

ADDRESS OF C. W. MATHESON

Delivered Before

Dodge Brothers Texas Dealers at Dallas, Texas

November 15, 1920

Gentlemen, it would be very difficult for me to tell you how deeply I appreciate your welcome, and it would be equally difficult for me to tell you how happy I am for this opportunity of discussing our problems with you around the family table. Each one of you is a member of Dodge Brothers business family, and between us there have never been any secrets. Everything that Dodge Brothers have done in their relationship with their dealers and the public is an open book. We have never kept any secrets from them. We have told you frankly, always, why we have wanted you to do certain things, so today I am going to discuss with you some of the inside problems of our business.

These are times which were predicted when I was here January last. Every dealer was then urging Dodge Brothers to ship him more cars; every dealer was urging Dodge Brothers to build more cars; to build more factories; to hire more men; to do more business. The records of that meeting will show you that I told you then that it would be Dodge Brothers policy never to expand in a spectacular fashion, but Dodge Brothers expansion would be gradual, sane, sound and safe, both for Dodge Brothers and their dealers.

We have that expansion program on the way. It may seem strange to the public at large, that Dodge Brothers are now employing more than twelve hundred hands daily, doing nothing but constructing new, larger quarters, in the form of new productive buildings, which, when equipped, will represent a value of approximately eight million dollars. Dodge Brothers did not discontinue those building operations, did not discontinue that expansion program, just because cotton happens to be, for the moment or for the hour, at the lowest price in its history, or nearly so; because cotton can not stay there for ever. History is full and overflowing with evidence that reaction equals and always follows action, and I told you in the same words last January, that we wanted you to prepare for this very time. I told you then that times were abnormal; very much so; I told you then that it would be wise for every dealer to be sure that he enjoyed the friendly interest of every Dodge Brothers car owner, because he never could tell when the time would come that he would need that friendship in his business. That day has come. You do need the friendship of every man to whom you have sold a car; you believe you have it; we believe you deserve it.

Dodge Brothers will never do anything or permit anything to be done to jeopardize the standing of their cars in their family of dealers, or with the American public. Those words were given you by Mr. John F. Dodge, five years ago. You know how faithfully that promise has been kept. In a family of four thousand dealers to whom we must distribute our product of six hundred twenty-five cars a day, fifteen thousand a month, we are bound to make some mistakes; we may, now and then, ship an extra car, or an extra carload; but the dealer who perhaps has not the funds to meet the shipment and who may be embarrassed to meet that shipment. We may find, and we have found some few, only, of our dealers in the same predicament that the dude was in, that Mr. Cameron tells about: A dude and a tramp met on the highway; the tramp was after the dude's money, so he proceeded to get it; the dude put up an awful fight, way beyond anything the tramp contemplated. They rolled around over the ground; finally, the tramp won out and got the man's money. He was looking at it in the palm of his hand, and counted only thirty cents. "Why," he said, "I never knew a man to put up such a fight like that for thirty cents." "Well," said the dude, "it wasn't the thirty cents that I was fighting for, but I was reluctant to reveal my financial condition." (Laughter.)

We find that applies, not only to our dealers, but it applies to some of our bankers. Some dealers have wired us to stop a shipment which we were asked to forward, explaining that, after arranging with their banks they would be informed later that the banks did not have the money. There are some bankers in the room, whom I am glad, are here. There are some newspapermen in the room, whom I am very glad, are here; because we have no secrets with the public in the same sense that we have no secrets with our dealer organization. We want them all to know the story just as it is, because it is an inspiring story. If all industrial business was on the same basis as Dodge Brothers business, today, there would be no panic. The reason people do not buy good is because they do not understand values, the

reason they do not understand values, is because they have never been taught value; and the reason they have never been taught value is because they have never had any standard to go by. They understand the gold standard, but they do not understand the motor car standard of value. Dodge Brothers five years ago—six years ago, undertook to and did establish a standard of motor car value; a standard by which motor car value could be judged. How did they go about to do that? They determined, first of all, they would not build a car to conform to price, but instead, they would build a car to conform to an ideal which existed in their minds. They believed the public wanted a better car of a certain type; they believed the public wanted a car of a certain type that they could afford to buy, that would be safe to ride in; that would give an assurance of long life and economical service; a good looking, easy riding high grade car, at a low price. There was not such a car as that in the market at that time. Dodge Brothers undertook to and did build that kind of a car. I will give you a few illustrations to show you how they carried out their plans. We will take for example, the radiator. All radiators up to that time had been made of brass. All the type of radiators in the market at that time were tried out. The tubular type of radiator was found to be the most efficient; it was made of brass. Mr. John F. Dodge inquired how much more efficient would that radiator be if its core was made of copper. On tests it proved to be six percent more efficient than the same radiator made of brass. Mr. Dodge then said, "Our radiators will be made of copper." He did not ask, how much more will it cost if made of copper; he asked how much more efficient will it be if made of copper. He did not care what the cost was, because that cost would be figured in the selling price.

Another illustration is that of the starter generator. Dodge Brothers tried out the leading starter generators. There were many well-known high-grade starter generators in the market, the name of any one of which, in the specifications of a new car, would have carried with it a feeling of confidence. When I first read the specifications of Dodge Brothers car and found the Northeast Starter Generator specified it meant nothing to me, or to you or to the public. Dodge Brothers did not care anything about that. They knew what the Northeast Starter Generator would do in the hands of the car owners. On receiving the report of their engineers, they decided to buy the Northeast Starter Generator. It cost more than any other starter generator in the market by a large margin, but it was procured because it was the best. You know the result.

Take the body. There never had been an all-metal body commercially marketed. All bodies had been made of wood and sheet metal screwed and riveted together, squeaking, short lived. Dodge Brothers conceived the idea of building a body practically without joints, in that all joints were electrically welded, without rivets, without wood; a body that would carry a permanent finish, that would not squeak, would not rattle; would last, and at the same time, would be conspicuously handsome. The dies from which these bodies were built cost a quarter million dollars; a heavy investment, especially when every one said it is not possible to build that design of body. This body cost more money, but it is a better body. And so, throughout the scores and scores of items entering into the construction of the car, Dodge Brothers strove to build into that car better quality. They did not know what they would sell the car for; they didn't fix any price on it, but when they built enough of the cars to determine the actual cost to build that kind of a car, they added to that cost a moderate profit, a smaller margin of profit than motor car manufacturers had been accustomed to adding; and to that, they added a selling cost, a smaller selling cost than anyone in the industry producing in a large way had been accustomed to add; so that, they added a dealer's profit, a smaller per centage of profit than other motor car makers had figured. That total comprised the selling price. There was nothing added for service that might or might not be required, because Dodge Brothers determined to build a car so good that it would need the minimum of service, unless neglected or abused, and such service should be paid for, as and when needed, the same as you would buy oil, fuel and tires as and when needed. Dodge Brothers were determined that the selling price of that car would establish a new and acceptable standard of motor car value.

I will jump quickly the intervening years, until today, by making the simple statement that Mr. H. E. Dodge made to me a few weeks ago when he said: "Today, Dodge Brothers' profit per car is a smaller profit per car than when Dodge Brothers first sold the car for seven hundred eighty-five dollars." I want you gentlemen to get the full meaning of that, and to do so, I am going to give you some figures. There is a popular feeling fostered by many newspapers whose editors are not sufficiently informed, that the prices of materials that enter into the construction of motor cars are lower, and are becoming lower and lower every day. What are the facts? The price of steel is not lower; the price of pig iron is not substantially lower, price of copper is not lower. On the contrary, pig iron, today, sells for forty to forty-two dollars a ton. We have in our yard enough pig iron to build all the Dodge Brothers cars we can build between now and next May at the rate of six hundred twenty-five a day, and that pig iron cost us twenty-nine dollars a ton. The market has got to break from forty-two dollars to twenty-nine dollars before the price of Dodge Brothers cars will be affected. Coal, thousands of tons, cost us six dollars forty-eight cents a ton at our plant because we bought it long ago, paid for it, and had it delivered before the freight rates advanced. The same way with sand, limestone, lumber, all kinds of metals. Acres and acres we have, covered with those materials, and paid for one, two, three years ago. The price of Dodge Brothers cars today, is based upon those costs. The price of Dodge Brothers cars today, is not a replacement price. I am sure you know what I mean by replacement price. To illustrate: a merchant walks into a shoe store during the war period to buy a pair of shoes for his little daughter. The price given him was six dollars. He bought the shoes, then on looking them over found a price tag on the bottom of one shoe, marked four dollars fifty cents. Through that price had been drawn a line and over the line was marked six dollars. Why? Because, to replace that pair of shoes on the day they were sold would cost more money than the original price at which the shoes were bought and the sale price made. A four dollar price would have been given the merchant a legitimate profit, based on what the shoes actually cost him at the time, but he sold them at the replacement price, because to replace them the shoe would have cost him more money. He benefited the merchant and the shoe store. In other words, he profited to that extent. Dodge Brothers have not done that. The price of their car today, is based upon pig iron at twenty-nine dollars per ton, coal at six dollars forty-eight cents, and the same way through hundreds of items. Were Dodge Brothers forced to go into the open market and buy at today's prices, the materials which they employ in building their car, the higher material costs at today's market prices would force them to increase their present selling prices. Some materials can not be bought one, two, and three years in advance; we can only get certain materials from quarter to quarter. It is the advance in cost of these materials and the constant advance in cost of labor which causes us to advance the price of our car in six years from seven hundred eighty-five dollars to twelve hundred eighty-five dollars, 61 per cent grand total. What other commodities can you name that show only that advance since the year 1914?

Now, I want to say something for the information of the bankers who are present and for the information of the newspaper men also, and I hope all of you dealers will tell your bankers when you return. Your bankers are your best friends. We ask you to cultivate your bankers, to know them better, and let them know you better. To those of you who haven't a proper bookkeeping system, we urge that you procure as early as possible, Dodge Brothers Uniform Accounting System, which will enable you to carry in your pocket every day a statement of your affairs, so that when your banker asks you how you stand, you can tell him exactly and he will know you are telling him facts. You place your banker in a very difficult position to help you when you don't know exactly the affairs of your business; when you don't know exactly your own affairs. It is surprising as we make the rounds of our dealers to find how many do not know the actual condition of their business. Those are the dealers who are the first to complain of their bankers not giving them hearty cooperation. The banker wants to go the limit with every man who deserves credit. It is a hardship on any banker to turn down a patron. I believe that Dodge Brothers dealers have been able to get from their bankers, generally, throughout the

United States, the limit which their banks legitimately, fairly and reasonably extend. Now, on the other hand, I want you to remind your banker that there is a difference between Dodge Brothers motor car values and the values of other commodities. When he questions the value of Dodge Brothers car as security for a loan to warehouse that car, ask him if he can name any commodity, any stock or bond, even bank stocks or government bonds that have fluctuated in value as little as the Dodge Brothers cars. In six years there has not been a fluctuation of one one-hundredth of one per cent in the value of a Dodge Brothers car as security to a loan. A bank or banker loaning money on a Dodge Brothers car knows that he is loaning money on something that is worth very much more than the amount he loans. Dodge Brothers car prices have not fluctuated; the only change has been a change upward, not downward. To our knowledge no banker has ever lost a dollar on a Dodge Brothers dealer in the history of Dodge Brothers institution. No Dodge Brother dealer has ever failed in business, to our knowledge. In that respect, Dodge Brothers do not select should inspire your bankers' confidence? That is the kind of mortally record on which banks, bankers and insurance companies would like to base their rates.

Why have no Dodge Brothers dealers failed in business? Because, Dodge Brothers policy will not let them fail in business. In the first place, Dodge Brothers do not select their dealers at random. I was New York District Representative in my first association with Dodge Brothers. It was my duty then to select the first dealers who were chosen in New York and Philadelphia districts. My instructions were to select the best dealer in each city, and in so doing, to be governed by the rule of the three C's—Character, Capability and Capital; Capital last; Character first. We had applications from nearly all dealers then in business. I would take those applications in place, bank and the one reason why place I would go. I would explain the object of my call and would ask the banker to kindly indicate the best dealer in that city in the order of their importance. When I got that banker's opinion, I would go to another bank and the same reason why formation. Invariably, the judgment of the bankers agreed in one, two three, four order. Was there then any uncertainty in my mind as to what dealer I would choose in that town? Not a particle. And that gentlemen, is the way you have been chosen; and that is the reason why we know that your bankers are willing to go to the proper limit to help you.

We do not want you to be dismayed by the present emergency because no matter how many days the sun may shine during the year there are certainly days in which the sky will be filled with the blackest kind of clouds. Sometimes, these clouds last for days before they pass away. Sometimes they pass quickly—but they are sure to come sooner or later and unless you are prepared for them you have not been as wise and forehanded as you should have been.

This nation is too rich—the American people are too progressive—the fundamental principles underlying your business and ours, and the business of the nation are too sound for any national calamity at this time. Times have been too abnormal to continue unchanged. Prices have been too abnormal to continue. A change for the better is about due. The pendulum has swung too far in the opposite direction, it cannot continue to swing in that direction longer, because the world needs our crops and needs our manufactured products. All statistics show that. I read something in the Dallas News this morning, that I would like to repeat:

"A large potential demand has been created and there is every indication that the vacuum will be filled by eager buying when retail prices approximate those hitherto regarded as normal. All Americans are not thrifless and extravagant fools. There are many who have worn old clothes and refrained from buying new house linen and other necessities for the last three or four years. They are able to buy and will buy largely just as soon as reasonable prices reward their patience and self-restraint, and while the luxury trades may suffer by deflation, there is every reason to expect that those who deal in staple and necessary commodities at reasonable profit will soon be as busy as ever."

We do not want to say anything that may cause any of you gentlemen to infer that we believe that the times are going to change for the better over night. They are go-

ing to change for the better just in proportion to your efforts to change them in your respective districts, in your line of business.

Dodge Brothers built for the three months' period ending July, August and September, forty-three thousand three hundred sixty-one cars; the greatest production of motor cars—of passenger cars—with one exception, for that period of time in the history of the industry. There are in the hands of our dealers today, or enroute to dealers, a lesser number of Dodge Brothers cars than we have built in our factory and shipped since the first day of October, which means, that every car that we shipped from our factory for the three months' period ending September 30, is today in the hands of our users.

Now, I will attempt to tell you briefly what our plan is. We are building today, as we sit in this room, six hundred twenty-five cars daily production. We will build tomorrow six hundred twenty-five cars. We will continue to build six hundred twenty-five cars every day, if you dealers can show us that you can deliver them—if you and your fellow dealers throughout the country can deliver them. Just as soon as the time comes, if it does come that our dealer organization cannot absorb six hundred twenty-five cars a day, Dodge Brothers will not build six hundred twenty-five cars a day. We have stocked you, some ten per cent, some fifteen to twenty per cent, what we have believed you could absorb. The average for the whole country is about ten per cent. We will curtail or we will suspend production before we will overload our dealers or force our dealers to suffer losses. Some dealers have indicated that they fear that Dodge Brothers would force them to take so many cars they would "get in wrong" with their banks. Dodge Brothers will never do that; do not be afraid. We can not be one hundred per cent perfect in our judgment, and we may have made mistakes in over-shipping some dealers, but if we have, gentlemen, it is because we have been encouraged by other dealers to do so; because we have dealers in our organization who, fortunately, are taking as high as two hundred per cent of their allotments one hundred seventy-two per cent for the entire San Francisco District; one hundred fifty per cent for the New York District. We are shipping to those dealers in the San Francisco District seventeen cars for every ten that their agreement allotments call for. They are making a lot of money. We underestimated their requirements when writing their agreements. Some dealers are receiving more cars than they can absorb. Oftimes it is because the dealer has not tried or worked as hard as he could.

We have a very strong feeling that you realize the seriousness of the present crisis and that you will do everything humanly possible to do, to help us over. We have come to you as members of our business family and to tell you frankly, we need your help, and we expect and now that we are going to get it. We need your fullest confidence, and we will never abuse it. We never have, and I am sure that everyone of you feel that we never will.

We consider it good business for a dealer to lay aside one motor car for every order he has for future delivery, provided that order is a bona fide, signed, cash deposit order. Do not fool yourselves with verbal orders, or with orders without cash deposits. Some of you have done it in the past, but do not make that mistake in the future; it is not good business. We have dealers who now have accumulated over three hundred orders against spring deliveries. We believe that, as we go into the winter months, selling will grow easier, and you will get more and more orders for spring or future deliveries.

Some few have asked why we will not guarantee the price until May first, or some other future date. It has taken six years of time to educate the public that Dodge Brothers have no models or series of cars. Those of you who were in the automobile business six years ago will remember the hardship it was for you several months prior to the automobile show time to do business. Everyone was waiting to see the new models; to learn the new prices. Dodge Brothers took the position that they would not burden their dealers with that hardship; that we would place a price on our cars that would be right; we would make changes in the car from month to month during the year, at any time we found it possible or necessary to do so, in order that you could do a twelve months' year round business in Dodge Brothers cars. That principle has been adhered to steadfastly, and you know to what great benefit to you.

It is far better to state the fact

that the reason why Dodge Brothers car price cannot be reduced, is because there never was any excess profit added to the price of the car, and therefore, there is none to take off.

I would like to remind you of a few paragraphs in an advertisement that appeared in your papers Sunday.

"Dodge Brothers' great works are operating at full capacity every day. It is good to be able to say that Dodge Brothers' implicit faith in the good will that grows out of good value is being vindicated by everything that is going on in their plants today."

You know well that Dodge Brothers dedicated themselves, from the very first, to the production of a car which would be superior to all external conditions, and be, in effect, and in fact, a law unto itself.

They were supremely satisfied, to begin with, that good motor cars supplied a great and permanent human need.

They were sure that no matter what happened, there would always be an inexhaustible market for the particular kind of a car they hoped and planned to build.

They were convinced that they could produce a car so sound in value, so saving, and so satisfactory to the individual owner, that no outside influence could shake its hold upon the public.

The simple facts, as they exist at this moment, are so inspiring that you are prompted to share them with everyone who shares with Dodge Brothers their faith in sound business principles.

Dodge Brothers are more strongly and soundly entrenched in the good will of the public at this moment than ever in their history.

Every good result which John and Horace Dodge counted upon when they committed themselves to the principles of building good will by building good value, has come to pass.

Their certainty that people will always discover a meritorious product, that it appearing, and reward it, is continuing to come true with each and every succeeding business day.

Dodge Brothers Motor Car is in demand because Dodge Brothers Motor car meets a definite economic need and satisfies a human craving for honest and substantial value.

Its market will continue to grow, and the production continue to increase to meet that market, as long as merit continues to be the determining factor in motor car and in all other manufactured products.

I have received a telegram from our Director of Distribution, Mr. J. E. French, this morning, in which he says, "We are all going one hundred per cent. Tell the Texas dealers assembled that they are all directors of distribution. Twenty-two thousand employees on the job this morning for them, and we need their help. Mr. Jennings wants to know if dealers realize that they are actually Dodge Brothers salesmen and if the realize the value of service and owners good will in promoting growth of business."

The fundamental principle of business on which Dodge Brothers built their dealer organization was that the dealer must make money. Every policy we have is built around the dealer's success, because if he does not succeed, we can not succeed, so we watch his success and build to the end that he shall succeed.

Gentlemen, you don't care if you don't make any money this year. We don't care if we don't make any money this year. It is not for this year we are building; we are building for the future. You have made money in the past five and six years. What if you do have had year, as long as in the end you average up a good profit? That is what we aim to do, and that is what we are going to do.

In closing, I want to just set your minds at rest on one other thing: In our dealers' meetings we have been having in Detroit, we have been asked if there was any truth to the rumor that Dodge Brothers are going to be sold to Wall Street interests, or merged with the General Motors. I was very happy to be able to tell them that, at our district representatives' convention last May, Mr. H. E. Dodge made the statement which he reiterated to me only a few days ago, that Dodge Brothers business is not for sale, in whole or in part, to anybody at any price, no matter what the offer may be or who makes it.

I tell you that, in closing, gentlemen, so that you may know definitely, that the policies with which you are so familiar and under which you have worked so happily and successfully these past six years, will continue to be the policies of Dodge Brothers, and they really have only one policy, and that is the policy of the square deal to everyone.

THE SUNSET GARAGE.