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FROM John Minck

DATE: October 28, 1975

TO: Dave Asplund  
Russ Berg

SUBJECT: Literature Costs

cc: Carl Anderson                    Al Steiner  
     Dean Abramson                  Ned Barnholt  
     Tom Nawalinski                  John Cloutier  
     Gary Spear

I think there are indications that our literature costs are higher than they need to be. The problem involves the basic question of who is in charge of controlling literature costs? The answer of course is that nobody is; and further, the divisions who pay for literature don't have enough information to measure the problem.

- 1) On a recent trip, I spent a little time in the field office literature center. There was an abundance of literature: 50 copies of the 817A sweeping slotted line in a slim microwave area (5 would be appropriate); large stacks of application notes in back-up storage cabinets. Apparently it is common practice to turn around and reorder a second quantity on receipt of the first bulk shipment.
- 2) When SPD was running short of our old MTE Catalog in early '75, Cloutier called a few domestic offices to get copies to hold us over till rewrite/reprint. In about 4-5 offices he quickly found 250 surplus copies of (you guessed it) the older yellowed 1972 versions.
- 3) With 172 separate stocking points, each managed by a person whose incentive is "not-to-run-out", and with no feeling for cost impact, we have got to be sub-optimized.
- 4) We are making print and reprint quantity decisions based on totally inadequate inventory information. The rate of change of stock remaining in the literature depots is not the proper indicator of current usage, let alone what the total world-wide stock is.
- 5) With paper and print and transportation costs going up substantially it would seem appropriate to take a swing at putting some management attention on this. SPD spent about 86K in FY '74 and will spend about 145K in FY '75 on promotion literature. I suppose the IPG number must be between 500K and 1M. With some data sheets costing 40¢ each and MTE Catalogs at \$1.25, it's not the time to waste them.

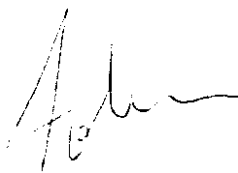
There are 2 pieces of information I'd like to have to give SPD a feel for whether any improvement is possible.

1. A worldwide inventory report on all office stocks of SPD literature. Just a one-time shot would give us some very useful data.
2. A 6-month running record of literature quantities thrown out in each office would be a less desirable alternate but would still tell us whether our print quantity guesswork is working.

Dave, this sort of information would just be good smart management. I realize that it's not your responsibility to manage or control these costs, but on the other hand we need the worldwide inventory numbers to help our guys to do the right management job, and I think that part could logically be part of your operation. Since you have done such a fine job organizing distribution, could you take the next step?

From just a superficial look, it would seem that any efforts would have a very high pay-back on Corporate costs saved.

JM:bh

A handwritten signature in dark ink, appearing to be 'John' or similar, with a long horizontal flourish extending to the right.