing, more than any other consumer expenditure, is dependent on financing, the outlook for the availability of mortgage financing and interest rates directly affects housing start levels.

In addition to business indicators, the term "cycle" is an important tool in understanding the economy. Cycles are measurements covering a complete business recovery and then its decline. When plotted, cycles form wave-like lines, with high points known as "peaks" and low points known as "troughs" or "valleys." These peaks and troughs form patterns known as business cycles. A full business cycle can be measured from peak-to-peak or from trough-to trough. Because of the dynamics of business activity, it follows that the general economy will head in either one of two directions, toward expanding or contracting It should be pointed out that the cycle for the general domestic economy may not be the same as for a specific or individual industry.

Business cycles, although never identical, will generally have many similarities Ordinarily, housing is one of the leaders in both the economic recovery and its decline. At the low point of the housing industry's cycle, housing starts usually start to recover, mortgage interest rates would be dropping, and more money would be available for borrowing. At the same time, however, the general economic cycle would usually still be declining since the consumer would still be cautious and the level of unemployment still high Also, many other indicators would have to show positive signs to indicate a complete recovery of the general economy.

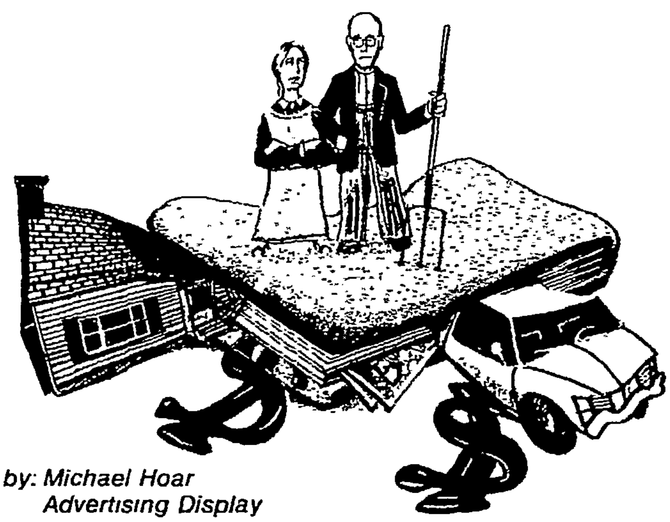
Normally, as the economy moves through the recovery period, the building materials industry and new housing starts as a part of it, continue to benefit. Early in this phase, regained purchasing power and improved employment potential increase consumers' confidence, and combined with reasonable interest rates and an abundant supply of credit, the recovery gains momentum. As industry reaches maximum capacity, and government, industry, and households continue to increase their debts, the economy begins to inflate to a point where monetary restraint is again necessary

This is when the Federal Reserve plays an important role. The ability to control the supply of money rests in the hands of the Federal Reserve System, and by reducing the supply of money, the Federal Reserve can slow down the entire economy. Again, the housing industry is one of the early casualties of such monetary restraint, beginning its downward phase before the general economy starts declining.

The above is a description of the typical economic cycle from trough-to-trough. What we are seeing in 1980 and 1981 is somewhat different. Last year's peak followed a long period of economic expansion While in past expansionary periods, industry was held responsible for much of the rapid and speculative economic growth, in this case, the consumer was a major reason for the economy's continued rise. To a certain extent, the consumers' thinking was based on inflationary psychology. It goes like this: Purchase things today in a market of rising prices because they will just be more expensive in the future.

Therefore, the target for the sternest measures by the Federal Reserve was ultimately the American consumer. Actions in October of 1979 and even more so in March of 1980 severely limited credit available to the consumer in order to slow down spending. Instead of controlling only the supply of credit as in past cycles, the Federal Reserve also chose to allow interest rates to seek their natural levels. This pushed mortgage rates as high as 16 percent before the consumer decided to stop buying, waiting for rates to fall. As a result, housing starts fell to an apparent low for the year in May. Additional measures were taken against the issuance of credit cards and other types of consumer lending. Again, the building materials industry was victimized because consumers could not or would not borrow money for home improvement as they had in the 1974–1975 recession.

Before the momentum of the



Graphics by: Michael Hoar
Advertising Display

Continued From Preceding Page

interest rate spiral was stopped, the prime rate, that rate of interest banks charge their most credit worthy business borrowers, peaked at 20 percent and home mortgages at 16 percent. Then, in an unparalleled reaction, the whole interest rate structure went into a free fall until the prime rate bottomed out at 11 percent in July. Home mortgage rates in that same period fell from the area of 16 percent down to a low of about 12 percent. The Federal Reserve then decided to remove those credit restrictions imposed in March, but the damage had already been done. The building materials industry had seen its business come to almost a complete standstill.

If that was the bottom of the trough of the housing starts cycle and we are now on the up side, the domestic economy as a whole should also begin its recovery. As already stated, the housing recovery traditionally leads the general domestic recovery, and the low point for the general economy will probably not have occurred before now. The statistics confirming or denying this low point are not yet available.

Unexpectedly and unfortunately, mortgage rates have started to move up again. Presently these rates are in excess of 13 percent and the prospective home purchaser is once again wary. Many economists still see some easing in the mortgage rates, but there is always a fear that the recent rise will dampen activity in the housing market.

The silver lining, however, is that the need for housing remains strong. There is not a huge excess of unsold houses presently on the market. As a matter of fact, since April the supply of unsold houses has been cut in half. The most favorable factor continues to be the ongoing expansion in the adult population Between now and the mid-80's, the final phase of the maturing baby boom will enter the household formation stage. The group between ages 30 and 44 will grow by 18 percent, the largest increase since World War II. This same age group is responsible for the largest demand in single family housing. That demand, coupled with replacement requirements estimated at about 600,000 units per year, should provide new impetus for increased business for the building materials industry.

This assumption is the basis upon which many economists relied to arrive at the number of new houses needed to fill the demand of the 80's, estimated to be approximately 22 million units. Whether or not that number is correct, most economists agree there is a strong underlying demand for new houses, together with a continuing need to maintain and improve existing housing All of this means a strong demand for Bird & Son building materials products throughout the decade

The Need To Conserve

To an observer following the quarter-by-quarter earnings figures for Bird & Son, inc., it is apparent that in recent years the squeeze on profit margins has gotten increasingly severe. We are all aware of the rapid escalation in cost of products derived from petroleum. For Bird & Son, this includes both roofing asphalt and fuel oil, each of which are used in vast quantitites, particularly roofing asphalt, a basic raw material used to produce asphalt roofing products.

Also, the overall cost of doing business is adversely affected by general inflation Inflation is even more troublesome to a company such as ours, whose financing has been basically provided from earnings rather than debt. Other companies, choosing to rely more on debt financing, are able to repay the debt with cheaper dollars. Another effect of inflation is that the increase in general price levels causes consumers to spend less money. We, therefore, have to compete harder for the consumers' limited dollars, thus making it even more difficult to increase our selling prices enough to offset our increased costs.

All of this is greatly compounded by the current recession, which caused an extreme drop in building materials sales volume, just at the time the normal seasonal markets might have been expected to open up, in the months of March, April, and May To help combat the continued high costs through this period of reduced sales volume, Bird & Son chose to reduce inventories, thereby avoiding more debt at exorbitant interest rates The Company also cut planned capital spending to conserve cash, and there were cutbacks in plant running time, including temporary shutdowns, to adjust to the lower required inventory levels. In addition, some jobs were eliminated, particularly at the Corporate level Sales and administrative budgets were slashed in the spring and again recently.

These steps were taken as necessary responses to the drop in building materials demand in the spring, followed by only sluggish improvement since then. Such measures of conservation will have to continue until our business has shown marked improvement. Even then, Bird & Son must remain an efficient, well-run organization To do this, we must all cooperate by seeing that production waste and wasted time are eliminated and that excesses are not allowed to creep into any part of our operations, at either Division or Corporate levels.

newsreview

Published quarterly by and for employees and for retired employees of Bird & Son, inc., East Walpole, MA 02032. The NEWSREVIEW invites your suggestions, story ideas and letters. Please contact your correspondent or send your comments to Stuart Laughlin, Director of Public Relations, at the address above.

newsreview

How To Get The Most Out Of Your Moments or Wouldn't You Like To S-T-R-E-T-C-H Hours?

By Judy Wearing, Manager, Training and Development

This is the first of a series of articles from Training and Development, which offers more than programs and courses. The Training and Development Department has information, self-evaluation exercises, inventories and magazine articles on a wide range of topics such as: delegation, creative problem solving, speedier typing, teamwork, effective listening, assertiveness.

We may not all have an equal amount of musical talent, witty charm, or good looks, but everyone has the same amount of time. Sixty seconds every minute, sixty minutes every hour, twenty-four hours every day, day after day for every one of us.

"So why is it that some people seem to acccomplish much more than I do?" you may ask yourself. Maybe they've learned that criticism, defensiveness, worry and guilt are big time wasters which drain energy. Maybe they have a system for handling interruptions. Maybe they know how to invest time and spend it wisely, controlling their minutes instead of being controlled by the clock.

Controlling your time begins with planning your life. What are your goals for the next week, six months, two years? To give a surprise party or conduct a conference? To teach your daughter how to swim? To antique that table Aunt Emily gave you? To run 10 miles a day? To get your quarterly report in on time? Whatever your goals are, here are a few time management principles to help you reach your goals:

1. Write your goals (short or long ranged, business *and* personal). Today take one step toward each goal.
2. Know where your time goes. Find out what keeps you from doing the most important things first. Build a plan to overcome each obstacle.
3. Keep a "To Do" list and set priorities (A, B, C). Start with the highest priority now Revise your priorities regularly.
4. Learn to distinguish the important from the urgent and refuse to be tyrannized by the urgent. Plan ways to prevent recurring crises.
5. Ask yourself often, "Is this the best use of my time right now?"
6. Learn how to delegate tasks to someone else (a plumber, one of your kids, your secretary, your husband) so you can concentrate on your A's.
7. Create large blocks of uninterrupted time for working on big projects This reduces "start-up" or "transition" time.
8. Determine your "prime time"—that part of the day when you are at your best Guard it jealously and use it for creative projects, writing, thinking, decision-making tasks.
9. Consolidate discretionary time. Discretionary time is time to do those things which you originate or agree to do—not activities required by your boss or someone else.
10. Put effectiveness above efficiency. Efficiency is doing things right, but effectiveness is doing right things. Why do something well if it doesn't need to be done at all?

Would you like to learn the "swiss cheese" method? How to make more discretionary time? The "single handling" approach? If so, we recommend one of these inexpensive paperbacks: *How to Get Control of Your Time and Your Life* by Alan Lakein or *The Time Trap* by Alec MacKenzie. If you want some tips on how to control interruptions and keep them short, write me; I'll be happy to send you one page of hints.

Test yourself Are you a time investor or a time waster? Get yourself a pencil and check one column for each of the following statements. To score yourself, add up the amount assigned to each column you have checked and see how you rate

STATEMENT	Rarely or Never	Sometimes	Often or Always
1. At a specific time each day, I plan the priorities of the day to come.			
2. During the day I ask myself frequently, "What is the best use of my time right now?" The answer is usually related to my long range priorities in some way			
3. One of my problems is I can never say "No"!			
4. I can rarely carry out my plans because interruptions regularly stop me.			
5. I have things organized so that I have a specific place for everything.			
6. When I start in the morning, I like to get the little things out of the way quickly, then I can get to the more important things.			
7. I am in the habit of putting things back into their place immediately when I am finished with them			
8. I have a habit of putting things off until later			

TEST YOURSELF ANSWERS

	Rarely	Sometimes	Often	YOUR SCORE
1.	0	7	21	
2	0	7	16	
3	12	4	0	
4	11	5	0	
5.	0	7	10	
6.	10	7	0	
7	0	3	10	
8	7	10	0	
			TOTAL	

HOW DO YOU RATE?

If Your Score Is,	You are . . .
91–100	An Excellent Time Manager
61–90	A Time Saver
41–60	A Time Consumer
11–40	A Time Waster
0–10	An Extravagant Time Squanderer