

NEWSLETTER

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MUELLER CO. REVIEW OF 1969 AND PREVIEW OF 1970

The Headquarters staff, assisted by the managers of our three U.S. plants, are currently engaged in the annual exercise of "crystal ball gazing." As in all well-managed firms, an annual review of the past year's operations and establishment of goals, not only for the forthcoming year but, in our case, for the next five years, is essential. Obviously, such long-range forecasting involves the making of many assumptions concerning our probable share of the total market for our products, what our labor, material and overhead costs will be and many other crucial factors.

This forecasting job for business throughout the country is probably more difficult this year than it has ever been. Will the cost of everything we must buy continue to increase at the same sharp rate? Will construction of single-family homes begin to recover from its present seriously depressed level? If single-family home construction does turn upward, will the improvement occur in mid-1970, not until 1971, or even later? Do we have new product designs under development which will enable us to secure a greater share of our present markets in the future? When can we expect to have such new product developments completed, the products tested and available, in all sizes, for sale? These, and many other serious questions which relate to our future sales projections and our cost budgets are currently under intensive study by top management.

In 1969 our U.S. operations improved over the disappointing years of 1967 and 1968 when we were experiencing serious "start-up" problems in Chattanooga and unusually high operating costs in Brea. Our U.S. sales volume last year increased modestly but more because of price increases than growth in unit volume. While profits in 1969 increased over the prior year they still fell short of the percentage of return on the shareholders' investment which is generally accepted as satisfactory.

As we enter 1970 we face many problems. The trend of residential home construction during this year is impossible to predict. Mortgage money will continue to be in short supply and available only at high interest rates. Cost increases in the materials we buy seem inevitable. Within the past few weeks the cost of brass ingot, for instance, has twice broken previous "all-time high" levels.

In summary, it would appear that 1970 will be a year in which sales growth will be difficult to achieve and profits will continue to be squeezed between steadily rising costs and selling prices which must remain competitive. It will be a year in which all of

us must exercise great ingenuity in improving production efficiency and cutting costs in every department and plant. To accomplish this we need the continued support of every employee. We will welcome your suggestions for cost reduction ideas related to your particular job.

OLD YEAR AND NEW AT MUELLER, LIMITED

(Sarnia) . . . By and large, 1969 was a good year for Canada and most Canadians, despite the constant pressures of inflation. All types of house starts were better than the previous year and commercial construction improved.

Due to these building advances, Mueller, Limited improved its position and the company's total net sales kept pace with the trend by showing an improvement over 1968, thus establishing a new sales plateau for the 57-year history of the Canadian operation.

The final profit picture is expected (subject to audit) to show a substantial improvement over the previous year, reflecting the new, improved product lines--particularly at the St. Jerome operation.

Much better results were denied the company, however, because of strong inflationary trends, which increased costs faster than the company's ability to offset them. As an example, brass ingot prices increased six times during the year, for a total increase of 41½ per cent.

The outlook for the coming year is harder than usual to assess because of the uncertainty of government measures to fight and contain inflation.

Tight money policies, high mortgage costs for the construction of homes, monetary restraints, etc., all point to a slowing of the economy's growth rate, particularly in the areas of housing, and institutional and commercial construction.

If we read the signs correctly, we would expect house starts and our business to be sluggish the first half of the year with mid-year results decidedly down. According to George McAvity, company president, the need for shelter in Canada is still critical and an upswing in business in the last half is anticipated, but not enough, as he sees it, to pick up the slack. Therefore, the end results for sales and profits in 1970 could be below the levels attained in 1969.

CHATTANOOGA HAS 1ST FEMALE RETIREE

(Chattanooga) . . . Although Mueller Co. has been in Chattanooga since 1933, it did not have a female retiree until Jan. 7 when head cost clerk Marguerite Barker retired with nearly 27 years of service.

LET'S GIVE CREDIT TO THE CREDIT DEPT.

"Let's give credit where credit is due" is an old adage referring to recognition, but if you think about it, this phrase tersely describes the work of the Mueller Co. Credit Department.

This small department's job is to give (or take away) financial credit when it is due the customer. This is an oversimplification, but essentially "giving credit" is its job.

Every sale and every sales dollar at Mueller Co. could technically involve our Credit Department. All Chattanooga and Decatur credit accounts are handled by four people in Decatur. Brea and Western District transactions are taken care of by our Brea Sales Office.

The job of handling credit for thousands of customers from such diverse groups as distributors, contractors, utilities and municipalities requires tact, patience, persistence and some plain old intuition. No matter how strict and well-defined the rules of credit appear, there are people involved and when the human element comes into play such intangibles as integrity, willingness to cooperate, circumstances, moral obligations and mistakes must be weighed when analyzing each particular credit situation.

Credit managers are often characterized as mustachioed Simon Legrees with the limited vocabularies of "foreclose" or "sue". Decatur Credit Manager Fred Pierce, however, reminds us that companies and delinquent accounts are made up of people and families and that it is impossible to avoid emotion and personal feelings when dealing with human beings.

A credit manager and credit department must continually straddle a fence that has the Sales Division on one side, the Financial Division on the other and the customer hovering overhead.

The salesman, the credit manager and the company all want to expedite sales to our customers, but if large amounts of money are outstanding in long overdue payments or if the company has to write off sums because they can't be collected from a bad account, the Financial Division and management descend upon the Credit Department.

Roughly 10 per cent of our dollar volume of sales in any period could be lumped into "Past Due" accounts. Ultimately most of this money is obtained and our annual write-off of uncollectable accounts is about half of that expected in normal business carried on by banking institutions.

There are many reasons for the success of the Credit Department, but one of the most important is having complete and accurate information about every customer.

Nearly every new Mueller account receives a thorough financial check to determine its ability and willingness to pay its bills. Dun & Bradstreet credit ratings are checked. Statements of the firm's financial status are requested. Information from the Mueller salesman in the area is important in establishing a new account and the Credit Department depends upon the local Mueller representative for complete and accurate information at many other times when dealing

with specific situations. Local credit bureaus and banks sometimes are asked for help. These objective views, plus a bit of human intuition, usually go into establishing or denying a new customer's request for credit.

Once a customer is accepted and doesn't get behind in his payments, the Credit Department doesn't have much to do with the account, although the current status of each account is available immediately in the department on an "age analysis" report. In addition, every transaction with the customer for many months prior is nearby in the Accounting Department.

If for some reason a customer's account becomes past due, the Credit Department begins its routine action. The account's history is checked for a clue to the problem. Reminder letters are sent out. If there is no response, a direct phone call may be tried. The Mueller salesman may be contacted to see if he knows of any reason why the account has become delinquent. Sometimes the salesman makes a call on the customer to induce action. If these fail, legal action could begin or perhaps the account is turned over to a collection agency. These courses of action may be spread over many weeks and will vary according to the circumstances. Each situation is different. People are involved so the methods of handling each one will differ, but each one is given a chance to correct the situation.

The most effective force the company has to bring delinquent accounts up-to-date is to hold their new orders and not fill them until some corrective action is taken on the old balance.

Naturally this doesn't make the customer happy and sometimes it irritates our salesmen, but to allow a customer to go farther into debt does not usually help his situation or ours. In cases such as these, some arrangement can usually be worked out for the back payments due, new business can be carried on through a cash transaction and in some cases the customer goes to another supplier for his products--at least until his credit is cleared with Mueller Co.

Fred Pierce has been with Mueller Co. as credit manager for about 11 years and when he talks credit he is all business. Many who know him, however, think he prefers to talk about little league baseball, old movies and many strange subjects, including the neighbor's dogs and kite flying. When he tells a joke, he sometimes starts with the punch line, and his manner is deceiving until he gets involved with a credit problem.

Working with Fred in the Credit Department are Norma Wellwood, Sharon Savage, and Thelma Endsley. The latter spends most of her time keeping straight all of the paper work involved with goods that are returned from customers for various reasons, equipment that is sent in for repair and rental goods.

Lyle Huff, vice president and secretary-treasurer, says that keeping close control on credit is doubly important today and more difficult than ever because of the tight money situation which is influencing our economy.

Due to the high cost of borrowing money, and because we do not charge interest, many customers

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attempt to stretch their credit with us as far as possible so that they may use their cash for other things. In a sense they are using Mueller money interest-free, he said. "This is not necessarily a criticism of our customers. It is smart business and something that everyone does to some degree because of the high cost of cash borrowing," Mr. Huff added.

All of the money that comes to Mueller Co. for sales of Decatur and Chattanooga goods technically goes through the Decatur Credit Department. It is an important function! Let's give credit where credit is due.

Service Awards

The following Mueller, Limited employees received service awards recently.

- 5 Years: Warren Pickering, Raoul Ferreira.
- 10 Years: David Harkness, Ian Milne, Donald Thain.
- 15 Years: David Potter, Garfield Cross.
- 20 Years: Thomas Ward, Edmond Theriault.
- 25 Years: Ivan Maw, Malcolm Tigwell, Earl Sitter, Roy Parr.

The following Mueller employees received service awards during January.

Chattanooga

- 5 Years: Glen E. McPeters.
- 15 Years: Willie C. Jones, Calvin B. Twitty, Clarence T. Daniel, W. T. Mullis.
- 20 Years: Levi T. Kirby, Arthur Brooks, Claude A. Hawthorne, Lindsey Lawrence.
- 25 Years: Farrow K. Moss.
- 35 Years: Ulysses Reed.

Decatur

- 5 Years: Lois Michael.
- 10 Years: Elsie Tapp, Helen Wampler.
- 15 Years: Leroy C. Erue.
- 20 Years: Earl Tippit.

Brea

- 5 Years: William Meek, Robert Barger, Ray Coffey, Linzey Kupsh.
- 10 Years: Eric Peterson.
- 15 Years: Rose Marino, Norval Heldebrant, Thomas Stephens.
- 20 Years: Frank Mecado.
- 25 Years: John B. Price.
- 30 Years: Charles R. Newell.
- 35 Years: Eugene Warren.

Outside Sales

- 15 Years: Robert Ott.

FAMILIAR FACES IN NEW PLACES

(Decatur) . . . The following men in the Manufacturing Division were promoted Jan. 1.

Maurice L. Sefton, formerly senior chemist, promoted to material methods engineer. **Joseph A. Sepich**, formerly senior draftsman in Industrial Engineering, promoted to industrial technician. **Ralph H. Strahle**, formerly finished stores clerk in Dept. 80, promoted to assistant plant protection officer.

(Brea) . . . The following promotions have occurred in the Brea Manufacturing Division.

Frank W. Williams, formerly iron machining and assembly foreman, has been named tool and die foreman. **Gerald F. Ward**, formerly assistant iron machining and assembly foreman, promoted to foreman of the section. **Manuel J. Valadez**, formerly toolmaker, promoted to assistant foreman of the iron machining and assembly section.

Retirements

The following list gives retiree's job at time of retirement, years of service and date of retirement.

Decatur

Walter J. Bowman, chief research engineer, 44 years, 5 months, and 2 days, Jan. 2.
John E. Brown, lathe operator in Dept. 80, 13 years, and 15 days, Jan. 17.
Wera Colglazier, billing clerk in Dept. 45, 41 years, 11 months and 29 days, Jan. 23.

DECATUR LOCAL ELECTS FYKE TO THIRD TERM

(Decatur) . . . Joe Fyke (Core Room) was elected Jan. 15 to his third term as president of Local 838, Allied Industrial Workers.

Also elected were: Dale Streight, vice president; John Niederbrach, treasurer; and John Hackl, recording secretary. Members of the bargaining committee are: Bob Fawcett (chairman), Tom McCoy, Bill Willis, John Auvil and John Ossowski.

Others elected to positions were: Charles L. Wade, guide; Nelson Hoffman and Don Rauch, trustees; Martin Riewski, building board delegate; Joe Baughman, sergeant-at-arms; Nelson Hoffman and William Kaigley, Region 8 delegates.

MUELLER, LIMITED ENTERTAINS RETIREES

(Sarnia) . . . More than 1,500 years of service at Mueller, Limited were represented Dec. 12 at the company's annual get-together for pensioners. About 45 retirees met with Mueller, Limited supervisors, department heads and executives at the Sahara Motel. The session featured a buffet meal of prime rib and turkey, and an abundance of friendly chatting and reminiscence.

CHRISTMAS TIME AT MUELLER CO.

(All Plants) . . . Mueller Co. has built a tradition through the years of remembering its employees, servicemen, retirees and families at Christmas time. The oldest reference found mentioning a Christmas gift to employees dates back to 1907 when a basket of food was given.

Through the years such foodstuff as live turkeys, or geese, and items such as magazine subscriptions have been distributed. For many years, ham and bacon have been given and this year the company purchased about 44,000 pounds of ham and about 15,500 pounds of bacon for all employees, retirees (active and inactive) and widows of retirees throughout the United States.

In addition, employees on a military leave of absence were remembered with a GI's favorite gift--MONEY.

Many of the recipients respond with messages and greetings that express the feelings of most.

The widow of a retiree writes: "I do appreciate this gift so much; especially since my husband passed away, that you still remember me. Mueller Co. has always been so good to us. May the company have a successful 1970."

A retired couple, enjoying the Arizona sunshine, says: "The ham and bacon are very much appreciated and looked forward to each year. Our Christmas would not be complete without it."

From Danang, Vietnam, a Mueller man currently working for the U.S. Government says: "I hope your holiday season is the happiest ever, and I am personally anxious to join Mueller Co. once again during this new year."

Another GI said in a note of appreciation: "I thought I was forgotten."

With the checks to the servicemen and 22 tons of ham, it is doubtful that anyone was forgotten.

News Briefs

(Decatur) . . . Michael Jones, son of Sales Service Correspondent-Gas Jim Jones, won the district Voice of America contest held in January in Decatur. He won over six other contestants from the area and received \$25, a trophy, a medal and the right to compete in the state contest in Chicago.

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(Decatur) . . . Army Sp.4 Louis I. Sulwer, son of George F. Sulwer of Dept. 70, recently received his second award of the Army Commendation Medal during ceremonies Nov. 30 near Ray Ninh, Vietnam. Sulwer received the award for heroism in action while engaged in ground operations against a hostile force in Vietnam, Oct. 21, 1969. A machine gunner with the 25th Infantry Division, Sulwer entered the Army in October, 1968, and was stationed at Fort Ord, Calif., before going overseas.

(Decatur) . . . Pvt. Daniel Brown, son of Charles L. Brown of Dept. 80, recently entered the Army's Infantry Officer Candidate School at Fort Benning, Ga. He joined the Army in August, 1969 and completed advanced individual training on Dec. 12 at Fort Jackson, S.C. His brother David is a 1st Lieutenant in the Marine Corps and executive officer at the Marine Barracks, Naval Air Station, Brunswick, Me. Lt. Brown entered the Marine Corps in 1966 and prior to his current assignment served 18 months in Vietnam. Both men graduated from Southern Illinois University.

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(Dallas) . . . It can be said that Frank Kuentler is a Mueller salesman who has his job on his mind every day of the year--including Christmas. Frank and a daughter, Sheryl, designed the family Christmas card around a fire hydrant idea and got across a product plug with the clever design. The front of the card reads: "We all want to put in our plug. . ." and then inside it says: "to say, Merry Christmas and a Happy New Year." Six hydrants, each topped by a Santa's cap, identify the members of the family. Koko the family dog is shown as himself, complete with Santa's cap.

FLOREN NAMED TO SUCCEED BOWAN

(Decatur) . . . Carl E. Floren has been promoted to the position of chief research engineer, succeeding Walter J. Bowan who reached 65 years of age and retired Jan. 2.

Bowan joined Mueller Co. more than 44 years ago as a brass polisher in the plant and then went into engineering as a draftsman in 1928. He held various drafting and engineering jobs until 1955 when he was named chief research engineer and placed in charge of all new product design, development and testing.

Floren, 44 years old, began working at Mueller Co. in 1951, following his graduation with a B.S. degree in engineering from the University of Southern California. He worked as an engineer at our Los Angeles plant until 1953 when he came to Decatur to become a member of the Headquarters Engineering Division. In 1959 he was named a senior project engineer and in 1965 was promoted to group project engineer.

DECATUR RETIREES SWITCH SCHEDULE

(Decatur) . . . The regular monthly meetings of the Mueller Co. retirees in Decatur have been switched permanently from the first Thursday of each month to the second Thursday. The men will continue to meet at the House of Plenty with the February session set for the 12th at noon.