MONTHLY NEWS BULLETIN
of the
Division of Simplified Practice
Department of Commerce
Washington

May 15, 1926 No. 14.

SMALL LOTS AND SIMPLIFIED PRACTICE

During the last few years, retail merchants have been the cause of widespread discussion by the rest of the business community due to the growth of the practice of "hand-to-mouth" buying.

On the one hand have been those ready to see this type of buying as an indication of fear on the part of the retail distributor. This group has been ready to read an interpretation of uneasiness for the future of business. As against this viewpoint, there has been the recognition by another group of a new set of retail buying habits, habits developed in the interest of a greater turnover of business on a smaller investment. Records of business totals have indicated that the volume of business has been on a par with that of years before this practice developed, but they also indicate that the new habits are a factor in steadying business, economists declare.

The simplification of variety, it is pointed out, holds important advantages both to retailer and wholesaler, as well as the manufacturer. And when the elimination of excess variety is brought about through the adoption by an industry of Simplified Practice Recommendations, the result is that styles are kept very close to demand and the movement of goods from manufacturer to consumer is made more rapid and even. The dangers to retail success are eliminated to a degree through the lessened temptation to purchase in a haphazard manner, and through the ability to carry a more complete stock of the simplified lines.

As the matter is stated in a recent bulletin of the Kardex Institute:

> "Small lot buying * * does not mean a reduction in total volume of purchases, but simply better coordination between purchases and sales." * * Not many years ago a season's order was placed months in advance, and the volume of manufacturing was determined by the orders which had been placed. If a retailer had made a bad guess of his need, he was the one who suffered. * * "

Through the adoption of Simplified Practice, the "bad guess" is minimized, both for the manufacturer, the distributor, the retailer and the user.

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

The Union Trust Company of Detroit is another bank to support Simplified Practice. In its "Postscript to Executives Bulletin" excerpts were included from speeches on the subject before meetings of the Vortex, Kiwanis and Lions Clubs of Detroit last month, at which the Chief of the Division was guest speaker.

* * * * *

Ten thousand purchasing agents are being asked by publishers of "The Purchasing Agent" as to the extent to which they are using specifications in purchases--and particularly those of the Federal Specifications Board.

* * * * *

Antioch College, at Yellow Springs, O., is giving an important place to American Lumber Standards in the curriculum of a short course in lumber retailing. The inauguration of this course brought registrations from six states before the opening day.

* * * * *

One great public service corporation, which took its first organized steps toward simplification and standardization of office supplies in 1913, has discovered that the savings amount to from $50,000 to $70,000 annually. Some of the reductions made were; from 37 grades of paper to 11; a 30% reduction in number of forms; 30% cut in the number of weights of paper. Other economies came through standardizing on carbon paper and on typewriter ribbon grades. Long-time contracts for supplies have brought further savings to this company.

* * * * *

Detroit's City Purchasing Department is developing a very definite plan for standardization of purchases, Howard H. Tewksbury, manager of the detroit District Office of the Bureau of Foreign and Domestic Commerce, Department of Commerce, reports. The Detroit plan will take full cognizance of Simplified Practice Recommendations which are in effect.

* * * * *

Municipal cooperation on the part of other cities is noted in the following comment by Mr. W. A. Bassett, consulting engineer of the Bureau of Municipal Research, who says; "We are interested in all that pertains to Simplified Practice."

* * * * *

Numerous students of the Simplified Practice movement have pointed out that the work of the Division has not more than "scratched the surface" of opportunities. Now a private engineering organization has been formed to carry the principles of simplification into industry on a commercial basis.

* * * * *

Simplification is being carried out by one Pacific Coast candy company which has reduced its variety from more than 1,000 different kinds of candy to about 600 kinds. Of the latter number, one item furnishes demand for nearly 20% of the plant's capacity.

* * * * *

In expressing regret at inability to attend a meeting of the California Manufacturers Association in Los Angeles last week, Rear Admiral C.J.Peoples said of the cooperation of the Association in simplification : "The Navy is much interested in standardization work of the * * Association and is pleased to note the commendable and constructive things which have been accomplished along this line." The Navy, Rear Admiral Peoples pointed out, has for many years sought to make its specifications conform to the best commercial standards, and, he continued: "Anything that can be done towards standardizing commercial practices * * * will be of tremendous benefit to industry as a whole. The savingsthat can be accomplished through reduction in capital invested in commodities by reducing stocks and permitting a more rapid turnover is tremendous". He also indicates the value of simplification and standardization from the military point of view.

* * * * *

"By resolution, the National Machine Tool Builders Association today adopted Simplified Practice Recommendations on thread sizes for self-opening die heads", says a telegram from E. F. Du Brul, General Manager of that organization. The influence of this organization, supplemented by aggressive action on the part of producers of these commodities, presages an early and sweeping adoption of the simplification program. The Cadillac Motor Car Co., is among the most recent users to accept this recommendation.

* * * * *

The Department of Civil Engineering of the University of Missouri is one of the latest schools to undertake a close-up study of Simplified Practice, as a sequel to studies of waste in industry.

* * * * *

At a recent conference to consider the inclusion of casting weights on blue prints sent to foundries for estimate, it was estimated that savings of $5,000,000 a year in the time of engineers, or foundry superintendents and estimating departments could be brought about by the adoption of such a practice.

* * * * *

"To my way of thinking, there is a clean-cut saving all along the line from the steel works to the finished sheet metal job", is the comment of a leading steel manufacturer on the results of the Sheet Steel Simplified Practice Recommendation. This manufacturer is another of a group promoting the use of 28 gauge or heavier material by using stickers on all correspondence. "With a very few exceptions", he reports "the mills are working conscientiously to stamp out the extremely light gauges of roofing."

* * * * *

One big Ohio corporation has its specifications under close scrutiny to simplify purchases. It has recently adopted the National Standard Invoice Form, has cut out many special specifications for fire tile and brick, and is now working toward elimination of excess varieties of bolts, screws and other parts. The purchasing agent of the company happens to be president of the local Association of Purchasing Agents, and in addition to pushing Simplified Practice among the members of that group, is bringing the principle to bear in his own company.

* * * * *

Members of the Manufacturers Association of Connecticut, Inc., have had their taste for information about Simplified Practice whetted by material printed in "Connecticut Industry", the journal of that Association. "Numerous requests for more material have been received", says a report.

* * * * *

Standardization and simplification will be two subjects to be made the topic of a committee report at the annual convention of the American Railway Tool Foremen's Association to be held in Chicago in September.

* * * * *

Simplified Practice Recommendations on lumber are included in a Handbook for Architects and builders, Vol XXVIII, issued under the auspices of the Illinois Society of Architects. Inclusion of all Simplified Practice Recommendations in such handbooks would expedite the general adoption of the waste elimination program and obviate confusion among users of materials which have been simplified.

* * * * *

C. W. Hillman, Shop superintendent of the Minneapolis & St. Louis R.R. Co., reporting in a recent issue of the American Machinist on Standardization of locomotive repairs, says "the advantages are greater than the disadvantages", and then tells how the work has been developed on that railroad.

* * * * *

"More Scientific Purchasing" is to be the keynote of the 11th annual convention of the National Association of Purchasing Agents, in Los Angeles next month. "Elimination of Waste", "Governmental Purchases", Purchasing From an Executive's Standpoint","Purchase as a Major Function of Management", are some of the topics of addresses.

* * * * *

Kentucky has just created a commission for all state purchases.

* * * * *

B. H. Ackles, of Detroit, a member of the Planning Committee of the Division of Simplified Practice, has been re-elected for the third time as president of the National Supply and Machinery Distributors Association.

* * * * *

The Tennessee Manufacturers Association is to hold a special meeting in Chattanooga early next month to consider cooperation in the elimination of waste.

* * * * *

Simplified Practice is to be a topic for consideration at the annual meeting of the Electrical Supply Jobbers Association at Hot Springs in June.

* * * * *

Charts on the elimination of waste are being used effectively by a great electrical supply manufacturer to assist its jobbers in doing better business at less cost.

* * * * *

By simplification and standardization one big Connecticut manufacturing company has in five years reduced its inventories of tool steel from 675,000 to 77,500 pounds and of machine steel from 604,000 pounds to 73,000 pounds. It formerly carried a year's supply, with less than one-half of one turnover per year, and now gets about three turnovers. In other items it has increased from two-to-three turnovers to a rate of five-to-six turnovers. These increases are spurring the company to even greater efforts.

* * * * *

The Colorado Manufacturers and Merchants Association has named a committee to cooperate in spreading information about simplified practice and waste elimination.

* * * * *

When the Railway Accounting Officers Association holds its 38th annual meeting next month in Quebec, reports will be made by the Committee on Disbursement Accounts recommending the revision of the former standard form of voucher checks to conform to the Simplified Practice Recommendation on bank checks and commercial instruments. The committee will also report progress on a standard tracer form and on the adoption of the National Standard Invoice Form.

* * * * *

To eliminate the confusion caused by 30 wire and sheet metal gauge systems in use in this country, representatives of some 25 organizations interested in a uniform designation, meeting with the American Engineering Standards Committee, have indicated preference for a designation of sizes in decimals of an inch.

* * * * *

The Nevada Mine Operators Association has named a committee to cooperate in promoting Simplified Practice. This group includes representatives from Tonopah, Goldfield, Virginia City, Ruth, Reno, and McGill, and from some of the largest mining enterprises in that state.

* * * * *

The Virginia Manufacturers Association is one of the latest organizations to broadcast information to its membership regarding Simplified Practice. It has just sent bulletin information regarding simplification of bank checks and commercial instruments, tinware, galvanized and japanned ware, lumber, and brass lavatory and sink traps.

* * * * *

The Illinois Manufacturers Association has named a committee comprising Frank A. Hecht, Jr., of Kaestner & Hecht Co., F. W. Brokamp, of the Armstrong Paint & Varnish Works, Percy A. Tonk of Tonk Manufacturing Co., and B. J. Cahn of B. Kuppenheimer & Co.Inc., all of Chicago., and A. F. Trever of the Whiting Corporation, Harvey, Ill., to cooperate in broadcasting the value of simplification. Supplementing previous bulletins, John M. Glenn, secretary of the Association, has sent to the membership a list of all Simplified Practice Recommendations as a guide to buyers. He has also asked for information as to the extent of sales effort to increase use of simplified lines; and for observations of the membership as to actual savings or other benefits from Simplified Practice.

* * * * *

The use of American Lumber Standards is rapidly growing, reports to the Central Committee on Lumber Standards from manufacturers show. Figures for February 1926 as compared with the first quarter of 1925 indicate that lumber cut to American Lumber Standards had increased as follows: Finish, 14%; common boards 14%; dimension lumber 12%; Sheathing and shiplap 10%; flooring 17%. Reports on sub-standard lumber show in but two classes- dimension lumber and sheathing and shiplap, was there an increase in manufacture. Ninety per cent of shipments were made in standard sizes; and 76% of the manufacturers reported little or no demand for sub-standard lumber.

* * * * *

Announcement made in last Monthly News Bulletin of the prizes of $1500 offered by Mr. Alvan T. Simonds for the best essays on "Saving and Spending, as factors in prosperity- with special reference to the effect of Simplified Practice and the Elimination of Waste on the Standards of Living" has apparently attracted attention of a number of students. The Division has received a number of requests for information from prospective contestants as to the development of Simplified Practice. It is ready to perform the same service to others who wish to enter this contest. Several Universities have advised the Department that their students' attention has been called to the Simonds Contest.

* * * * *

President J. R. Millar of the California Manufacturers' Association has called a meeting of industrial leaders of the state to increase the pressure on the part of the Association among the industries of the state in participating in the Elimination of Waste movement. The cooperation of California has been organized to a degree not yet attained by other states. The state manufacturers' organization has a committee on cooperation, has conducted a survey on the extent of knowledge of and use of Simplified Practice Recommendations, and has an active speakers' bureau which supplies speakers on Simplification subjects to groups which are not thoroughly familiar with the movement.

* * * * *