

Memorandum

From 1929 to 1945, omitting pinking shears from consideration, this Company has not grown. This is an amazing and troubling fact.

Here is a record of our sales from 1929 through 1945 with pinking shears deducted:

1929		\$1,609,000	
1930		1,230,000	
1931		1,000,000	
1932		587,000	
1933		640,000	
1934		852,000	
1935		992,000	
1936		1,308,000	
1937		1,411,000	
1938		1,215,000	
1939		1,451,000	
1940		1,741,000	
1941	\$2,699,000	2,430,000 *	years of inventory liquidation
1942	2,768,000	2,216,000 *	
1943	2,333,000	1,867,000 *	
1944	2,230,000	1,875,000 *	
1945	1,887,000	1,511,000 *	

* Calculated at 1939 prices

From the above figures you can see that in 1945 we had less physical production, except for pinking shears, than we did 17 years ago in 1929.

During this period the United States has become a larger country with more population, higher wages, and higher standards of living. The war accelerated this growth. Since 1940, for example, we have had

a population increase of almost 10 million people - about 7%	
an increase in the number of families of more than	3 million
an increase in industrial production of	34 %
an increase in industrial capacity of more than	100 %
an increase in money supply of \$54,000,000,000	* 127 %
an increase of \$31,000,000,000 in wage payments	* 109 %
an increase in Government spending of \$28,000,000,000	* 300 %

This means that on the basis of population alone we are 7 to 9% larger than in 1940.

On the basis of individual family income we are more than twice as large as in 1940.

On the basis of productive capacity we are twice as large as in 1940.

On the basis of Government spending we are three times as large as in 1940.

It is difficult to express the composite increase in our economy on the basis of these figures, but it is a conservative estimate that the size of our market has increased by at least 50%.

In addition to the increased size of our market our sales opportunity has expanded ^{enormously} normally by reason of better distribution. Almost 200 of the largest, finest, and best established wholesalers in the United States and Canada are set up to distribute our products. Our authorized distributors have 3,088 salesmen working for them, each one with 50 customers of which 10 to 15% are preferred accounts. These more than 3,000 salesmen are only waiting word to go out and sell Wiss products intelligently to a minimum of 24,000 retail units throughout the United States alone. All of the almost 200 wholesalers have guaranteed to get their fullest cooperation and have backed up this guarantee by placing orders with us for more than \$4,000,000, the largest orders ever placed with any manufacturer of cutlery of any kind. Some of these distributors have received no goods this year. Others have received but paltry amounts completely inconsistent with their requirements. Pressure is building up both from our selected distributors and from other classes of trade to get more goods. So far we have been able to direct this demand toward Wiss, but the insistence of the people for cutting tools has reached the point where our preferred customers, both wholesale and retail, are finding it necessary to buy and feature other brands wherever possible.

It is imperative to supply our wholesalers with the bare essentials. I calculate that the minimum amount of goods we should give to each wholesaler is \$200 for each of his salesmen, to be distributed to ten of his customers, which will provide the best small retailers with a \$20 assortment of scissors and shears during the second half of 1946. To accomplish this we shall need \$360,000 extra production of shears, scissors, and pinking shears in the next six months of \$60,000 per month. Of this 3,000 pairs of pinking shears extra per month would account for about \$17,500, leaving a balance of \$42,500 to be taken up in regular production with emphasis on shears Nos. 36, 37, 38, 27, and 28, which means an extra production of shears and the most popular scissors of 3,500 dozen pairs per month, or 350 dozen pairs of each of 10 numbers.

In snips we need 40,000 extra pairs, or 6,600 pairs a month exclusive of Metal-Masters.

This is the minimum requirement starting immediately if we are to handle just our wholesale trade in a satisfactory manner.

The door is wide open today, because of our low production, for the entrance of a competitor who can establish a business as large as ours and potentially take our dominance away from us.

The pressure alone to induce other manufacturers to make pinking shears defies description, and our lack of adequate production is the biggest danger that we face. Briskman himself says that pinking shear production capacity is our biggest protection against competitive inroads of another pinking shear.

Any survey of the cutlery situation by a group having capital to invest would show up a picture of inadequate supplies and a promise of continuing business that is one of the most attractive opportunities in business today.

If we add to domestic potentialities the opportunity offered in export markets the resulting figure represents an investment opportunity of the finest.

We are being blinded today by two factors:

- 1 - Pinking shears which becloud our lack of productivity in other lines.
- 2 - Higher prices, which apart from pinking shears, have advanced about 35% since 1939.

It is time that we stopped accepting excuses of any kind for lack of production and proceeded to do that which is more difficult, but which also makes for growth and importance, which is to do in the face of obstacles what no one else can do. There is always someone who can accomplish such an objective, which requires mainly the desire to accomplish it.

B.E. Bostwick/q
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