SALES REPRESENTATIVE'S REPORT
FRICTION PRODUCTS GROUP

TYPE OF CALL

RESPONSE REQUESTED ☐

DATE 11/4/77

CUSTOMER	REPRESENTATIVE	REPORT No.
ROCKWELL INTERNATIONAL-DIVISION HIGHWAY BRAKE	D. P. CONLON	69
ADDRESS ASHTABULA, OHIO	CITY	STATE/ZIP
		PHONE

OFFICIALS INTERVIEWED

James R. Butler - Purchasing Analyst
David Thompson - Plant Manager
Robert A. Soppitt - Manager of Purchasing
Thomas W. Whapham - Materials Manager
James J. Markham - Manager Production & Inventory Control
Gary Chaffin - Expeditor
Roger Grazio - Supervisor Productic Control

COMMENTS

DELIVERIES

Most of the above-named people were very upset with what they felt were unreasonably long delivery times and deliveries which arrived after the first work-week of the month, which is when Ashtabula wants the material delivered. They explained that Ashtabula had a very high sense of customer satisfaction and as a result, they went to great lengths in order to provide their customers with what they wanted, when they wanted it. In many cases they said this would require brakes being shipped out three weeks after the order was received. They described their plant as a "job shop". Rockwell does not feel that Abex shares their sense of urgency when it comes to meeting the customer's requirements. They do feel that Carlisle is much more customer-oriented than Abex is. They support this by saying that normal delivery times with Abex are six to eight weeks, while at Carlisle, four week delivery is the rule rather than the exception.

Rockwell said that as of November 2, 1977, they were awaiting delivery from Abex of twenty-two items which they needed in order to cover their November sales requirements. In other words, Rockwell was saying that there were twenty-two items due from Abex, which Rockwell needed in order to deliver brakes which they were committed to sell in November. This list did not include the "Q" brake series nor did it include small quantities. A copy of this list is being sent to Mr. P. Grim. For comparison purposes, Carlisle was delinquent on two items.

PRICING

Needless to say, nobody was very happy with our recently proposed 8% (weighted average) price increase, to be effective January 1, 1978. Rockwell said that the pricing policies of Abex over the last eighteen months ha made the Abex prices uncompetitive with respect to the Carlisle prices. Rockwell said that the 8% increase was excessive, especially in light of the price increases of approximately 3% in March and 4% in September. They claim that Carlisle had not increased their prices during 1977 and that they
from Carlisle concerning 1978 (I mentioned to them that it was common knowledge within the industry that Carlisle was raising their prices 7.5% across-the-board).

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Rockwell said that after the last price negotiations they took steps to protect themselves from further Abex price increases. The mentioned that they had contacted several of their customers who were specifying Abex and have been successful in convincing these people to accept Carlisle material if Rockwell wishes to put Carlisle on their brakes. Rockwell stated that if the Abex price increase for 1978 amounted to more than 2% or 3%, Abex would definitely lose a significant amount of business at Ashtabula.

Mr. Soppitt said that he felt Abex was getting rich on Rockwell, especially after considering the excessive price increases which Abex had implemented. He further stated that he would have no problem accepting a price increase from a vendor, providing that the vendor's return on sales was less than 10% (before taxes). This matter was discussed very briefly and Soppitt stated that he would not be surprised if Abex was earning 20% before taxes on sales on the Rockwell product line. In light of this statement, I would like to request a review of our policy concerning the disclosure of financial information to our customers. At this point, I am not sure how much Rockwell would let our financial condition influence their judgements on whether or not to accept our latest price increase. However, in view of the strong cost pressure which must be passed on (and accepted by our customers) as well as the recent price increases and the extreme ill-will which was generated in implementing these price increases, some form of financial disclosure might represent a possible solution to this problem. I would like to pursue this approach with Rockwell in an effort to see how much they would be influenced by this information. However, I do not wish to discuss this subject with them if, in spite of the apparent concessions which Rockwell might be willing to grant based on such information, FPG decides not to present this information because it is "against policy". If FPG decided against disclosing this information because we did not feel anything constructive would come from it, that would be a different story. If there is any possibility at all of discussing this financial information with Rockwell, I would be willing to investigate whether or not it would be advantageous for FPG to do so.

MISCELLANEOUS

Rockwell complained that Abex did not live up to their part of the recent negotiations. They said that in consideration for their accepting our price increases, we agreed to maintain an inventory bank at the plant in order to better respond to their needs. They said that this has not yet been accomplished and that Abex is therefore, reneging on its part of the agreement. Rockwell is not particularly happy with the proposed inventory bank approach. They feel that this approach is less than optimal and that if they could count on getting quicker deliveries (and during the first working week of the month) from Abex, they would not resort to this inventory bank approach. They have not asked Carlisle to establish such a bank because they do not think it is necessary.

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SUMMARY

Other than the pricing and delivery problems, and the problems that they have been having with out-of-spec material, excessive asbestos dust in packages, and material arriving in broken boxes, etc., they are pleased with Abex as a vendor.

Denis

Denis P. Conlon

jd

cc RLCutler/AFSchmaltz/File
BIwarsson
PHGrim