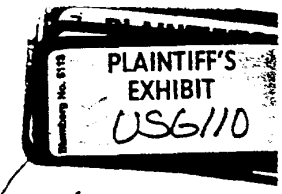

Chicago #470-1 - C. C. Thiel

Atlanta #981 - C. J. Atwood

SPRAYDON

June 11, 1970

cc: Atlanta #980 - K. L. Busch
Chicago #131-4 - E. R. Donahue
Chicago #475 - B. M. Diersen
Atlanta #981 - F. M. Bell

Based on some correspondence from both Mr. Diersen and yourself regarding this product (with particular reference to a meeting Mr. Diersen proposes) I have completely revised our position.

It would appear that several factors would dictate deferment of any action on our part - at least at the present. These are as follows:

1. Profit

   On our 1969 sales of $33,340, profit was $6,461 (19%). Profit trended downward during the year from 25% for the first four months in 1969. For the first four months of 1970 on sales of $30,179 we lost $2,433 (-8%). We have no control over cost to price so cannot explain this poor result.

2. Quality

   It is my understanding that there is a serious Sprayden complaint in Knoxville representing a claim of $14,000 which you are handling. Settlement of all or part of this would place us further in the loss column.

3. Health Hazard

   While whether or not this product is a health hazard is debatable and may not be true, there is a negative attitude for this reason on the part of some trade factors. Also, I would assume that USG would have some legal liability.

4. Distribution

   There is some concern that the Sprayden exclusive applicator policy could jeopardize our relationship with other good customers.

Based on the above facts I feel that the timing is poor for any type of a promotional meeting on this product. However, I would be very happy to discuss this matter further with either yourself or Mr. Diersen at any time suiting your convenience.

CJA/mc