

# Broker's Book Tells Spalding Story

Investor's Reader, magazine of stock exchange house of Merrill Lynch, Pierce, Fenner & Beane, features "The Spalding Saga" in its March 13 issue. The story goes:

"Spring tugged at the U. S. this week and 130,000,000 sports-loving Americans began to think longingly of sunny afternoons at the ball park and on the fairways. And some of the most exciting sports events in many a year lie ahead—for the first time since 1939, 20 nations will compete in international tennis matches; Broadway scalpers are already touting tickets for the Louis-Conn fight at \$100 a head. In short, sports spell big business in the U. S. (golfers spent \$70,000,000 for caddies in one pre-war year). And one company due for a champion's share is the \$12,000,000 A. G. Spalding & Bros., Inc., leading U. S. manufacturer of athletic goods.

"Since A. G. (for Albert Goodwill) Spalding and brother J. W. (for James Walter) founded the business in 1876 with \$800 and plenty of optimism, the Spalding name has been synonymous with sporting traditions. Enthused *Fortune*: 'Rare is the manufacturer who has made with his market a union so binding, so permanent, so complete.' The first year's sales were only \$11,000 but the Spalding Brothers were promotion-wise far ahead of their time. A. G. had been a star pitcher for the Chicago Nationals and helped organize the National League. One result: Spalding's always has been the official baseball for both major leagues. When Americans looked with disdain on golf, J. Walter imported British Open Champion Harry Vardon and sent him on a cross-country exhibition tour. Golf players multiplied and so did the sale of Spalding clubs. Meantime Spalding picked up prestige by making the first U. S. baseball, basketball, football, etc. The company began to spread across the world. In 1930 when sales hit a record high of \$28,000,000, Spalding had 70 retail stores in this country, 15 in England, three in France, five in Canada. Besides this Spalding had dealers in almost every country in the world. Company-owned stores sold everything from niblicks to knickers.

"The depression knocked this further offside than a duffer's slice and in 1931-40 Spalding lost over \$7,500,000; its common stock sank to ⅓ in 1941. Says rangy, attractive president Robbins: 'From 1933 until 1935 we did what every company did, cut expenses and so on, but in 1935 we started actual physical reorganization of the company. We disposed of all foreign

and unprofitable holdings. Also until 1937 we had a large internal board of directors with only one outsider on it. That year we changed to a seven man board with only two company officers as directors.' If nothing else this made the Spalding board look more like a directing body and less like a rubber stamp.

"The trimming-down was tough but like every good athlete Spalding knew the result would be worth it. Formal reorganization took place in 1939 and Spalding headed up. Since 1940 net income has averaged \$500,000 (or \$1.00 a common share) with sales hitting between \$9,000,000 and 1945's heart-warming \$16,000,000. A better gauge of Spalding's thoroughgoing reorganization is that on equal sales of \$11,000,000 the company earned \$500,000 in 1943 against a loss of \$2,000,000 in 1934. Net working capital is \$8,500,000 and only recently the company called for redemption all outstanding \$2.25 preferred. Furthermore, Spalding intends to integrate its set-up still more, has promised dealers that goods will be distributed only through them with no competition from company-owned stores. And promotion-minded Spalding's current ads show the historical aspects of sports.

"Last week in his lower Manhattan office, Yale-bred Charles Francis Robbins (who has been with Spalding since 1915), spoke with quiet assurance about the future: 'We have about achieved the end result of our reorganization which was that our principal business should be to manufacture only athletic equipment and sell it through authorized dealers. We have no present plans for expansion. Our plants are in top shape. And we feel that there will be a great demand for our goods.'"

## Golf Cart Problems

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directing the traffic where the architect wants it, with pot bunkers and deep traps.

Perhaps the architect's best friend would be contours around the greens and tees. With the adroit use of a shovel and scraper, fairways can be shaped to turn the flow of the two-wheelers as well as the flow of drainage. The old-fashioned cross bunker, "chocolate-drop" bunkers and deep traps can be used to halt the traffic and nice inviting slopes toward the next tee used to direct the traffic.

The department of the player is gradually improving but will never be perfect. Golfers are beginning to understand their cart, its possibilities and its hazards and its drawbacks. Golf course architects will have to protect the golfer from the hazards of improper bag-cart department.